



From: Sir John Fretwell
Date: 27 June 1989
CC: Mr Wall

Mr Powell *an*

EPC TEXTS

1. The EPC Texts are excessively long because the Presidency insisted on covering the waterfront, but they are acceptable in substance. They have been approved by Foreign Ministers. It is recommended that the Prime Minister accept them subject to para 3 below and resist further changes.

2. Only one point appears in square brackets - a specific reference to Romanian and Bulgarian human rights violations in the first paragraph of the EPC conclusions. Greeks very reluctant to see any criticism of Bulgaria. Worth an effort to maintain the reference (Danes, Germans, Dutch will also be keen), but not a critical issue.

3. In the final paragraph of the section on Latin America the Presidency have modified the text submitted to Foreign Ministers. We should seek to go back to the original, ie invite the Commission to pursue its efforts that may allow the development ... This avoids the ~~commit~~ment to (probably expensive) new proposals. The Foreign Secretary might deal with this point.

4. Possible attempts to re-open, which would have to be resisted, are:

- FRG: Might seek more accommodating language on East/West.
- Greece: A more anti-Turkish line on Cyprus.

/Presidency ...



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- Presidency: Even more forthcoming on Latin-America.
- Presidency/France/Greece: A more anti-Israel line in the Middle East declaration.

5. One typing error in the China text: "being" should be "been" in paragraph two.

A handwritten signature in dark ink, appearing to read "John Fretwell".

John Fretwell

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EUROPEAN COUNCIL
Madrid, 26-27 June 1989

EPC Conclusions

1. East-West relations, including CSCE

The European Council recognises the importance of the profound changes now taking place in the USSR and Central and Eastern European countries, while regretting that serious violations of human rights still occur in some of those countries, [most recently in Romania and Bulgaria]. It has reaffirmed the determination of the Community and its Member States to play an active role in supporting and encouraging positive changes and reform.

The European Council has reaffirmed the full validity of the comprehensive approach integrating political, economic and cooperation aspects which the European Community and its Member States follow in their relations with the USSR and with Central and Eastern European countries. It has assessed positively the concrete steps which the Community and its Member States, following the Rhodes Declaration, have taken in these fields.

The European Council looks forward to an intensification of relations between East and West in all fields. It reaffirms its belief that progress in arms control and disarmament, respect for human rights and the free circulation of ideas, information and persons remain necessary elements for this improved East/West atmosphere to materialise into further tangible results.

The European Council is convinced that the CSCE process provides the appropriate framework to achieving greater progress in all these fields, enabling Europe to look forward to a day when its present divisions become a matter of history.

The Twelve, who are gradually strengthening their cooperation as a contribution to preserving their security, seek to enhance stability and security through lower levels of forces and armaments as well as through greater

Supported by UK and
others. Opposed by
Greece.
Try to keep in.

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transparency and predictability in military matters and thus to promote progress in rapprochement and in the dialogue among all the peoples in Europe. In this framework, they attach great importance to the negotiations on conventional forces in Europe and on confidence and security building measures currently underway in Vienna and will strive for their early and satisfactory conclusion. The resumed Geneva negotiations on reductions in strategic nuclear weapons and the negotiations on chemical weapons also offer prospects for greatly reduced military confrontation and an improved climate of relations between East and West.

2. Middle East

The European Council reiterates its determination to continue contributing to the settlement of the Arab-Israeli conflict and has approved the attached declaration (annex I)

In this context, the European Council considers that a definitive solution to the Lebanese crisis should be urgently negotiated and implemented. It confirms the full support of the Twelve for the Committee of the Three set up by the Arab League Summit in Casablanca. The European Council calls on all parties involved to cooperate fully with the Committee of the Three with the aim of achieving a complete and lasting ceasefire and a just political solution to the Lebanese crisis based on the sovereignty, unity and territorial integrity of Lebanon. The European Council considers that a political solution should be based on the election of a President, political reforms and the withdrawal of all non-Lebanese troops. It renews its call for the immediate and unconditional release of all hostages in Lebanon and elsewhere. It reaffirms its full support for UNIFIL.

The European Council has expressed its hope that the Iranian leaders will prove, by concrete actions, their willingness to develop constructive relations with the Community and its Member States, on the basis of freedom, tolerance and respect for international law.

3. Maghreb

The European Council attaches importance to the strengthening and development of relations with the Maghreb, particularly following the establishment of the Arab Maghreb Union, which the European Community and its Member States have publicly welcomed. The consolidation of the process of integration initiated by the establishment of the Union will contribute to the economic development and stability of the region and should enhance the prospects for a settlement of the Western Sahara dispute. The European Council also considers that the establishment of the Union provides a basis for closer cooperation between the Community and the Maghreb.

4. Cyprus

The European Council has noted with concern that the Cyprus problem has not yet found a solution and that the tragic division of the island still remains. The Twelve stand fully by their previous statements and reiterate their support to the unity, independence, sovereignty and territorial integrity of Cyprus in accordance with the relevant UN Resolutions. It has stressed the need for progress in the inter-communal dialogue under the UN auspices and appeals to the parties concerned to cooperate with the UN Secretary General towards this end and to refrain from any action that could jeopardize this dialogue.

5. Latin America

The European Council has noted the further development of relations between the Community and its Member States and Latin America, and has examined the results of the Ministerial meetings recently held in San Pedro Sula (Honduras) and in Granada (Spain).

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The European Council reaffirms the concern of the Community and its Member States at the situation in Central America. A just, stable and lasting solution must be found through diplomatic action, regional dialogue, economic cooperation and national reconciliation based on respect for democracy and human rights, in full compliance with the Esquipulas Agreement.

Latin American countries' aims of attaining genuine democracy are threatened by a difficult economic and financial situation of which debt is one of the main elements. The European Council commends the efforts towards genuine economic reforms and welcomes the intention of the governments concerned to continue in that direction. The European Council has agreed on the need for Member States of the Community to support efforts in International Financial Institutions and among creditor governments and by public and private banks to seek urgent solutions to these problems.

The European Council calls for the continued development of political contacts and of economic, technical, commercial and financial cooperation between the Community and Latin America. It has noted with satisfaction the work already undertaken in the Community framework along the lines of the Hague Conclusions of 26-27 June 1986. Referring to the conclusions of various Councils of Ministers, it has invited the Commission to [present further proposals] that may allow the development of differentiated and increasingly effective policies of cooperation between Latin America and the European Community and its Member States, without prejudice to the development of close relations and cooperation with other regions.

*pursue its efforts
[Pass to go back
to original
language.]*

6. Asia

The European Council has expressed its deep concern over the situation in China and has approved the attached declaration (annexe II).

The European Council, reaffirming the previous declarations on Cambodia, welcomes progress made towards the settlement of the conflict in that country. While acknowledging a certain improvement in the international aspects of the Afghan conflict, it has expressed concern at the situation in Afghanistan and urges all the parties involved to work

for the establishment of a truly representative government by a genuine act of self-determination. The European Community and its Member States have reiterated their readiness to contribute to the reconstruction of these countries according to their particular circumstances.

The European Council recognizes the urgency and the gravity of the problem of flooding in Bangladesh and is ready to lend effective, coordinated support to the government of this country, in the search for viable solutions which will ensure a better flood control.

The European Council welcomes that political dialogue and economic cooperation with ASEAN have proved effective and will be further developed at the forthcoming meetings in Brunei and Manila.

7. Southern Africa

The European Council confirms its determination to continue striving for the abolition of apartheid through a process of peaceful change and for the establishment of a non-racial, free, democratic and united South Africa.

In support of the UN Secretary General and his special representative, the European Council has confirmed that it will make every effort to ensure that Security Council Resolution 435 continues to be implemented in all its aspects, allowing free and fair elections and the independence of Namibia within the agreed timetable.

The European Council welcomes the positive results obtained at the Gbadolite's Summit, which has opened the way to peace in Angola. The European Community and its Member States reaffirm their willingness to contribute to the stability, reconstruction and economic development of that country.

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EUROPEAN COUNCIL
Madrid, 26-27 June 1989

EPC Conclusions : Annex I

Declaration on the Middle East

The European Council has examined the situation in the Middle East conflict in the light of recent events and of contacts undertaken over several months by the Presidency and the Troïka with the parties concerned, and it has drawn the following conclusions:

1. The policy of the Twelve on the Middle East conflict is defined in the Venice Declaration of 13 June 1980 and other subsequent declarations. It consists in upholding the right to security of all States in the region, including Israel, that is to say, to live within secure, recognised and guaranteed frontiers, and in upholding justice for all the peoples of the region, which includes recognition of the legitimate rights of the Palestinian people, including their right to self-determination with all that this implies.

The Twelve consider that these objectives should be achieved by peaceful means in the framework of an international peace conference under the auspices of the United Nations, as the appropriate forum for the direct negotiations between the parties concerned, with a view to a comprehensive, just, and lasting settlement.

The European Council is also of the view that the PLO should participate in this process.

It expresses its support for every effort by the permanent members of the Security Council of the United Nations to bring the parties closer together, create a climate of confidence between them, and facilitate in this way the convening of the international peace conference.

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2. The Community and its Member States have demonstrated their readiness to participate actively in the search for a negotiated solution to the conflict, and to cooperate fully in the economic and social development of the peoples of the region.

The European Council expressed its satisfaction regarding the policy of contacts with all the parties undertaken by the Presidency and the Troika, and has decided to pursue it.

3. The European Council welcomes the support given by the Extraordinary Summit Meeting of the Arab League, held in Casablanca, to the decisions of the Palestinian National Council in Algiers, involving acceptance of Security Council Resolutions 242 and 338, which resulted in the recognition of Israel's right to exist, as well as the renunciation of terrorism.

It also welcomes the efforts undertaken by the United States in their contacts with the parties directly concerned and particularly the dialogue entered into with the PLO.

Advantage should be taken of these favourable circumstances to engender a spirit of tolerance and peace with a view to entering resolutely on the path of negotiations.

4. The European Council deplores the continuing deterioration of the situation in the Occupied Territories and the constant increase in the number of dead and wounded and the suffering of the population.

It appeals urgently to the Israeli authorities to put an end to repressive measures, to implement resolutions 605, 607 and 608 of the Security Council and to respect the provisions of the Geneva Convention on the Protection of Civilian Populations in Times of War. They appeal in particular for the reopening of educational facilities in the West Bank.

5. On the basis of the positions of principle of the Twelve, the European Council welcomes the proposal for elections in the Occupied Territories as a contribution to the peace process, provided that :

- the elections are set in the context of a process towards a comprehensive, just, and lasting settlement of the conflict.

- the elections take place in the Occupied Territories including East Jerusalem, under adequate guarantees.

- no solution is excluded and the final negotiation takes place on the basis of Resolutions 242 and 338 of the Security Council of the United Nations, based on the principle of "land for peace".

6. The European Council launches a solemn appeal to the parties concerned to seize the opportunity to achieve peace. Respect by each of the parties for the legitimate rights of the other should facilitate the normalising of relations between all the countries of the region. The European Council calls upon the Arab countries to establish normal relations of peace and cooperation with Israel and asks that country in turn to recognise the right of the Palestinian people to exercise self-determination.

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EPC Conclusions : Annex II

Declaration on China

The European Council, recalling the Declaration of the Twelve of June 6, strongly condemns the brutal repression taking place in China. It expresses its dismay at the pursuit of executions in spite of all the appeals of the international community. It solemnly requests the Chinese authorities to stop the executions and to put an end to the repressive actions against those who legitimately claim their democratic rights.

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The European Council requests the Chinese authorities to respect human rights and to take into account the hopes for freedom and democracy deeply felt by the population. It underlines that this is an essential element for the pursuit of the policy of reforms and openness that has ~~being~~ supported by the European Community and its Member States.

The Twelve are aware that the recent events have caused great anxiety in Hong Kong.

In the present circumstances, the European Council thinks it necessary to adopt the following measures :

- raising of the issue of human rights in China in the appropriate international fora; asking for the admittance of independent observers to attend the trials and to visit the prisons,
- interruption by the Member States of the Community of military cooperation and an embargo on trade in arms with China,
- suspension of bilateral ministerial and high level contacts,
- postponement by the Community and its Member States of new cooperation projects,

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- reduction of programmes of cultural, scientific and technical cooperation to only those activities that might maintain a meaning in the present circumstances,

- prolongation by the Member States of visas to the Chinese students who wish it,

Taking into account the climate of uncertainty created in the economic field by the present policy of the Chinese authorities, the European Council advocates the postponement of the examination of new requests for credit insurance and the postponement of the examination of new credits of the World Bank.

CONSEIL EUROPEEN
Madrid, 26-27 juin 1989

Conclusions CPE

1. Relations Est/Ouest, y compris la CSCE

Le Conseil Européen reconnaît l'importance des profonds changements en cours en URSS et dans les pays d'Europe centrale et orientale, tout en regrettant que de sérieuses violations des droits de l'homme aient encore lieu dans certains de ces pays, [dernièrement en Roumanie et en Bulgarie]. Il réaffirme la détermination de la Communauté et de ses Etats membres à jouer un rôle actif en soutenant et en encourageant les changements positifs et les réformes.

Le Conseil Européen réaffirme l'entière validité de l'approche globale intégrant les aspects politiques, économiques et de coopération que la Communauté européenne et ses Etats membres suivent dans leurs relations avec l'URSS et les pays d'Europe centrale et orientale. Il évalue positivement les étapes concrètes que la Communauté et ses Etats membres ont franchies en ces domaines, à la suite de la Déclaration de Rhodes.

Le Conseil Européen souhaite une intensification des relations entre l'Est et l'Ouest dans tous les domaines. Il réaffirme sa conviction que les progrès du contrôle des armements et du désarmement, le respect des droits de l'homme et la libre circulation des idées, de l'information et des personnes demeurent des éléments nécessaires pour que l'amélioration du climat des relations Est/Ouest se concrétise par d'autres résultats tangibles.

Le Conseil Européen est convaincu que le processus de la CSCE fournit le cadre approprié pour parvenir à de plus grands progrès dans tous ces domaines, permettant à l'Europe d'entrevoir le jour où les divisions actuelles appartiendront à l'histoire.

Les Douze, qui renforcent graduellement leur coopération pour contribuer au maintien de leur sécurité, cherchent à promouvoir la stabilité et la sécurité par des niveaux inférieurs des forces et des armements ainsi qu'à travers une plus grande transparence et prévisibilité dans les questions militaires. Ils cherchent ainsi à promouvoir les progrès du rapprochement et du dialogue entre tous les peuples d'Europe. Dans ce cadre, ils attachent une grande importance aux négociations sur les forces conventionnelles en Europe et sur les mesures de confiance et de sécurité actuellement en cours à Vienne, et feront tous les efforts pour leur conclusion rapide et satisfaisante. La reprise des négociations de Genève sur la réduction des armements nucléaires stratégiques et les négociations sur les armes chimiques offrent également des perspectives de réduction considérable de la confrontation militaire et d'amélioration du climat des relations entre l'Est et l'Ouest.

2. Moyen-Orient

Le Conseil Européen réitère sa détermination de continuer à contribuer au règlement du conflit israélo-arabe. Il a approuvé la déclaration ci-jointe (annexe 1).

Le Conseil Européen considère qu'une solution définitive de la crise libanaise doit être négociée d'urgence et appliquée. Il confirme le plein soutien des Douze au Comité tripartite créé par le Sommet de la Ligue Arabe de Casablanca. Il appelle toutes les parties concernées à coopérer pleinement avec le Comité tripartite en vue de parvenir à un cessez-le-feu complet et durable et à une solution politique juste de la crise libanaise, fondée sur la souveraineté, l'unité et l'intégrité territoriale du Liban. Le Conseil Européen considère qu'une solution politique devrait être fondée sur l'élection d'un Président, des réformes politiques et le retrait de toutes les forces non libanaises. Il renouvelle son appel à la libération immédiate et inconditionnelle de tous les otages au Liban et ailleurs. Il réaffirme son plein appui à la FINUL.

Le Conseil Européen exprime le souhait que les dirigeants iraniens prouvent, par des actions concrètes, leur volonté de développer des relations constructives avec la Communauté et ses Etats membres, sur la base de la liberté, de la tolérance et du respect du droit international.

3. Maghreb

Le Conseil Européen marque l'importance du renforcement et du développement des relations avec le Maghreb, en particulier après la création de l'Union du Maghreb Arabe, dont la Communauté européenne et ses Etats membres se sont publiquement félicités. La consolidation du processus d'intégration entamé par la création de l'Union contribuera au développement économique et à

la stabilité de la région et devrait renforcer les perspectives d'un règlement du conflit du Sahara Occidental. Le Conseil Européen considère également que la création de l'Union fournit une base de coopération plus étroite entre la Communauté et le Maghreb.

4. Chypre

Le Conseil Européen note avec préoccupation qu'une solution n'a pas encore été trouvée au problème chypriote et que persiste la division tragique de l'île. Les Douze réitèrent leurs déclarations précédentes et leur soutien à l'unité, l'indépendance, la souveraineté et l'intégrité territoriale de Chypre conformément aux résolutions pertinentes des Nations Unies. Ils soulignent le nécessaire progrès du dialogue intercommunautaire sous les auspices des Nations Unies et appelle toutes les parties concernées à coopérer avec le Secrétaire Général à cette fin et à s'abstenir de toute action qui pourrait compromettre ce dialogue.

5. Amérique latine

Le Conseil Européen a noté la poursuite de l'évolution des relations de la Communauté et de ses Etats membres avec l'Amérique latine, et examine les résultats des réunions ministérielles tenues récemment à San Pedro Sula (Honduras) et à Grenade (Espagne).

Le Conseil Européen réaffirme la préoccupation de la Communauté et de ses Etats membres en ce qui concerne la situation en Amérique centrale. Une solution juste, stable et durable doit être trouvée par l'action diplomatique, le dialogue régional, la coopération économique et la réconciliation nationale, sur la base du respect de la démocratie et des droits de l'homme, en pleine conformité avec l'accord d'Esquipulas.

Les objectifs des pays d'Amérique latine pour parvenir à une démocratie véritable sont menacés par une situation économique et financière difficile, dont la dette est l'un des éléments principaux. Le Conseil Européen soutient les efforts en faveur de véritables réformes économiques et se félicite de l'intention des gouvernements concernés de poursuivre dans cette direction. Le Conseil Européen est convenu de la nécessité pour les Etats membres de la Communauté de soutenir les efforts des Institutions Financières Internationales, des gouvernements créditeurs et des banques publiques et privées pour trouver des solutions urgentes à ces problèmes.

Le Conseil Européen appelle au développement continu des contacts politiques et à la coopération économique, technique, commerciale et financière entre la Communauté et l'Amérique latine. Il note avec satisfaction le travail déjà entrepris dans le cadre de la

Communauté selon les lignes des conclusions de La Haye du 26-27 juin 1986. Se référant aux conclusions de plusieurs conseils des Ministres, il invite la Commission à présenter de nouvelles propositions qui permettraient le développement de politiques de coopération différenciées et d'efficacité croissante entre l'Amérique latine et la Communauté européenne et ses Etats membres, sans préjudice du développement de relations étroites et de la coopération avec d'autres régions.

6. Asie

Le Conseil Européen exprime sa profonde préoccupation au sujet de la situation en Chine. Il a approuvé la déclaration ci-jointe (annexe 2).

Le Conseil Européen, tout en réaffirmant les déclarations antérieures concernant le Cambodge, accueille avec satisfaction les progrès en faveur du règlement du conflit dans ce pays. Le Conseil Européen, tout en reconnaissant une amélioration certaine des aspects internationaux du conflit afghan, exprime sa préoccupation au sujet de la situation en Afghanistan et appelle toutes les parties concernées à travailler à la mise en place d'un gouvernement pleinement représentatif par un véritable acte d'autodétermination. La Communauté européenne et ses Etats membres réitérent leur disponibilité à contribuer à la reconstruction de tous ces pays selon leurs conditions propres.

Le Conseil Européen reconnaît l'urgence et la gravité du problème des inondations au Bangladesh et souhaite apporter un soutien efficace et coordonné au gouvernement de ce pays, dans la recherche de solutions viables qui lui assurent une plus grande maîtrise des eaux.

Le Conseil Européen se félicite que le dialogue politique et la coopération économique avec l'ANSEA se soient avérés efficaces et souhaite leur développement ultérieur lors des prochaines réunions de Brunei et de Manille.

7. Afrique australe

Le Conseil Européen confirme sa détermination de poursuivre ses efforts pour l'abolition de l'apartheid par un processus de changement pacifique et pour la création d'une Afrique du Sud sans discrimination raciale, libre, démocratique et unie.

Pour soutenir le Secrétaire Général des Nations Unies et son représentant spécial, le Conseil Européen confirme également qu'il fera tous les efforts afin que la Résolution du Conseil de Sécurité 435 continue d'être appliquée dans toutes ses dispositions, permettant des élections libres et loyales et l'indépendance de la Namibie dans les délais convenus.

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Le Conseil Européen se félicite des résultats positifs obtenus au Sommet de Gbadolite, qui a ouvert la voie à la paix en Angola. La Communauté Européenne et ses Etats membres réaffirment leur volonté de contribuer à la stabilité, à la reconstruction et au développement économique de ce pays.

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Madrid, 26-27 juin 1989

Conclusions CPE : Annexe I

Déclaration sur le Moyen-Orient

Le Conseil Européen a examiné la situation du conflit au Moyen-Orient, à la lumière des événements récents et des contacts entretenus pendant ces derniers mois par la Présidence et la Troïka avec les parties concernées, et il en a tiré les conclusions suivantes:

1. La politique des Douze concernant le conflit du Moyen-Orient est définie dans la déclaration de Venise du 13.6.1980 et les autres déclarations postérieures. Elle consiste à affirmer le droit de tous les Etats de la région, y compris Israël, à la sécurité, c'est-à-dire, à vivre dans des frontières sûres, reconnues et garanties, et celui de la justice pour tous les peuples de la région, ce qui inclut la reconnaissance des droits légitimes du peuple palestinien, y compris son droit à l'autodétermination avec tout ce que cela implique.

Les Douze considèrent que ces objectifs doivent être atteints de manière pacifique dans le cadre d'une Conférence Internationale de Paix, sous les auspices des Nations Unies, forum approprié pour des négociations directes entre les parties concernées en vue d'un règlement global, juste et durable.

Le Conseil Européen considère également que l'OLP doit participer à ce processus.

Il exprime son appui à tout effort des membres permanents du Conseil de Sécurité des Nations Unies en vue de rapprocher les parties, de créer un climat de confiance entre celles-ci et faciliter ainsi la convocation de la Conférence Internationale de Paix.

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2. La Communauté et ses Etats-membres ont démontré leur volonté de participer activement à la recherche d'une solution négociée du conflit et de coopérer pleinement au développement économique et social des peuples de la région.

Le Conseil Européen a exprimé sa satisfaction à l'égard de la politique de contacts avec toutes les parties entreprise par la Présidence et par la Troïka, et a décidé de la poursuivre.

3. Le Conseil Européen se félicite du soutien apporté par le Sommet Extraordinaire de la Ligue Arabe, tenu à Casablanca, aux décisions du Conseil National Palestinien d'Alger comportant l'acceptation des Résolutions 242 et 338 du Conseil de Sécurité des Nations Unies, dont résulte la reconnaissance du droit à l'existence d'Israël, et la renonciation au terrorisme.

De même, il accueille favorablement les efforts entrepris par les Etats-Unis dans leurs contacts avec les parties directement concernées et notamment le dialogue ouvert avec l'OLP.

Il convient de tirer parti de ces circonstances favorables pour faire prévaloir l'esprit de tolérance et de paix en vue de s'engager résolument sur la voie de la négociation.

4. Le Conseil Européen déplore la détérioration continue de la situation dans les Territoires Occupés et l'augmentation constante du nombre des morts et des blessés ainsi que des souffrances de la population.

Il lance un appel pressant aux autorités israéliennes pour qu'elles mettent fin aux mesures répressives, qu'elles appliquent les Résolutions 605, 607 et 608 du Conseil de Sécurité et qu'elles respectent les dispositions de la Convention de Genève relatives à la protection des populations civiles en temps de guerre, en procédant, notamment, à la réouverture des centres d'enseignement en Cisjordanie.

5. Sur la base des positions de principe des Douze, le Conseil Européen accueille avec intérêt la proposition de tenir des élections dans les Territoires Occupés qui peut contribuer au processus de paix pour autant que :

- les élections s'inscrivent dans le cadre d'un processus de règlement global, juste et durable du conflit.

- les élections aient lieu dans les Territoires Occupés, y compris Jérusalem-Est, avec des garanties adéquates.

- aucune solution ne soit exclue et que la négociation finale ait lieu sur la base des Résolutions 242 et 338 du Conseil de Sécurité des Nations Unies, fondées sur le principe "territoires contre paix".

6. Le Conseil Européen lance un appel solennel aux parties concernées pour qu'elles saisissent l'occasion de parvenir à la paix. Le respect par chacune des parties des droits légitimes de l'autre doit faciliter la normalisation des relations entre tous les pays de la région. Le Conseil Européen demande, d'une part, aux pays arabes d'établir des rapports normaux de paix et de coopération avec Israël et, d'autre part, à celui-ci de reconnaître au peuple palestinien le droit à l'exercice de l'autodétermination.

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CONSEIL EUROPEEN
Madrid, 26-27 juin 1989

Conclusions CPE : Annexe II

Déclaration sur la Chine

Le Conseil Européen, rappelant la déclaration des Douze du 6 juin dernier, condamne fermement la répression brutale exercée en Chine. Il exprime sa consternation devant la poursuite des exécutions en dépit de tous les appels de la communauté internationale. Il demande solennellement aux autorités chinoises d'arrêter les exécutions et de mettre un terme aux actions répressives vis-à-vis de ceux qui revendiquent légitimement leurs droits démocratiques.

Le Conseil Européen demande aux autorités chinoises de respecter les droits de l'homme et de tenir compte des espoirs de liberté et de démocratie qui s'expriment dans le plus profond de la population. Il souligne que ceci est un élément essentiel à la poursuite de la politique de réformes et d'ouverture qui a été soutenue par la Communauté européenne et ses Etats membres.

Les Douze sont conscients que les événements récents ont provoqué une profonde inquiétude à Hong Kong.

Dans les circonstances actuelles, le Conseil Européen estime nécessaire d'adopter les mesures suivantes :

- évocation de la question des droits de l'homme en Chine dans les instances internationales appropriées ; demande que des observateurs indépendants puissent assister aux procès et visiter les prisons,

- interruption de la coopération militaire et embargo sur le commerce des armes avec la Chine, de la part des Etats membres,

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- suspension des contacts ministériels bilatéraux et à haut niveau,

- ajournement de nouveaux projets de coopération, tant de la Communauté que des Etats membres,

- réduction de programmes de coopération culturelle, scientifique et technique aux seules actions qui pourraient conserver un sens dans les circonstances actuelles,

- prolongation par les Etats membres des visas aux étudiants chinois qui le souhaitent,

Compte tenu de la situation d'incertitude créée dans le domaine économique par la politique actuelle des autorités chinoises, le Conseil Européen préconise l'ajournement de l'examen de nouvelles demandes d'assurance-crédit et l'ajournement de l'examen de nouveaux prêts de la Banque Mondiale.



Mr Lowell

EPC TEXTS.

1. The attached texts are for consideration by Foreign Ministers at dinner tonight. The annotations are by Sir John Fretwell. You may wish to have them now in case any points come up at the Heads of Government dinner.

2. One more text - on China - is in production but not yet available.

Forn Smith ^{26/6}

Confidential
26.06.1989
Draft/REV.II

EUROPEAN COUNCIL
Madrid, 26-27 June 1989

EPC Conclusions

1. East-West relations, including CSCE

*(Central is an
ECG formulation
with others criticized. It could
include Austria;
certain →*

The European Council recognises the importance of the profound changes now taking place in the USSR and Central and Eastern European countries, while regretting that serious violations of human rights still occur in some of those countries. It has reaffirmed the determination of the Community and its Member States to play an active role in supporting and encouraging positive changes and reform.

The European Council has reaffirmed the full validity of the comprehensive approach integrating political, economic and cooperation aspects which the European Community and its Member States follow in their relations with the USSR and with Central and Eastern European countries. It has assessed positively the concrete steps which the Community and its Member States, following the Rhodes Declaration, have taken in these fields.

The European Council looks forward to an intensification of relations between East and West in all fields. It reaffirms its belief that progress in arms control and disarmament, respect for human rights and the free circulation of ideas, information and persons remain necessary elements for this improved East/West atmosphere to materialise into further tangible results.

The European Council is convinced that the CSCE process provides the appropriate framework ^{for} achieving greater progress in all these fields, enabling Europe to look forward to a day when its present divisions become a matter of history.

The Twelve, who are gradually strengthening their cooperation as a contribution to preserving their security, seek to enhance stability and security through lower levels of forces and armaments as well as through greater transparency and predictability in military matters and thus

to promote progress in rapprochement and in the dialogue among all the peoples in Europe. In this framework, they attach great importance to the negotiations on conventional forces in Europe and on confidence and security building measures currently underway in Vienna and will strive for their early and satisfactory conclusion. The resumed Geneva negotiations on reductions in strategic nuclear weapons and the negotiations on chemical weapons also offer prospects for greatly reduced military confrontation and an improved climate of relations between East and West.

2. Middle East

The European Council reiterates its determination to continue contributing to the settlement of the Arab-Israeli conflict and has approved the attached declaration (annex I)

In this context, the European Council considers that a definitive solution to the Lebanese crisis should be urgently negotiated and implemented. It confirms the full support of the Twelve for the Committee of the Three set up by the Arab League Summit in Casablanca. The European Council calls on all parties involved to cooperate fully with the Committee of the Three with the aim of achieving a complete and lasting ceasefire and a just political solution to the Lebanese crisis based on the sovereignty, unity and territorial integrity of Lebanon. The European Council considers that a political solution should be based on the election of a President, political reforms and the withdrawal of all non-Lebanese troops. It renews its call for the immediate and unconditional release of all hostages in Lebanon and elsewhere. It reaffirms its full support for UNIFIL.

The European Council has expressed its hope that the Iranian leaders will prove, by concrete actions, their willingness to develop constructive relations with the Community and its Member States, on the basis of freedom, tolerance and respect for international law.

3. Maghreb

The European Council attaches importance to the strengthening and development of relations with the Maghreb, particularly following the establishment of the Arab Maghreb Union, which the European Community and its Member States have publicly welcomed. The consolidation of the process of integration initiated by the establishment of the Union will contribute to the economic development and stability of the region and should enhance the prospects for a settlement of the Western Sahara dispute. The European Council also considers that the establishment of the Union provides a basis for closer cooperation between the Community and the Maghreb.

4. Cyprus

The European Council has noted with concern that the Cyprus problem has not yet found a solution and that the tragic division of the island still remains. The Twelve stand fully by their previous statements and reiterate their support to the unity, independence, sovereignty and territorial integrity of Cyprus [(in accordance with the relevant UN Resolutions)]. It has stressed the need for progress in the inter-communal dialogue under the UN auspices and appeals to the parties concerned to cooperate with the UN Secretary General towards this end [(and to refrain from any action that could jeopardize this dialogue)].

Greeks want this in. We do not like it.

Greeks want this in. We are not keen to V could compromise. Offer to keep in, in return for dropping phrase above.

5. Latin America

The European Council has noted the further development of relations between the Community and its Member States and Latin America, and has examined the results of the Ministerial meetings recently held in San Pedro Sula (Honduras) and in Granada (Spain).

The European Council reaffirms the concern of the Community and its Member States at the situation in Central America. A just, stable and lasting solution must be found through diplomatic action, regional dialogue, economic cooperation and national reconciliation based on respect for democracy and human rights, in full compliance with the Esquipulas Agreement.

Latin American countries' aims of attaining genuine democracy are threatened by a difficult economic and financial situation of which debt is one of the main elements. The European Council commends the efforts towards genuine economic reforms and welcomes the intention of the governments concerned to continue in that direction. The European Council has agreed on the need for Member States of the Community to support efforts in International Financial Institutions and among creditor governments and by public and private banks to seek urgent solutions to these problems.

The European Council calls for the continued development of political contacts and of economic, technical, commercial and financial cooperation between the Community and Latin America. It has noted with satisfaction the work already undertaken in the Community framework along the lines of the Hague Conclusions of 26-27 June 1986. Referring to the conclusions of various Councils of Ministers, it has invited the Commission to pursue its efforts that may allow the development of differentiated and increasingly effective policies of cooperation between Latin America and the European Community and its Member States, without prejudice to the development of close relations and cooperation with other regions.

We insist on
"pursue", i.e.
no new policy
departure.
Presidency and
still fiddling
with this point.

6. Asia

The European Council has expressed its deep concern over the situation in China and has approved the attached declaration (annexe II).

The European Council, reaffirming the previous declarations on Cambodia, welcomes progress made towards the settlement of the conflict in that country. While acknowledging a certain improvement in the international aspects of the Afghan conflict, it has expressed concern at the situation in Afghanistan and urges all the parties involved to work

for the establishment of a truly representative government by a genuine act of self-determination. The European Community and its Member States have reiterated their readiness to contribute to the reconstruction of these countries according to their particular circumstances.

The European Council recognizes the urgency and the gravity of the problem of flooding in Bangladesh and is ready to lend effective, coordinated support to the government of this country, in the search for viable solutions which will ensure a better flood control.

The European Council welcomes that political dialogue and economic cooperation with ASEAN have proved effective and will be further developed at the forthcoming meetings in Brunei and Manila.

7. Southern Africa

The European Council confirms its determination to continue striving for the abolition of apartheid through a process of peaceful change and for the establishment of a non-racial, free, democratic and united South Africa.

In support of the UN Secretary General and his special representative, the European Council has confirmed that it will make every effort to ensure that Security Council Resolution 435 continues to be implemented in all its aspects, allowing free and fair elections and the independence of Namibia within the agreed timetable.

The European Council welcomes the positive results obtained at the Gbadolite's Summit, which has opened the way to peace in Angola. The European Community and its Member States reaffirm their willingness to contribute to the stability, reconstruction and economic development of that country.

with UK translation points.

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26.06.1989
Draft/REV. II

EUROPEAN COUNCIL
Madrid, 26-27 juin 1989

EPC Conclusions : Annex I

Declaration on the Middle East

The European Council has examined the situation in the Middle East conflict in the light of recent events and of contacts undertaken over several months by the Presidency and the Troïka with the parties concerned, and it has drawn the following conclusions:

1. The policy of the Twelve on the Middle East conflict is defined in the Venice Declaration of 13 June 1980 and other subsequent declarations. It consists in upholding the right to security of all States in the region, including Israel, that is to say, to live within secure, recognised and guaranteed frontiers, and in upholding justice for all the peoples of the region, which includes recognition of the legitimate rights of the Palestinian people, including their right to self-determination with all that this implies.

The Twelve consider that these objectives should be achieved by peaceful means in the framework of an international peace conference under the auspices of the United Nations, as the appropriate forum for the direct negotiations between the parties concerned, with a view to a comprehensive, just, and lasting settlement.

The European Council is also of the view that the PLO should participate in this process.

It expresses its support for every effort by the permanent members of the Security Council of the United Nations to bring the parties closer together, create a climate of confidence between them, and facilitate in this way the convening of the international peace conference.

*have reserve
on Dutch
invitation*

2. The Community and its Member States have demonstrated their readiness to participate actively in the search for a negotiated solution to the conflict, and to cooperate fully in the economic and social development of the peoples of the region.

The European Council expressed its satisfaction regarding the policy of contacts with all the parties undertaken by the Presidency and the Troika, and has decided to pursue it.

3. The European Council welcomes the support given by the Extraordinary Summit Meeting of the Arab League, held in Casablanca, to the decisions of the Palestinian National Council in Algiers, involving acceptance of Security Council Resolutions 242 and 338, which resulted in the recognition of Israel's right to exist, as well as the renunciation of terrorism.

It also welcomes the efforts undertaken by the United States in their contacts with the parties directly concerned and particularly the dialogue entered into with the PLO.

Advantage should be taken of these favourable circumstances to engender a spirit of tolerance and peace with a view to entering resolutely on the path of negotiations.

4. The European Council deplores the continuing deterioration of the situation in the Occupied Territories and the constant increase in the number of dead and wounded and the suffering of the population.

It appeals urgently to the Israeli authorities to put an end to repressive measures, to implement resolutions 605, 607 and 608 of the Security Council and to respect the provisions of the Geneva Convention on the Protection of Civilian Populations in Times of War. They appeal in particular for the reopening of educational facilities in the West Bank.

5. On the basis of the positions of principle of the Twelve, the European Council has carefully examined the proposal for elections made by the Israeli Prime Minister.

It considered that the holding of elections in the Occupied Territories could contribute to the peace process provided that :

- the elections are set in the context of a process towards a comprehensive, just, and lasting settlement of the conflict.

- the elections take place in the Occupied Territories including East Jerusalem, under adequate guarantees.

- no solution is excluded and the final negotiation takes place on the basis of Resolutions 242 and 338 of the Security Council of the United Nations, based on the principle of "land for peace".

Acceptance of these elements as a basis for the elections would constitute a considerable step forward on the way to peace.

6. The European Council launches a solemn appeal to the parties concerned to seize this opportunity to achieve peace. Respect by each of the parties for the legitimate rights of the other should facilitate the normalising of relations between all the countries of the region. The European Council *(requests)* the Arab countries to establish normal relations of peace and cooperation with Israel and *[asks]* that country in turn to recognise the right of the Palestinian people to exercise self-determination.

*calls on
calls on*

*(A translation
point only.)*

3
EPC CONCLUSIONS

Two important new statements: Arab-Israel dispute and China [see separate bull points].

- Otherwise conclusions break little new ground. But usefully confirm our existing position. Main points to highlight.

East/West

- Welcome reaffirmation of the common approach of the Twelve: encouraging reforms in Soviet Union and Eastern Europe while being true to our own political and defence principles.
- In particular 12 have a comprehensive approach to political dialogue and economic cooperation according to circumstances of each country, ie you can't treat Romania like Hungary.
- Concern over Bulgaria.
- Vigorous pursuit of arms control.

Middle East

- Lebanon: we back the Arab League.
- Hostages renewed call for immediate and unconditional release.
- Iran: 12 cannot have normal relations with Iran until Iranians withdraw their support for terrorism and violence: withdraw threat on Rushdie: facilitate access to Cooper.
- As FAC agreed on 6 June, continued vigilance is needed.
- Ban on high-level visits retained.

Cyprus

- Even-handed, especially given UN Secretary General's meetings later this week.

Southern Africa

- Warm welcome for agreement on internal reconciliation reached at Zaire Summit last week.
- Confirms importance of successful implementation of Namibian agreement.

Middle East

- A significant statement, after six months of particular activity by the 12. Deserves to be read carefully.
- Skilful handling of Troika contacts by Presidency.
- Full weight of 12 behind international diplomatic efforts to move that region towards peace.
- Puts focus on Shamir's election proposals and identifies ways in which 12 think it could be possible for both sides to build on that proposal in an effort to find common ground and a way forward.
- PLO must maintain the moderation that has characterised their line since Algiers.
- Full respect for security of Israel, but Israel needs to understand that long-term future is in partnership with inhabitants of region not in opposition.
- Hence our wish to see elections in OTs as part of a wider process leading to a settlement based on "territory for peace".

China

- Shock, horror and vigorous condemnation of brutal repression.
- Grotesque suppression of truth. Appalled by summary executions and action against seekers after democracy.
- Clear call to China to pull back. China must observe elementary human rights.
- Quite a strong package - designed to send clear signal to China that we will not carry on as normal when Peking is taking such harsh measures against its own people.
- Today's statement consolidates national measures: suspension of high-level visits, ban on arms sales and military contacts, extension of student visas, postponement of new measures of cooperation.
- New element in that in light of current economic uncertainties 12 wish to postpone discussion of new requests for credit, insurance and see examination of World Bank loans postponed.
- Not economic sanctions: these would have no real effect and we need to encourage the Chinese to resume their obligation in the world.
- Would also hurt ordinary people. Hence also decision to be selective about reductions in cultural, scientific and technical cooperation.

UK aid for China

- British aid to China mostly consists of soft loans (ie ATP finance in support of British companies) and technical cooperation programmes devoted to the exchange of students and lecturers.
- Generally aid and commercial business already agreed or in the pipeline will go ahead but all new business will be subject to review and/or postponement.

Defensive

- GATT ^{re-admission} ~~membership~~ would impose obligations on China, not simply a question of benefits. So not included.

Hong Kong

- Recent events do not alter basic realities for Hong Kong: history and geography.
- Joint Declaration cornerstone of our policy. Best thing for confidence and stability.
- Hong Kong's security and prosperity key British objective.
- Must hold China to its obligations.
- Welcome reference to disquiet in Hong Kong. Important that Community should give Hong Kong its full backing.
- Current dealings with China in suspense must continue with Joint Declaration.
- Will visit Hong Kong next weekend.
- HMG looking urgently at scope for flexibility over right of abode and the speed of democratisation.

Private office P.2
ED(1)
No 10

PRESIDENCY CONCLUSIONS

EUROPEAN COUNCIL

MADRID, 26 AND 27 JUNE 1989

INTRODUCTION

1. The European Council, meeting in Madrid, reviewed the situation and the prospects for progress towards European Union.
2. The European Council welcomed the vigorous turn taken by European co-operation, which had been given a fresh boost by the Single Act, as demonstrated by the Community's greater role in international affairs.

The completion of the Internal Market and the strengthening of economic and social cohesion were the priority objectives of this new chapter in the history of the Community.

It also noted the progress made by the Twelve as a result of increasing involvement in world affairs and greater consistency between Community objectives as such and political co-operation.

3. The third elections to the European Parliament by direct universal suffrage, which took place between 15 and 18 June, likewise bore witness to the consolidation of European integration.

The European Council considered that the implementation of the provisions of the Single Act had led to a real and appreciable increase in the Parliament's contribution to the Community legislative process. This contribution was now embodied in effective co-operation between Parliament, Commission and Council, developing in a climate of mutual trust.

In this connection the European Council heard a report by the outgoing President, Lord Plumb, to whom it paid special tribute. The European Council

noted the broadly positive conclusion arrived at by the President of the European Parliament regarding the state of inter-institutional co-operation and the means of improving it. In this context, it would be desirable for the various Community institutions to analyse their respective post-1992 roles.

4. The Community and European Political Co-operation were currently engaged in an ambitious work programme involving the complete and balanced implementation of the Single Act.

I. EUROPEAN COMMUNITIES

A. IMPLEMENTATION OF THE SINGLE ACT

1. INTERNAL MARKET

COMPLETION OF THE INTERNAL MARKET

The European Council noted that the forward thrust in achievement of the Internal Market was making an ever-increasing contribution to expansion and improvement in the employment situation. This thrust had hitherto resulted mainly from the decisions taken to remove technical barriers to trade. It was now necessary to make similar progress towards the elimination of physical and fiscal obstacles with a view to achieving an area without internal frontiers by 31 December 1992 in accordance with the provisions of Article 8a of the Single Act.

The growing rate at which decisions were being taken meant that well over half the measures listed in the White Paper had been adopted. The Council recalled certain priority fields identified at its meetings in Hanover and Rhodes, and welcomed the fact that important decisions had been taken in the areas

of public contracts, banking and financial services, the approximation of technical standards and transport. However, it noted that there were still decisions to be taken in these priority fields, including transport, in particular cabotage, and asked the Council to intensify its work in these sectors.

The European Council invited the Commission to submit to the Council the remaining proposals provided for in the White Paper at the earliest opportunity, and expected the Council to finalize adoption, as quickly as possible, of the instruments that would permit the completion of the Internal Market.

FRAUD

The European Council emphasized the need for firm action to tackle the problem of fraud to the detriment of the Community budget.

It welcomed the very substantial progress already achieved in combating fraud by Member States taking part in the Commission's action plan approved by the ECOFIN Council on 19 June 1989.

It invited the Council of Ministers to decide as soon as possible on the various proposals for regulations to combat fraud which had been submitted to it by the Commission.

TAXATION

The European Council was concerned at the delay in finding a solution for the problem of the taxation of savings and stressed the need to ensure that the liberalization of capital movements did not facilitate tax fraud. The European Council asked the Council to increase its efforts to find a satisfactory

solution to the problems of taxation of savings in order to reach an agreement before 1 July 1990.

The European Council welcomed the fact that detailed discussions had now begun in the field of the approximation of indirect taxation on the basis of the new approaches proposed by the Commission and taking account of the Member States' suggestions, and that a procedure for the continuation of those discussions had been laid down. The European Council emphasized the need to reach agreement on the broad lines of a solution in this area before the end of the year, having regard to all the problems involved, in order to ensure that the Internal Market came into operation on schedule.

AUDIOVISUAL PRODUCTION

The European Council considered it vital that further efforts be made to strengthen all areas of Europe's audiovisual production capacity, as it had requested at its meeting in Rhodes. That implied the Community's technological presence, the free movement of programmes with due regard to cultural diversity and the promotion of European production.

The European Council noted the substantial progress made in this field with the adoption of a decision on high-definition television. In view of the above, it invited the Council to continue work on the Directive on the free movement of television signals, with a view to adopting it within the time-limit laid down in the procedure for co-operation with the Parliament.

The European Council hoped that the forthcoming Audiovisual Concilave would be successful.

FREE MOVEMENT OF PERSONS

In accordance with the Rhodes European Council's decision, the Co-ordinators' Group drew up a report (the "Palma document") on the measures needed in different fields in order to achieve progress towards the effective freedom of movement of persons within the Community.

The European Council, feeling that free movement of persons was a priority for 1992, endorsed that document's conclusions, which were largely based on the approach and methods employed in the White Paper on the completion of the Internal Market, of proven effectiveness in this context. It instructed the Co-ordinators' Group, at the instigation of the General Affairs Council, to spare no effort to ensure that the programme of work proposed in the Palma document was completed as planned.

2. SOCIAL DIMENSION

The European Council considered that in the course of the construction of the single European market social aspects should be given the same importance as economic aspects and should accordingly be developed in a balanced fashion.

The European Council reaffirmed its Hanover and Rhodes conclusions on the achievement of the Internal Market as the most efficient method of creating jobs and ensuring maximum well-being for all Community citizens. Job development and creation must be given top priority in the achievement of the Internal Market. In this way the Community should create 5 million jobs between 1988 and 1990.

The European Council noted with satisfaction that the aims of Article 118a were being fulfilled by the adoption of important directives on the safety and health of workers, leading to an improvement in the quality of the working environment.

The European Council stressed that making the most of human resources through training was a fundamental aspect of economic and social development; it noted the agreement reached on continuing vocational training. The European Council called upon the Commission, the Council and both sides of industry to expedite their on-going work with a view to obtaining as soon as possible the mutual recognition of qualifications, full occupational mobility and the implementation of both priority objectives decided upon by the European Council in Brussels in February 1988, namely the integration of young people into working life and combating long-term unemployment.

The European Council noted with interest the progress made in the social dialogue at Community level pursuant to Article 118b of the Treaty. The Internal Market must be achieved in a climate of close co-operation between employers and workers so that economic and technical changes take place in a socially acceptable manner. To this end social achievements must be preserved and economic and social cohesion strengthened.

The European Council also took note of the comparative study on national social legislation which it had requested from the Commission in Hanover. It considered that an analysis of the similarities and differences contained in the study would greatly assist the current discussions.

The European Council noted that at the Council meeting on Social Affairs on 12 June the Commission had submitted a preliminary draft Community Charter on Fundamental Social Rights on which an initial debate had been held, leading to the draft conclusions set out in Annex I and accepted by eleven delegations.

The Council will continue its discussions with a view to adopting the measures necessary to achieve the social dimension of the Single Market, taking account of fundamental social rights. For this purpose the role to be played by Community standards, national legislation and contractual relations must be clearly established.

The Council, after consulting both sides of industry, should state its position on this work programme prior to the next meeting of the European Council.

3. ENVIRONMENT

The European Council welcomed the stepping up of the Council's activity during the past six months and emphasized in particular the importance of the measures that had been adopted in the areas of ozone layer protection, the greenhouse effect, pollutant emissions from small cars and forestry policy.

Conscious of its responsibilities in the face of threats on a global scale (climatic changes, deforestation, desertification, etc.), the European Council considered that the Community had an essential role to play in the protection of the environment, both by means of its internal legislation and by its active contribution to all the initiatives taken at international level.

As part of a global environmental policy including the fight against desertification, erosion and deforestation, the European Council called upon the Commission to submit a programme for the protection of the environment in the regions of the Community affected by these problems.

At the request of the Chancellor of the Federal Republic of Germany, the European Council discussed the vital contribution of tropical forests to the stability of the world's climate and to the preservation of the earth's genetic resources. Aware of the special responsibility of the industrialised countries for maintaining the balance of nature world-wide, the European Council expressed the wish that these questions be dealt with in close collaboration with the countries concerned.

The European Council took note of the recent Commission proposal for the creation of a European Environment Agency open to European countries with the object of providing the bases for the scientific evaluation of ecological problems. It called upon the Council to examine this proposal at the earliest opportunity.

4. RESEARCH AND DEVELOPMENT

Given the progress achieved in the implementation of the framework programme of Community forms of action, together with the work already started by the Commission and the Council on revising it, the European Council took note of the Commission's intention to submit a new framework programme for the period 1990-1994.

This review must provide the occasion to give fresh impetus to action by the Community in this area, which is of capital importance in strengthening the scientific and technological bases of European industry as a whole and increasing its international competitiveness.

B. ECONOMIC AND MONETARY UNION

1. The European Council restated its determination progressively to achieve Economic and Monetary Union as provided for in the Single Act and confirmed at the European Council meeting in Hanover. Economic and Monetary Union must be seen in the perspective of the completion of the Internal Market and in the context of economic and social cohesion.
2. The European Council considered that the report by the committee chaired by Jacques DELORS, which defines a process designed to lead by stages to Economic and Monetary Union, fulfilled the mandate given in Hanover. The European Council felt that its realization would have to take account of the parallelism between economic and monetary aspects, respect the principle of "subsidiarity" and allow for the diversity of specific situations.
3. The European Council decided that the first stage of the realization of Economic and Monetary Union would begin on 1 July 1990.

4. The European Council asked the competent bodies (the ECOFIN and General Affairs Councils, the Commission, the Committee of Central Bank Governors and the Monetary Committee):

(a) to adopt the provisions necessary for the launch of the first stage on 1 July 1990;

(b) to carry out the preparatory work for the organization of an intergovernmental conference to lay down the subsequent stages; that conference would meet once the first stage had begun and the preparatory work was sufficiently advanced and would be preceded by full and adequate preparation.

C. PEOPLE'S EUROPE

The European Council considered that, despite the results achieved on certain key dossiers of a People's Europe, progress had been inadequate. It requested the Council and the Commission to take stock of progress in that area and draw the necessary conclusions regarding action to be taken. The Council will report back to the next European Council meeting.

D. EXTERNAL RELATIONS

In keeping with the Rhodes Declaration on the international role of the European Community, the European Council reviewed developments in relations between the Community and a number of its partners:

(a) The European Council noted with satisfaction the progress made in co-operation with the EFTA countries following the Summit of Heads of Government in Oslo and the joint meeting of Ministers for Foreign Affairs, which were held in March. In this context it emphasized the importance which it attached to the rapid identification of the best ways

of developing these relations in a more structured way. It hoped to be apprised at its next meeting of concrete results obtained in the meantime in this area.

- (b) The European Council noted that satisfactory progress had been made in establishing an appropriate policy towards the East European countries ensuring consistency between Community policies and those agreed within political co-operation, in accordance with Article 30(5) of the Single Act. In this context, it noted the progress made towards the conclusion of trade and co-operation agreements with a number of those countries, at the same time emphasizing the common will to contribute to the efforts made, by Poland and Hungary in particular, to open up their economies and put them back on a sound footing.
- (c) The European Council restated the importance it attached to the successful conclusion of the multilateral negotiations under the Uruguay Round, which should make it possible to set up an international system able to meet the challenge arising on a world scale not only for trade in goods but also for services, for the protection of intellectual property and for action on the special situation of the developing countries. It reaffirmed the Community's determination to oppose any recourse to unilateral measures which might jeopardize such an international system.
- (d) The European Council reaffirmed its commitment to a close and comprehensive transatlantic relationship, and noted with satisfaction the co-operative relations which had already been established with the new United States Administration.

- (e) The European Council stressed the importance it attached to the consolidation of the long-established privileged links between the Community and the ACP States. It welcomed the progress made in renegotiating the ACP-EEC Convention and called for the negotiations to be concluded by the end of the year.
- (f) The European Council likewise confirmed the significance it attached to strengthening and extending relations with the countries associated with the Community.
- (g) The European Council paid particular attention to examining the situation of middle-income countries facing the problem of indebtedness. Their situation was extremely worrying, especially in Latin America, where a solution to this problem was of particular importance for the consolidation and strengthening of democracy.

The European Council confirmed that the Member States of the Community had a responsibility to play an active part in finding realistic solutions, in the appropriate fora, given the historical links and the cultural and political affinities linking them with the countries in question.

The European Council and the Member States accordingly confirmed the conclusions reached by the Ministers at the meeting of the ECOFIN Council in March and stressed the willingness of the Member States to consider solutions involving voluntary reductions in debt and debt servicing, case-by-case, taking into account the global measures adopted recently by France and Belgium, with the participation of the IMF and the World Bank.

The European Council emphasized that it was not possible to delay a solution to this problem. It called upon commercial banks and debtor countries to evolve the practical mechanisms required for a solution to this matter, which posed serious economic and political problems.

The European Council took note of the Spanish proposal, summarized in Annex II, to set up a European Guarantee Fund for the purpose of ensuring a special European contribution to the strengthening and balance of the international effort in this area. This proposal will be examined by the ECOFIN Council.

ANNEX IDRAFT CONCLUSIONS OF THE COUNCIL (SOCIAL AFFAIRS)

The Council discussed in depth the preliminary draft Community Charter of Fundamental Social Rights which the Commission submitted at this Council meeting.

The Council considered that the Commission's preliminary draft broadly echoed the Opinion expressed by the Economic and Social Committee on 22 February 1989 and the European Parliament's Resolution of 15 March 1989 and that it constituted a major contribution to achieving a social area.

The Council stated that in the context of the establishment of the European Single Market the same importance should be given to social aspects as was given to economic aspects and that they should consequently be developed in a balanced fashion.

The Council hoped that in further discussions both sides of industry would be involved in the examination of fundamental social rights and as broad a consensus as possible might be reached.

The Council stated that the European social area should comprise a set of sufficiently precise and legally binding rights, which must comply with the principle of "subsidiarity" and promote social dialogue.

The Council took the view that the Commission's preliminary draft contained, on the one hand, a list of rights which must be defined with the utmost precision and compliance with which must be guaranteed by the adoption of compulsory rules in keeping with the provisions of the Treaties and, on the other, a series of objectives which should be pursued in the context of the attainment of the European social area and which would have to be established by means of an action programme and common policies without prejudice, on either side, to the role conferred by the Single Act on relations based on agreement.

The Council considered that the fundamental social rights must be approved as soon as possible by means of a Solemn Declaration of the Heads of State or of Government.

The Council invited the Commission immediately to set about formulating rules concerning fundamental rights and drawing up an action programme to achieve the social objectives, in accordance with the conclusions of the European Councils of Hanover and Rhodes. The Council also agreed to resume examination of the proposals already submitted by the Commission and to act on them immediately.

Without prejudice to any amendments which might still be made, the Council noted that there was a general consensus on the fundamental rights set out in the preliminary draft Charter and that they constituted the social identity of the Community.

These conclusions will be forwarded to the President of the European Council.

ANNEX IIELEMENTS OF THE SPANISH PROPOSAL CONCERNING THE CREATION OF A EUROPEAN GUARANTEE FUND (EGF) FOR OPERATIONS TO REDUCE THE PAYMENT AND LEVEL OF THE FOREIGN DEBT OF HEAVILY INDEBTED COUNTRIES

1. The system would address the problem of the debt of middle-income countries. It would cover not only Latin America, but North African, Far Eastern and East European countries too.
2. For this system to be launched three conditions must be satisfied:
 - (a) the debtor countries must reach agreement with the IMF on the economic programme to be pursued over the three following years;
 - (b) the banking sector must accept the reductions which the IMF and the EGF consider appropriate;
 - (c) the creditor countries which are not members of the EGF must make a contribution, on a case-by-case basis, equivalent to that made by the countries participating in the above Fund.
3. The creation of the EGF would strengthen the multilateral aspect envisaged for dealing with the debt problem.

4. The Fund would allow a more balanced distribution of the efforts to be made by ensuring that the commercial banks shoulder their share of responsibility.
 5. As the EGF is to be a guarantee system, it is not envisaged that the participating countries would pay initial contributions.
 6. The EGF would be formed on an intergovernmental basis; all interested European countries could take part in it.
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II. POLITICAL COOPERATION

1. East-West relations, including CSCE

The European Council recognises the importance of the profound changes now taking place in the USSR and Central and Eastern European countries, while regretting that serious violations of human rights still occur in some of those countries, in particular against members of ethnic and religious minorities. It has reaffirmed the determination of the Community and its Member States to play an active role in supporting and encouraging positive changes and reform.

The European Council has reaffirmed the full validity of the comprehensive approach integrating political, economic and cooperation aspects which the European Community and its Member States follow in their relations with the USSR and with Central and Eastern European countries. It has assessed positively the concrete steps which the Community and its Member States, following the Rhodes Declaration, have taken in these fields.

The European Council looks forward to an intensification of relations between East and West in all fields. It reaffirms its belief that progress in arms control and disarmament, respect for human rights and the free circulation of ideas, information and persons remain necessary elements for this improved East/West atmosphere to materialise into further tangible results.

The European Council is convinced that the CSCE process provides the appropriate framework to achieving greater progress in all these fields, enabling Europe to look forward to a day when its present divisions become a matter of history.

The Twelve, who are gradually strengthening their cooperation as a contribution to preserving their security, seek to enhance stability and security through lower levels of forces and armaments as well as through greater transparency and predictability in military matters and thus to promote progress in rapprochement and in the dialogue among all the peoples in Europe. In this framework, they attach great importance to the negotiations on conventional forces in Europe and on confidence and security building measures currently underway in Vienna and will strive for their early and satisfactory conclusion. The resumed Geneva negotiations on reductions in strategic nuclear weapons and the negotiations on chemical weapons also offer prospects for greatly reduced military confrontation and an improved climate of relations between East and West.

2. Middle East

The European Council reiterates its determination to continue contributing to the settlement of the Arab-Israeli conflict and has approved the attached declaration (annex I)

In this context, the European Council considers that a definitive solution to the Lebanese crisis should be urgently negotiated and implemented. It confirms the full support of the Twelve for the Committee of the Three set up by the Arab League Summit in Casablanca. The European Council calls on all parties involved to cooperate fully with the Committee of the Three with the aim of achieving a complete and lasting ceasefire and a just political solution to the Lebanese crisis based on the sovereignty, unity and territorial integrity of Lebanon. The European Council considers that a political solution should be based on the election of a President, political reforms and the withdrawal of all non-Lebanese troops. It renews its call for the immediate and unconditional release of all hostages in Lebanon and elsewhere. It reaffirms its full support for UNIFIL.

The European Council has expressed its hope that the Iranian leaders will prove, by concrete actions, their willingness to develop constructive relations with the Community and its Member States, on the basis of freedom, tolerance and respect for international law.

3. Maghreb

The European Council attaches importance to the strengthening and development of relations with the Maghreb, particularly following the establishment of the Arab Maghreb Union, which the European Community and its Member States have publicly welcomed. The consolidation of the process of integration initiated by the establishment of the Union will contribute to the economic development and stability of the region and should enhance the prospects for a settlement of the Western Sahara dispute. The European Council also considers that the establishment of the Union provides a basis for closer cooperation between the Community and the Maghreb.

4. CYPRUS

The European Council has noted with concern that the Cyprus problem has not yet found a solution and that the tragic division of the island still remains. The Twelve stand fully by their previous statements and reiterate their support to the unity, independence, sovereignty and territorial integrity of Cyprus in accordance with the relevant UN Resolutions. They stress the need for progress in the inter-communal dialogue under the UN auspices and appeals to the parties concerned to cooperate with the UN Secretary General towards this end and to refrain from any action that could jeopardize this dialogue.

5. Latin America

The European Council has noted the further development of relations between the Community and its Member States and Latin America, and has examined the results of the Ministerial meetings recently held in San Pedro Sula (Honduras) and in Granada (Spain).

The European Council reaffirms the concern of the Community and its Member States at the situation in Central America. A just, stable and lasting solution must be found through diplomatic action, regional dialogue, economic cooperation and national reconciliation based on respect for democracy and human rights, in full compliance with the Esquipulas Agreement.

Latin American countries' aims of attaining genuine democracy are threatened by a difficult economic and financial situation of which debt is one of the main elements. The European Council commends the efforts towards genuine economic reforms and welcomes the intention of the governments concerned to continue in that direction. The European Council has agreed on the need for Member States of the Community to support efforts in International Financial Institutions and among creditor governments and by public and private banks to seek urgent solutions to these problems.

The European Council calls for the continued development of political contacts and of economic, technical, commercial and financial cooperation between the Community and Latin America. It has noted with satisfaction the work already undertaken in the Community framework along the lines of the Hague Conclusions of 26-27 June 1986. Referring to the

conclusions of various Councils of Ministers, it has invited the Commission to pursue its efforts to allow the development of differentiated and increasingly effective policies of cooperation between Latin America and the European Community and its Member States, without prejudice to the development of close relations and cooperation with other regions.

6. Asia

The European Council has expressed its deep concern over the situation in China and has approved the attached declaration (annexe II).

The European Council, reaffirming the previous declarations on Cambodia, welcomes progress made towards the settlement of the conflict in that country. While acknowledging a certain improvement in the international aspects of the Afghan conflict, it has expressed concern at the situation in Afghanistan and urges all the parties involved to work for the establishment of a truly representative government by a genuine act of self-determination. The European Community and its Member States have reiterated their readiness to contribute to the reconstruction of these countries according to their particular circumstances.

The European Council recognizes the urgency and the gravity of the problem of flooding in Bangladesh and is ready to lend effective, coordinated support to the government of this country, in the search for viable solutions which will ensure a better flood control.

The European Council welcomes that political dialogue and economic cooperation with ASEAN have proved effective and will be further developed at the forthcoming meetings in Brunei and Manila.

7. Southern Africa

The European Council confirms its determination to continue striving for the abolition of apartheid through a process of peaceful change and for the establishment of a non-racial, free, democratic and united South Africa.

In support of the UN Secretary General and his special representative, the European Council has confirmed that it will make every effort to ensure that Security Council Resolution 435 continues to be implemented in all its aspects, allowing free and fair elections and the independence of Namibia within the agreed timetable.

The European Council welcomes the positive results obtained at the Gbadolite Summit, which has opened the way to peace in Angola. The European Community and its Member States reaffirm their willingness to contribute to the stability, reconstruction and economic development of that country.

Declaration on the Middle East

The European Council has examined the situation in the Middle East conflict in the light of recent events and of contacts undertaken over several months by the Presidency and the Troika with the parties concerned, and it has drawn the following conclusions:

1. The policy of the Twelve on the Middle East conflict is defined in the Venice Declaration of 13 June 1980 and other subsequent declarations. It consists in upholding the right to security of all States in the region, including Israel, that is to say, to live within secure, recognised and guaranteed frontiers, and in upholding justice for all the peoples of the region, which includes recognition of the legitimate rights of the Palestinian people, including their right to self-determination with all that this implies.

The Twelve consider that these objectives should be achieved by peaceful means in the framework of an international peace conference under the auspices of the United Nations, as the appropriate forum for the direct negotiations between the parties concerned, with a view to a comprehensive, just, and lasting settlement.

The European Council is also of the view that the PLO should participate in this process.

It expresses its support for every effort by the permanent members of the Security Council of the United Nations to bring the parties closer together, create a climate of confidence between them, and facilitate in this way the convening of the international peace conference.

2. The Community and its Member States have demonstrated their readiness to participate actively in the search for a negotiated solution to the conflict, and to cooperate fully in the economic and social development of the peoples of the region.

The European Council expressed its satisfaction regarding the policy of contacts with all the parties undertaken by the Presidency and the Troika, and has decided to pursue it.

3. The European Council welcomes the support given by the Extraordinary Summit Meeting of the Arab League, held in Casablanca, to the decisions of the Palestinian National Council in Algiers, involving acceptance of Security Council Resolutions 242 and 338, which resulted in the recognition of Israel's right to exist, as well as the renunciation of terrorism.

It also welcomes the efforts undertaken by the United States in their contacts with the parties directly concerned and particularly the dialogue entered into with the PLO.

Advantage should be taken of these favourable circumstances to engender a spirit of tolerance and peace with a view to entering resolutely on the path of negotiations.

4. The European Council deplores the continuing deterioration of the situation in the Occupied Territories and the constant increase in the number of dead and wounded and the suffering of the population.

It appeals urgently to the Israeli authorities to put an end to repressive measures, to implement resolutions 605, 607 and 608 of the Security Council and to respect the provisions of the Geneva Convention on the Protection of Civilian Populations in Times of War. They appeal in particular for the reopening of educational facilities in the West Bank.

5. On the basis of the positions of principle of the Twelve, the European Council welcomes the proposal for elections in the Occupied Territories as a contribution to the peace process, provided that :

- the elections are set in the context of a process towards a comprehensive, just, and lasting settlement of the conflict.

- the elections take place in the Occupied Territories including East Jerusalem, under adequate guarantees of freedom.

- no solution is excluded and the final negotiation takes place on the basis of Resolutions 242 and 338 of the Security Council of the United Nations, based on the principle of "land for peace".

6. The European Council launches a solemn appeal to the parties concerned to seize the opportunity to achieve peace. Respect by each of the parties for the legitimate rights of the other should facilitate the normalising of relations between all the countries of the region. The European Council calls upon the Arab countries to establish normal relations of peace and cooperation with Israel and asks that country in turn to recognise the right of the Palestinian people to exercise self-determination.

ANNEX II

Declaration on China

The European Council, recalling the Declaration of the Twelve of June 6, strongly condemns the brutal repression taking place in China. It expresses its dismay at the pursuit of executions in spite of all the appeals of the international community. It solemnly requests the Chinese authorities to stop the executions and to put an end to the repressive actions against those who legitimately claim their democratic rights.

The European Council requests the Chinese authorities to respect human rights and to take into account the hopes for freedom and democracy deeply felt by the population. It underlines that this is an essential element for the pursuit of the policy of reforms and openness that has been supported by the European Community and its Member States.

The Twelve are aware that the recent events have caused great anxiety in Hong Kong.

In the present circumstances, the European Council thinks it necessary to adopt the following measures :

- raising of the issue of human rights in China in the appropriate international fora; asking for the admittance of independent observers to attend the trials and to visit the prisons,
- interruption by the Member States of the Community of military cooperation and an embargo on trade in arms with China,
- suspension of bilateral ministerial and high level contacts,
- postponement by the Community and its Member States of new cooperation projects,
- reduction of programmes of cultural, scientific and technical cooperation to only those activities that might maintain a meaning in the present circumstances,
- prolongation by the Member States of visas to the Chinese students who wish it,

Taking into account the climate of uncertainty created in the economic field by the present policy of the Chinese authorities, the European Council advocates the postponement

of the examination of new requests for credit insurance and the postponement of the examination of new credits of the World Bank.

71. file

PRESIDENCY CONCLUSIONS

EUROPEAN COUNCIL

MADRID, 26 AND 27 JUNE 1989

INTRODUCTION

1. The European Council, meeting in Madrid, reviewed the situation and the prospects for progress towards European Union.

2. The European Council welcomed the vigorous turn taken by European cooperation, which had been given a fresh boost by the Single Act, as demonstrated by the Community's greater role in international affairs.

The completion of the Internal Market and the strengthening of economic and social cohesion were the priority objectives of this new chapter in the history of the Community.

It also noted the progress made by the Twelve as a result of increasing involvement in world affairs and greater consistency between Community objectives as such and political cooperation.

3. The third elections to the European Parliament by direct universal suffrage, which took place between 15 and 18 June, likewise bore witness to the consolidation of European integration.

The European Council considered that the implementation of the provisions of the Single Act had led to a real and appreciable increase in the Parliament's contribution to the Community legislative process. This contribution was now embodied in effective cooperation between Parliament, Commission and Council, developing in a climate of mutual trust.

In this connection the European Council heard a report by the outgoing President, Lord Plumb, to whom it paid special tribute. The European Council noted the broadly positive conclusion arrived at by the President of the European Parliament regarding the state of inter-institutional

cooperation and the means of improving it. In this context, it would be desirable for the various Community institutions to analyse their respective post-1992 roles.

4. The Community and European Political Cooperation were currently engaged in an ambitious work programme involving the complete and balanced implementation of the Single Act.

I. EUROPEAN COMMUNITIES

A. IMPLEMENTATION OF THE SINGLE ACT

1. INTERNAL MARKET

COMPLETION OF THE INTERNAL MARKET

The European Council noted that the forward thrust in achievement of the Internal Market was making an ever-increasing contribution to expansion and improvement in the employment situation. This thrust had hitherto resulted mainly from the decisions taken to remove technical barriers to trade. It was now necessary to make similar progress towards the elimination of physical and fiscal obstacles with a view to achieving an area without internal frontiers by 31 December 1992 in accordance with the provisions of Article 8a of the Single Act.

The growing rate at which decisions were being taken meant that well over half the measures listed in the White Paper had been adopted. The Council recalled certain priority fields identified at its meetings in Hanover and Rhodes, and welcomed the fact that important decisions had been taken in the areas of public contracts, banking and financial services, the approximation of technical standards and transport. However, it noted that there were still decisions to be taken in these priority fields, including transport, in particular cabotage, and asked the Council to intensify its work in these sectors.

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The European Council invited the Commission to submit to the Council the remaining proposals provided for in the White Paper at the earliest opportunity, and expected the Council to finalize adoption, as quickly as possible, of the instruments that would permit the completion of the Internal Market.

FRAUD

The European Council emphasised the need for firm action to tackle the problem of fraud to the detriment of the Community budget.

It welcomed the very substantial progress already achieved in combating fraud by member states taking part in the Commission's action plan approved by the ECOFIN Council on 19 June 1989.

It invited the Council of Ministers to decide as soon as possible on the various proposals for Regulations to combat fraud which had been submitted to it by the Commission.

TAXATION

The European Council was concerned at the delay in finding a solution for the problem of the taxation of savings and stressed the need to ensure that the liberalisation of capital movements did not facilitate tax fraud. The European Council asked the Council to increase its efforts to find a satisfactory solution to the problems of taxation of savings in order to reach an agreement before 1 July 1990.

The European Council welcomed the fact that detailed discussions had now begun in the field of the approximation of indirect taxation on the basis of the new approaches proposed by the Commission and taking account of the Member

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States' suggestions, and that a procedure for the continuation of those discussions had been laid down. The European Council emphasised the need to reach agreement on the broad lines of a solution in this area before the end of the year, having regard to all the problems involved, in order to ensure that the Internal Market came into operation on schedule.

AUDIO-VISUAL PRODUCTION

The European Council considered it vital that further efforts be made to strengthen all areas of Europe's audio-visual production capacity, as it had requested at its meeting in Rhodes. That implied the Community's technological presence, the free movement of programmes with due regard to cultural diversity and the promotion of European production.

The European Council noted the substantial progress made in this field with the adoption of a decision on high-definition television. In view of the above, it invited the Council to continue work on the Directive on the free movement of television signals, with a view to adopting it within the time-limit laid down in the procedure for cooperation with the Parliament.

The European Council hoped that the forthcoming Audiovisual Conclave would be successful.

FREE MOVEMENT OF PERSONS

In accordance with the Rhodes European Council's decision, the Co-ordinators' Group drew up a report (the "Palma document") on the measures needed in different fields in order to achieve progress towards the effective freedom of movement of persons within the Community.

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The European Council, feeling that free movement of persons was a priority for 1992, endorsed that document's conclusions, which were largely based on the approach and methods employed in the White Paper on the completion of the Internal Market, of proven effectiveness in this context. It instructed the Co-ordinators' Group, at the instigation of the General Affairs Council, to spare no effort to ensure that the programme of work proposed in the Palma document was completed as planned.

2. SOCIAL DIMENSION

The European Council considered that in the course of the construction of the single European market social aspects should be given the same importance as economic aspects and should accordingly be developed in a balanced fashion.

The European Council reaffirmed its Hanover and Rhodes conclusions on the achievement of the Internal Market as the most efficient method of creating jobs and ensuring maximum well-being for all Community citizens. Job development and creation must be given top priority in the achievement of the Internal Market. In this way the Community should create 5 million jobs between 1988 and 1990.

The European Council noted with satisfaction that the aims of Article 118a were being fulfilled by the adoption of important directives on the safety and health of workers, leading to an improvement in the quality of the working environment.

The European Council stressed that making the most of human resources through training was a fundamental aspect of economic and social development; it noted the agreement reached on continuing vocational training. The European Council called upon the Commission, the Council and both

sides of industry to expedite their on-going work with a view to obtaining as soon as possible the mutual recognition of qualifications, full occupational mobility and the implementation of both priority objectives decided upon by the European Council in Brussels in February 1988, namely the integration of young people into working life and combating long-term unemployment.

The European Council noted with interest the progress made in the social dialogue at Community level pursuant to Article 118b of the Treaty. The Internal Market must be achieved in a climate of close co-operation between employers and workers so that economic and technical changes take place in a socially acceptable manner. To this end social achievements must be preserved and economic and social cohesion strengthened.

The European Council also took note of the comparative study on national social legislation which it had requested from the Commission in Hanover. It considered that an analysis of the similarities and differences contained in the study would greatly assist the current discussions.

The European Council noted that at the Council meeting on Social Affairs on 12 June the Commission had submitted a preliminary draft Community Charter on Fundamental Social Rights on which an initial debate had been held, leading to the draft conclusions set out in Annex I and accepted by eleven delegations.

*and rejected
by U.K.*

The Council will continue its discussions with a view to adopting the measures necessary to achieve the social dimension of the Single Market, taking account of fundamental social rights. For this purpose the role to be played by Community standards, national legislation and contractual relations must be clearly established.

The Council, after consulting both sides of industry, should state its position on this work programme prior to the next meeting of the European Council.

3. ENVIRONMENT

The European Council welcomed the stepping up of the Council's activity during the past six months and emphasised in particular the importance of the measures that had been adopted in the areas of ozone layer protection, the greenhouse effect, pollutant emissions from small cars and forestry policy.

Conscious of its responsibilities in the face of threats on a global scale (climatic changes, deforestation, desertification, etc.), the European Council considered that the Community had an essential role to play in the protection of the environment, both by means of its internal legislation and by its active contribution to all the initiatives taken at international level.

As part of a global environmental policy including the fight against desertification, erosion and deforestation, the European Council called upon the Commission to submit a programme for the protection of the environment in the regions of the Community affected by these problems.

At the request of the Chancellor of the Federal Republic of Germany, the European Council discussed the vital contribution of tropical forests to the stability of the world's climate and to the preservation of the earth's genetic resources. Aware of the special responsibility of the industrialised countries for maintaining the balance of nature world-wide, the European Council expressed the wish that these questions be dealt with in close collaboration with the countries concerned.

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The European Council took note of the recent Commission proposal for the creation of a European Environment Agency open to European countries with the object of providing the bases for the scientific evaluation of ecological problems. It called upon the Council to examine this proposal at the earliest opportunity.

4. RESEARCH AND DEVELOPMENT

Given the progress achieved in the implementation of the framework programme of Community forms of action, together with the work already started by the Commission and the Council on revising it, the European Council took note of the Commission's intention to submit a new framework programme for the period 1990-1994.

This review must provide the occasion to give fresh impetus to action by the Community in this area, which is of capital importance in strengthening the scientific and technological bases of European industry as a whole and increasing its international competitiveness.

B. ECONOMIC AND MONETARY UNION

1. The European Council restated its determination progressively to achieve Economic and Monetary Union as provided for in the Single Act and confirmed at the European Council meeting in Hanover. Economic and Monetary Union must be seen in the perspective of the completion of the Internal Market and in the context of economic and social cohesion.

2. The European Council considered that the report by the committee chaired by Jacques DELORS, which defines a process designed to lead by stages to Economic and Monetary Union, fulfilled the mandate given in Hanover and provided a good basis for further work. The European Council felt that its realisation would have to take account of the parallelism

between economic and monetary aspects, respect the principle of "subsidiarity" and allow for the diversity of specific situations.

3. The European Council decided that the first stage of the realisation of Economic and Monetary Union would begin on 1 July 1990.

4. The European Council asked the competent bodies (the ECOFIN and General Affairs Councils, the Commission, the Committee of Central Bank Governors and the Monetary Committee):

- (a) to adopt the provisions necessary for the launch of the first stage on 1 July 1990;
- (b) to carry out the preparatory work for the organisation of an intergovernmental conference to lay down the subsequent stages; that conference would meet once the first stage had begun and would be preceded by full and adequate preparation.

C. PEOPLE'S EUROPE

The European Council considered that, despite the results achieved on certain key dossiers of a People's Europe, progress had been inadequate. It requested the Council and the Commission to take stock of progress in that area and draw the necessary conclusions regarding action to be taken. The Council will report back to the next European Council meeting.

D. EXTERNAL RELATIONS

In keeping with the Rhodes Declaration on the international role of the European Community, the European Council reviewed developments in relations between the Community and a number of its partners:

- (1)
- (a) The European Council noted with satisfaction the progress made in co-operation with the EFTA countries following the Summit of Heads of Government in Oslo and the joint meeting of Ministers for Foreign Affairs, which were held in March. In this context it emphasised the importance which it attached to the rapid identification of the best ways of developing these relations in a more structured way. It hoped to be apprised at its next meeting of concrete results obtained in the meantime in this area.
- (b) The European Council noted that satisfactory progress had been made in establishing an appropriate policy towards the East European countries ensuring consistency between Community policies and those agreed within political co-operation, in accordance with Article 30(5) of the Single Act. In this context, it noted the progress made towards the conclusion of trade and co-operation agreements with a number of those countries, at the same time emphasising the common will to contribute to the efforts made, by Poland and Hungary in particular, to open up their economies and put them back on a sound footing.
- (c) The European Council restated the importance it attached to the successful conclusion of the multilateral negotiations under the Uruguay Round, which should make it possible to set up an international system able to meet the challenge arising on a world scale not only for trade in goods but also for services, for the protection of intellectual property and for action on the special situation of the developing countries. It reaffirmed the Community's determination to oppose any recourse to unilateral measures which might jeopardise such an international system.

- (d) The European Council reaffirmed its commitment to a close and comprehensive transatlantic relationship, and noted with satisfaction the co-operative relations which had already been established with the new United States Administration.
- (e) The European Council stressed the importance it attached to the consolidation of the long-established privileged links between the Community and the ACP States. It welcomed the progress made in renegotiating the ACP-EEC Convention and called for the negotiations to be concluded by the end of the year.
- (f) The European Council likewise confirmed the significance it attached to strengthening and extending relations with the countries associated with the Community.
- (g) The European Council paid particular attention to examining the situation of middle-income countries facing the problem of indebtedness. Their situation was extremely worrying, especially in Latin America, where a solution to this problem was of particular importance for the consolidation and strengthening of democracy.

The European Council confirmed that the Member States of the Community had a responsibility to play an active part in finding realistic solutions, in the appropriate fora, given the historical links and the cultural and political affinities linking them with the countries in question.

The European Council and the Member States accordingly confirmed the conclusions reached by the Ministers at the meeting of the ECOFIN Council

in March and stressed the willingness of the Member States to consider solutions involving voluntary reductions in debt and debt servicing, case-by-case, with the participation of the IMF and the World Bank. However, it is recalled that certain Member States have recently adopted global measures.

The European Council emphasised that it was not possible to delay a solution to this problem. It called upon commercial banks and debtor countries to evolve the practical mechanisms required for a solution to this matter, which posed serious economic and political problems.

The European Council took note of the Spanish proposal, summarized in Annex II, to set up a European Guarantee Fund for the purpose of ensuring a special European contribution to the strengthening and balance of the international effort in this area. This proposal will be examined by the ECOFIN Council.

ANNEX I

DRAFT CONCLUSIONS OF THE COUNCIL (SOCIAL AFFAIRS)

The Council discussed in depth the preliminary draft Community Charter of Fundamental Social Rights which the Commission submitted at this Council meeting.

The Council considered that the Commission's preliminary draft broadly echoed the Opinion expressed by the Economic and Social Committee on 22 February 1989 and the European Parliament's Resolution of 15 March 1989 and that it constituted a major contribution to achieving a social area.

The Council stated that in the context of the establishment of the European Single Market the same importance should be given to social aspects as was given to economic aspects and that they should consequently be developed in a balanced fashion.

The Council hoped that in further discussions both sides of industry would be involved in the examination of fundamental social rights and as broad a consensus as possible might be reached.

The Council stated that the European social area should comprise a set of sufficiently precise and legally binding rights, which must comply with the principle of "subsidiarity" and promote social dialogue.

The Council took the view that the Commission's preliminary draft contained, on the one hand, a list of rights which must be defined with the utmost precision and compliance with which must be guaranteed by the adoption of compulsory rules in keeping with the provisions of the Treaties and, on the other, a series of objectives which should be pursued in

the context of the attainment of the European social area and which would have to be established by means of an action programme and common policies without prejudice, on either side, to the role conferred by the Single Act on relations based on agreement.

The Council considered that the fundamental social rights must be approved as soon as possible by means of a Solemn Declaration of the Heads of State or of Government.

The Council invited the Commission immediately to set about formulating rules concerning fundamental rights and drawing up an action programme to achieve the social objectives, in accordance with the conclusions of the European Councils of Hanover and Rhodes. The Council also agreed to resume examination of the proposals already submitted by the Commission and to act on them immediately.

Without prejudice to any amendments which might still be made, the Council noted that there was a general consensus on the fundamental rights set out in the preliminary draft Charter and that they constituted the social identity of the Community.

These conclusions will be forwarded to the President of the European Council.

ELEMENTS OF THE SPANISH PROPOSAL CONCERNING THE CREATION OF
A EUROPEAN GUARANTEE FUND (EGF) FOR OPERATIONS TO REDUCE THE
PAYMENT AND LEVEL OF THE FOREIGN DEBT OF HEAVILY INDEBTED
COUNTRIES

1. The system would address the problem of the debt of middle-income countries. It would cover not only Latin America, but North African, Far Eastern and East European countries too.
2. For this system to be launched three conditions must be satisfied:
 - (a) the debtor countries must reach agreement with the IMF on the economic programme to be pursued over the three following years;
 - (b) the banking sector must accept the reductions which the IMF and the EGF consider appropriate;
 - (c) the creditor countries which are not members of the EGF must make a contribution, on a case-by-case basis, equivalent to that made by the countries participating in the above Fund.
3. The creation of the EGF would strengthen the multilateral aspect envisaged for dealing with the debt problem.
4. The Fund would allow a more balanced distribution of the efforts to be made by ensuring that the commercial banks shoulder their share of responsibility.
5. As the EGF is to be a guarantee system, it is not envisaged that the participating countries would pay initial contributions.
6. The EGF would be formed on an intergovernmental basis; all interested European countries could take part in it.

II. POLITICAL COOPERATION

1. East-West relations, including CSCE

The European Council recognises the importance of the profound changes now taking place in the USSR and Central and Eastern European countries, while regretting that serious violations of human rights still occur in some of those countries, in particular against members of ethnic and religious minorities. It has reaffirmed the determination of the Community and its Member States to play an active role in supporting and encouraging positive changes and reform.

The European Council has reaffirmed the full validity of the comprehensive approach integrating political, economic and cooperation aspects which the European Community and its Member States follow in their relations with the USSR and with Central and Eastern European countries. It has assessed positively the concrete steps which the Community and its Member States, following the Rhodes Declaration, have taken in these fields.

The European Council looks forward to an intensification of relations between East and West in all fields. It reaffirms its belief that progress in arms control and disarmament, respect for human rights and the free circulation of ideas, information and persons remain necessary elements for this improved East/West atmosphere to materialise into further tangible results.

The European Council is convinced that the CSCE process provides the appropriate framework to achieving greater progress in all these fields, enabling Europe to look forward to a day when its present divisions become a matter of history.

The Twelve, who are gradually strengthening their cooperation as a contribution to preserving their security, seek to enhance stability and security through lower levels of forces and armaments as well as through greater transparency and predictability in military matters and thus to promote progress in rapprochement and in the dialogue among all the peoples in Europe. In this framework, they attach great importance to the negotiations on conventional forces in Europe and on confidence and security building measures currently underway in Vienna and will strive for their early and satisfactory conclusion. The resumed Geneva negotiations on reductions in strategic nuclear weapons and the negotiations on chemical weapons also offer prospects for greatly reduced military confrontation and an improved climate of relations between East and West.

2. Middle East

The European Council reiterates its determination to continue contributing to the settlement of the Arab-Israeli conflict and has approved the attached declaration (annex I).

In this context, the European Council considers that a definitive solution to the Lebanese crisis should be urgently negotiated and implemented. It confirms the full support of the Twelve for the Committee of the Three set up by the Arab League Summit in Casablanca. The European Council calls on all parties involved to cooperate fully with the Committee of the Three with the aim of achieving a complete and lasting ceasefire and a just political solution to the Lebanese crisis based on the sovereignty, unity and territorial integrity of Lebanon. The European Council considers that a political solution should be based on the election of a President, political reforms and the withdrawal of all non-Lebanese troops. It renews its call for the immediate and unconditional release of all hostages in Lebanon and elsewhere. It reaffirms its full support for UNIFIL.

The European Council has expressed its hope that the Iranian leaders will prove, by concrete actions, their willingness to develop constructive relations with the Community and its Member States, on the basis of freedom, tolerance and respect for international law.

3. Maghreb

The European Council attaches importance to the strengthening and development of relations with the Maghreb, particularly following the establishment of the Arab Maghreb Union, which the European Community and its Member States have publicly welcomed. The consolidation of the process of integration initiated by the establishment of the Union will contribute to the economic development and stability of the region and should enhance the prospects for a settlement of the Western Sahara dispute. The European Council also considers that the establishment of the Union provides a basis for closer cooperation between the Community and the Maghreb.

4. Cyprus

The European Council has noted with concern that the Cyprus problem has not yet found a solution and that the tragic division of the island still remains. The Twelve stand fully by their previous statements and reiterate their support to the unity, independence, sovereignty and territorial integrity of Cyprus in accordance with the relevant UN Resolutions. They stress the need for progress in the inter-communal dialogue under the UN auspices and appeal to the parties concerned to cooperate with the UN Secretary General towards this end and to refrain from any action that could jeopardise this dialogue.

5. Latin America

The European Council has noted the further development of relations between the Community and its Member States and Latin America, and has examined the results of the Ministerial meetings recently held in San Pedro Sula (Honduras) and in Granada (Spain).

The European Council reaffirms the concern of the Community and its Member States at the situation in Central America. A just, stable and lasting solution must be found through diplomatic action, regional dialogue, economic cooperation and national reconciliation based on respect for democracy and human rights, in full compliance with the Esquipulas Agreement.

Latin American countries' aims of attaining genuine democracy are threatened by a difficult economic and financial situation of which debt is one of the main elements. The European Council commends the efforts towards genuine economic reforms and welcomes the intention of the governments concerned to continue in that direction. The European Council has agreed on the need for Member States of the Community to support efforts in International Financial Institutions and among creditor governments and by public and private banks to seek urgent solutions to these problems.

The European Council calls for the continued development of political contacts and of economic, technical, commercial and financial cooperation between the Community and Latin America. It has noted with satisfaction the work already undertaken in the Community framework along the lines of the Hague Conclusions of 26-27 June 1986. Referring to the conclusions of various Councils of Ministers, it has invited the Commission to pursue its efforts to allow the development of differentiated and increasingly effective policies of cooperation between Latin America and the

European Community and its member States, without prejudice to the development of close relations and cooperation with other regions.

6. Asia

The European Council has expressed its deep concern over the situation in China and has approved the attached declaration (annex II).

The European Council, reaffirming the previous declarations on Cambodia, welcomes progress made towards the settlement of the conflict in that country. While acknowledging a certain improvement in the international aspects of the Afghan conflict, it has expressed concern at the situation in Afghanistan and urges all the parties involved to work for the establishment of a truly representative government by a genuine act of self-determination. The European Community and its Member States have reiterated their readiness to contribute to the reconstruction of these countries according to their particular circumstances.

The European Council recognises the urgency and the gravity of the problem of flooding in Bangladesh and is ready to lend effective, coordinated support to the government of this country, in the search for viable solutions which will ensure a better flood control.

The European Council welcomes that political dialogue and economic cooperation with ASEAN have proved effective and will be further developed at the forthcoming meetings in Brunei and Manila.

7. Southern Africa

The European Council confirms its determination to continue striving for the abolition of apartheid through a process of peaceful change and for the establishment of a non-racial,

free, democratic and united South Africa.

In support of the UN Secretary General and his special representative, the European Council has confirmed that it will make every effort to ensure that Security Council Resolution 435 continues to be implemented in all its aspects, allowing free and fair elections and the independence of Namibia within the agreed timetable.

The European Council welcomes the positive results obtained at the Gbadolite Summit, which has opened the way to peace in Angola. The European Community and its Member States reaffirm their willingness to contribute to the stability, reconstruction and economic development of that country.

Declaration on the Middle East

The European Council has examined the situation in the Middle East conflict in the light of recent events and of contacts undertaken over several months by the Presidency and the Troika with the parties concerned, and it has drawn the following conclusions:

1. The policy of the Twelve on the Middle East conflict is defined in the Venice Declaration of 13 June 1980 and other subsequent declarations. It consists in upholding the right to security of all States in the region, including Israel, that is to say, to live within secure, recognised and guaranteed frontiers and in upholding justice for all the peoples of the region, which includes recognition of the legitimate rights of the Palestinian people, including their right to self-determination with all that this implies.

The Twelve consider that these objectives should be achieved by peaceful means in the framework of an international peace conference under the auspices of the United Nations, as the appropriate forum for the direct negotiations between the parties concerned with a view to a comprehensive, just and lasting settlement.

The European Council is also of the view that the PLO should participate in this process.

It expresses its support for every effort by the permanent members of the Security Council of the United Nations to bring the parties closer together, create a climate of confidence between them, and facilitate in this way the convening of the international peace conference.

2. The Community and its Member States have demonstrated their readiness to participate actively in the search for a

negotiated solution to the conflict, and to cooperate fully in the economic and social development of the peoples of the region.

The European Council expressed its satisfaction regarding the policy of contacts with all the parties undertaken by the Presidency and the Troika, and has decided to pursue it.

3. The European Council welcomes the support given by the Extraordinary Summit Meeting of the Arab League, held in Casablanca, to the decisions of the Palestinian National Council in Algiers, involving acceptance of Security Council Resolutions 242 and 338, which resulted in the recognition of Israel's right to exist, as well as the renunciation of terrorism.

It also welcomes the efforts undertaken by the United States in their contacts with the parties directly concerned and particularly the dialogue entered into with the PLO.

Advantage should be taken of these favourable circumstances to engender a spirit of tolerance and peace with a view to entering resolutely on the path of negotiations.

4. The European Council deplores the continuing deterioration of the situation in the Occupied Territories and the constant increase in the number of dead and wounded and the suffering of the population.

It appeals urgently to the Israeli authorities to put an end to repressive measures, to implement resolutions 605, 607 and 608 of the Security Council and to respect the provisions of the Geneva Convention on the Protection of Civilian Populations in Times of War. They appeal in particular for the reopening of educational facilities in the West Bank.

5. On the basis of the positions of principle of the Twelve, the European Council welcomes the proposal for elections in the Occupied Territories as a contribution to the peace process, provided that:

- the elections are set in the context of a process towards a comprehensive, just, and lasting settlement of the conflict.

- the elections take place in the Occupied Territories including East Jerusalem, under adequate guarantees of freedom.

- no solution is excluded and the final negotiation takes place on the basis of Resolutions 242 and 338 of the Security Council of the United Nations, based on the principle of "land for peace".

6. The European Council launches a solemn appeal to the parties concerned to seize the opportunity to achieve peace. Respect by each of the parties for the legitimate rights of the other should facilitate the normalising of relations between all the countries of the region. The European Council calls upon the Arab countries to establish normal relations of peace and cooperation with Israel and asks that country in turn to recognise the right of the Palestinian people to exercise self-determination.

ANNEX II

Declaration on China

The European Council, recalling the Declaration of the Twelve of June 6, strongly condemns the brutal repression taking place in China. It expresses its dismay at the pursuit of executions in spite of all the appeals of the international community. It solemnly requests the Chinese authorities to stop the executions and to put an end to the repressive actions against those who legitimately claim their democratic rights.

The European Council requests the Chinese authorities to respect human rights and to take into account the hopes for freedom and democracy deeply felt by the population. It underlines that this is an essential element for the pursuit of the policy of reforms and openness that has been supported by the European Community and its Member States.

The Twelve are aware that the recent events have caused great anxiety in Hong Kong.

In the present circumstances, the European Council thinks it necessary to adopt the following measures:

- raising of the issue of human rights in China in the appropriate international fora; asking for the admittance of independent observers to attend the trials and to visit the prisons,
- interruption by the Member States of the Community of military cooperation and an embargo on trade in arms with China,
- suspension of bilateral ministerial and high level

contacts,

- postponement by the Community and its Member States of new cooperation projects,
- reduction of programmes of cultural, scientific and technical cooperation to only those activities that might maintain a meaning in the present circumstances,
- prolongation by the Member States of visas to the Chinese students who wish it,

Taking into account the climate of uncertainty created in the economic field by the present policy of the Chinese authorities, the European Council advocates the postponement of the examination of new requests for credit insurance and the postponement of the examination of new credits of the World Bank.

DRAFT

PRESIDENCY CONCLUSIONS

EUROPEAN COUNCIL

MADRID, 26 AND 27 JUNE 1989



DRAFT

PRESIDENCY CONCLUSIONS

EUROPEAN COUNCIL

MADRID, 26 AND 27 JUNE 1989

1. Tribute, not homage!
(Translate Part)

INTRODUCTION

1. The European Council, meeting in Madrid, reviewed the situation and the prospects for progress towards European Union.
2. The European Council welcomed the dynamic turn taken by European co-operation, which had been given a fresh boost by the Single Act, as demonstrated by the Community's greater role in international affairs.

The completion of the Internal Market and the strengthening of economic and social cohesion were the priority objectives of this new chapter in the history of the Community.

It also noted the progress made by the Twelve as a result of increasing involvement in world affairs and greater consistency between Community objectives as such and political co-operation.

3. The third elections to the European Parliament by direct universal suffrage, which took place between 15 and 18 June, likewise bore witness to the consolidation of European integration.

The European Council considered that the implementation of the provisions of the Single Act had led to a real and appreciable increase in the Parliament's contribution to the Community legislative process. This contribution was now embodied in effective co-operation between Parliament and Council, developing in a climate of mutual trust.

In this connection the European Council heard a report by the outgoing President, Lord Plumb, to whom it paid special homage. The European Council

(1)
Wibaut

2. Comment. Unwelcome, but They can do such analyses even if not so invited, and the Parliament has decided it will anyway.

3. Translation Point. A ~~correct~~ ^{more elegant} translation of the French would be: "It is now necessary for progress towards the elimination [removal] of physical and technical barriers to acquire a similar momentum"

4. Comment. Welcome. This is the correct definition in our view. Art 8 A includes the "in accordance with the provisions of this Treaty" definition, which means it applies only to Community nationals, and allows the various safeguards.

noted the broadly positive conclusion arrived at by the President of the European Parliament regarding the state of inter-institutional co-operation and the means of improving it. *E*In this context, it would be desirable for the various Community institutions to analyse their respective post-1992 roles. *G*

4. The Community and European Political Co-operation were currently engaged in an ambitious work programme involving the complete and balanced implementation of the Single Act.

I. EUROPEAN COMMUNITIES

A. IMPLEMENTATION OF THE SINGLE ACT

1. INTERNAL MARKET

COMPLETION OF THE INTERNAL MARKET

The European Council noted that the dynamic trend in achievement of the Internal Market was making an ever-increasing contribution to expansion and improvement in the employment situation. This dynamic trend had hitherto resulted mainly from the decisions taken to remove technical barriers to trade. It was now necessary for the elimination of physical and fiscal obstacles to undergo a similar development with a view to the achievement of an area without internal frontiers by 31 December 1992 in accordance with the provisions of Article 8a of the Single Act.

The increase in the rate at which decisions were being taken meant that well over half the measures listed in the White Paper had been adopted. The Council recalled certain priority fields identified at its meetings in Hanover and Rhodes, and welcomed the fact that important decisions had been

3

A.

*ports
air ports*

Single Europe

*40% of our
drug captures are
from other states
in the Community*

5. ~~The~~ Addition no purpose. This would be the best place to introduce our FRAUD sentences, viz: -

"The European Council emphasises the need for firm action to tackle the serious problem of fraud on the Community Budget. It welcomes the work the Commission has done to draw up a medium term action programme, and urges the Commission and Council to adopt the necessary measures as fast as possible."

line to take: Presidency have agreed.

6. Translation Point. The French is "fraud and tax evasion". [ie not avoidance]

7. ~~The~~ Amendment. 'Approximate' means rates of VAT, Excise Duties. line to take: Good progress now being made on the Indirect Tax dossier. But the effort to whittle approximate of rates may be necessary is as yet undecided. No need to address the problem today. Merely delete the word.

R. W. ...

and transport

taken in the areas of public contracts, banks and financial services, the approximation of technical standards [and transport.] However, it noted that there were still decisions to be taken in these priority fields, and asked the Council to intensify its work in these sectors.

The European Council invited the Commission to submit to the Council the remaining proposals provided for in the White Paper at the earliest opportunity, and expected the Council to finalize adoption, as quickly as possible, of the instruments that would permit the completion of the Internal Market.

5. →
TAXATION

June 1989

Pohl

Fraud

The European Council was concerned at the delay in finding a solution for the problem of the taxation of ^{capital gains} savings and stressed the need to ensure that the liberalization of capital movements did not facilitate tax evasion and ^{and}

6. avoidance It asked the Community bodies to take the necessary action before the entry into force of the Directive.

→

The European Council welcomed the fact that detailed discussions had now begun in the field of [the approximation of] indirect taxation on the basis of the new approaches proposed by the Commission and taking account of the Member States' suggestions, and that a procedure for the continuation of those discussions had been laid down. The European Council emphasized the need to reach agreement on the broad lines of a solution in this area ^{having regard to all the problems involved} before the end of the year, in order to ensure that the Internal Market came into operation on schedule.

~~*And ... the need to ...*~~

AUDIOVISUAL PRODUCTION

The European Council considered it vital that further efforts be made to strengthen all areas of Europe's audiovisual production capacity, as it had requested at its meeting in Rhodes. That implied the Community's technological presence, the free movement of programmes with due regard to cultural diversity and the promotion of European production.

The European Council noted the substantial progress made in this field with the adoption of a decision on high-definition television. It invited the Council ^{to pursue its work with a view to adopting} ~~to~~ adopt the Directive on the free movement of television signals, within the time-limit laid down in the procedure for co-operation with the Parliament, (in order to facilitate the success of the forthcoming Audiovisual Conclave.)

S. M. S. S.

FREE MOVEMENT OF PERSONS

In accordance with the Rhodes European Council's decision, the Co-ordinators' Group drew up a report (the "Palma document") on the measures needed in different fields in order to achieve progress towards the effective freedom of movement of persons within the Community.

The European Council endorsed that document's conclusions, which were largely based on the approach and methods employed in the White Paper on the completion of the Internal Market, of proven effectiveness in this context. Accordingly, it pledged that all the relevant Community and inter-governmental bodies would spare no effort to ensure that the programme of work proposed in the Palma document was completed as planned.

8. Comment. Rates too high a profile for social :
"balance" could prove a troublesome concept.

Suggested Amendment

Delete all after Single European Market

Insert "it is important also to make progress
on social aspects".

9. Comment. This is the Commission's proposed directives
- "action programme".

Suggested Amendment. Delete the 2 lines

line to take. No need for discussion of substance
now. ~~Under~~ Extent to which provisions
of Art 118b need legislation at
a Community level will be for
future discussion. . . Subsidiarity
Diversity

1988-1990

Single market solid

2. SOCIAL DIMENSION

8.

The European Council considered that in the context of the construction of the single European market, ^{it is important} social aspects should be given ~~the same~~ ^{shortly} importance as economic aspects and should accordingly be developed in a balanced fashion.]

The European Council reaffirmed its Hanover and Rhodes conclusions on the achievement of the Internal Market, which should be regarded not as an end in itself but as the most efficient method of ^{promoting} ~~combating~~ unemployment and ensuring maximum well-being for all Community citizens. ^{The achievement of development and} Job creation must be the first ^{priority} in the achievement of the Internal Market.

The European Council noted with satisfaction that the aims of Article 118a were being fulfilled by the adoption of important directives on the safety and health of workers, leading to an improvement in the ^{working environment} ~~quality of life at the~~ ~~workplace~~.

The European Council stressed that making the most of human resources through training was a fundamental aspect of economic and social development; it noted the agreement reached on continuing vocational training and called upon the Commission, the Council and both sides of industry to expedite their on-going work with a view to obtaining the mutual recognition of qualifications and full occupational mobility as soon as possible.

9.

^{LS} The Council was following with interest the development of the social dialogue, ^{note} [and hoped that the provisions of Article 118b of the Single Act would progressively be translated into reality by operational agreements.] ^{at the moment} The Internal Market must be achieved in a climate of close co-operation between employers and workers so

multi
don't really
needs
act under
take

and recalled that Art 118b, states that (Interview)
if the two sides consider it
desirable ~~to establish~~ they can establish relations
based on agreement

And the needs of conditions
to whom your & active life

10. Comment. Clearly we don't accept the Social Affairs Council text. No need for pitched battle now: fall in with 11.1 formula...

11. Comment ...but the last 5 words of this sentence are prejudicial. It might be better to say "taking account of fundamental social rights".

that economic and technical changes take place in a socially acceptable manner. To this end social achievements must be preserved and economic and social cohesion strengthened.

The Council also took note of the comparative study on national social legislation which it had requested from the Commission in Hanover. It considered that an analysis of the similarities and differences contained in the study would greatly assist the current discussions.

10. The European Council noted that at the Council meeting on Social Affairs on 12 June the Commission had submitted a preliminary draft Community Charter on Fundamental Social Rights on which an initial debate had been held which had led to the draft conclusions set out in Annex I, and accepted by [the European Council] [eleven delegations].

with the understanding that

11. The Council agreed to continue its discussions with a view to adopting the measures necessary both to achieve the social dimension of the Single Market, and to guarantee fundamental social rights. For this purpose the role to be played by Community standards, national legislation and contractual relations must be clearly established.

Prejudges the work of the Council

The Council, after consulting both sides of industry, should state its position on this work programme prior to the next meeting of the European Council.

3. ENVIRONMENT

Conscious of its responsibilities in the face of threats on a global scale (climatic changes, deforestation, desertification, etc.), the European Council considered that the Community had an essential role to play in the

Salary account

3-5 days

12. Amendment Delete "all the". A blank cheque
in respect of eg. future Soviet initiatives
[? and retrospective endorsement of Rozards.]

13. Amendment. Delete the Paragraph: ~~the~~ could
prove a costly hostage. [we shall
try to get FRG, Neins etc. active on
this one.]

12 protection of the environment, both by means of its internal legislation and by its active contribution to all the initiatives taken at international level.

The European Council welcomed the stepping up of the Council's activity during the past six months and emphasized in particular the importance of the measures that had been adopted in the areas of ozone layer protection, the greenhouse effect, pollutant emissions from small cars and forestry policy.

13 *Within the framework of* [As part of a global environmental policy *for the Community* including the fight against desertification, erosion and deforestation, the European Council called upon *Charlie* the Commission to submit a programme for the protection of the environment in *Wangkey* the *1604* Mediterranean regions.] *White Paper*

The European Council took note of the recent Commission proposal for the creation of a European Environment Agency open to European countries with the object of providing the bases for the scientific evaluation of ecological problems. It called upon the Council to examine this proposal at the earliest opportunity.

4. RESEARCH AND DEVELOPMENT

Given the progress achieved in the implementation of the framework programme of Community forms of action, together with the work already started by the Commission and the Council on revising it, the European Council took note of the Commission's intention to submit a new framework programme for the period 1990-1994.

This review must provide the occasion to give fresh impetus to action by the Community in this area, which is of capital importance in strengthening the scientific and technological bases of European industry as a whole and increasing its international competitiveness.

The EC. world drink. A hospital for the elderly.

14. Translation Point. Correct translation "in the perspective of the achievement of the internal market, and in the context of - - - - - [Much better: breaks the time link with 1992]"

15. Global Process leading to. This is para 39 - country. Best dealt with by Unilateral UK Statement viz: —

nothing

"The United Kingdom notes that there is no automaticity about the move to nor the timing or content of Stages 2, 4, 3. The UK will take its decisions on these matters in the light of the circumstances at the time and in the light of the progress which has by then been made in Stage 1, in particular over the completion of the Single Market and the full implementation of all the measures agreed as being necessary to complete."

16. S'Agaro needed. ~~Can~~ suggest "To define the operational elements of subsequent stages, so that once Stage I has begun, and the preparatory work has been sufficiently advanced, a decision ~~can~~ on the convocation of an IGC ^{could} be taken."

B. ECONOMIC AND MONETARY UNION

1. The European Council restated its determination progressively to achieve Economic and Monetary Union as provided for in the Single Act and ^{confirmed} recalled at the European Council meeting in Hanover. Economic and Monetary Union must be seen in the ^{perspective} context of the completion of the Internal Market and in ^{the} ~~that~~ of economic and social cohesion.

14

2. The European Council considered that the report by the committee chaired by Jacques DELORS fulfilled the mandate given in Hanover and provided a good basis for further work ~~and for the definition of a global process that would lead in stages~~ ^{or} to Economic and Monetary Union. The European Council felt that its realization would have to take account of the parallelism between economic and monetary aspects, respect the principle of subsidiarity and allow for the diversity of specific situations.

15

3. The European Council decided that the first stage of the realization of Economic and Monetary Union would begin on 1 July 1990.

4. The European Council asked the competent bodies (the ECOFIN and General Affairs Councils, the Commission, the Committee of Central Bank Governors and the Monetary Committee):

(a) to adopt the provisions necessary for the launch of the first stage on 1 July 1990;

(b) to carry out the preparatory work for the organization of an intergovernmental conference to lay down the subsequent stages; that conference would meet once the first stage had begun and the preparatory work was sufficiently advanced.

French
16
revised
revised

clear

work would be on conference rather than conference of the work

Assumes we have letter a down to hold on 1st conf

1 July 1990

31st Dec 1992 -

Amendment
17. ~~Delete~~ "must be accepted" should be attributed
to "certain Delegates." [we shall try to get
Lutz, who feel strongly, to run this]

C. PEOPLE'S EUROPE

The European Council considered that, despite the results achieved on certain key dossiers of a People's Europe, progress had been inadequate. It requested the Council and the Commission to take stock of progress in that area and draw the necessary conclusions regarding action to be taken. ^{In this context the} European Council ^{notes} ~~(underlined)~~ the importance ^{that certain member states accord} ~~which must be accorded~~ to participation in municipal elections and elections to the European Parliament by nationals of Member States resident in another Member State.

D. EXTERNAL RELATIONS

In keeping with the Rhodes Declaration on the international role of the European Community, the European Council reviewed developments in relations between the Community and a certain number of its partners:

- (a) The European Council noted with satisfaction the progress made in co-operation with the EFTA countries following the Summit of Heads of Government in Oslo and at the joint meeting of Ministers for Foreign Affairs, which were held in March. In this context it emphasized the importance which it attached to the rapid identification of the best ways of developing these relations in a more structured way. It hopes to be apprised at its next meeting of concrete results obtained in the meantime in this area.
- (b) The European Council noted that satisfactory progress had been made in establishing an appropriate policy towards the East European countries ensuring consistency between Community policies and those agreed within political co-operation, in accordance with Article 30(5) of the Single Act. In this context, it noted the progress made towards

the conclusion of trade and co-operation agreements with a number of those countries, at the same time emphasizing the common will to contribute to the efforts made, by Poland and Hungary in particular, to open up their economies and put them back on a sound footing.

(c) The European Council restated the importance it attached to the successful conclusion of the multilateral negotiations under the Uruguay Round, which should make it possible to set up an international system able to meet the challenge arising on a world scale not only for trade in goods but also for services, for the protection of intellectual property and for action on the special situation of the developing countries. It reaffirmed the Community's determination to oppose any recourse to unilateral measures which might jeopardize such an international system.

(d) The European Council emphasized the importance it attached to the long established privileged links between the Community and the ACP States. It welcomed the progress made in renegotiating the ACP-EEC Convention and called for the negotiations to be concluded by the end of the year.

(e) The European Council paid particular attention to examining the situation of the middle-income countries which were facing the problem of indebtedness. Their situation was extremely worrying, especially in Latin America, where a solution to this problem was of particular importance for the consolidation and strengthening of democracy.

The European Council confirmed that the Member States of the Community had a responsibility, in the appropriate fora, to play an active part in finding realistic solutions, given the historical links and the cultural and political affinities linking them with those countries.

The ~~European Council and the Member~~ States accordingly confirmed the conclusions reached by the Ministers at the meeting of the ECOFIN Council in March and stressed the willingness of the ~~the [Community and its]~~ Member States to consider solutions involving voluntary reductions in debt and debt servicing, on a case-by-case basis, with the participation of the IMF and the World Bank.

The European Council emphasized that it was not possible to delay a solution to this problem. It called upon commercial banks and debtor countries to evolve the practical mechanisms required for a solution to this matter, which posed serious economic and political problems.

The European Council took note of the Spanish proposal, summarized in Annex II, to set up a European Guarantee Fund for the purpose of ensuring a special European contribution to the strengthening and balance of the international effort in this area. This proposal will be examined by the ECOFIN Council.

The European Council would like appropriate decisions to be taken at the next Economic Summit to accelerate achievement of the agreed objective, and confirmed the will of the Member States of the Community to contribute to that end.

DRAFT CONCLUSIONS OF THE COUNCIL

The Council discussed in depth the preliminary draft Community Charter of Fundamental Social Rights which the Commission submitted during this Council meeting.

The Council considered that the Commission's preliminary draft broadly echoed the Opinion expressed by the Economic and Social Committee on 22 February 1989 and that it constituted a major contribution to achieving a social area.

The Council stated that in the context of the establishment of the European Single Market the same importance should be given to social aspects as was given to economic aspects and that they should consequently be developed in a balanced fashion.

The Council hoped that in further discussions both sides of industry would be involved in the examination of fundamental social rights and as broad a consensus as possible might be reached.

The Council stated that the European social area should comprise a set of sufficiently precise and legally binding rights, which must comply with the principle of subsidiarity and promote social dialogue.

The Council took the view that the Commission's preliminary draft contained, on the one hand, a list of rights which must be defined with the utmost precision and compliance with which must be guaranteed by the adoption of compulsory rules in keeping with the provisions of the Treaties and, on the other, a series of objectives which should be pursued in the context of the attainment of the European social area and which would have to be established by means of an action programme and common policies without prejudice, on either side, to the role conferred by the Single Act on relations based on agreement. //

The Council considered that the fundamental social rights must be approved as soon as possible by means of a ~~Solemn Declaration~~ of the Heads of State or of Government.

The Council invited the Commission immediately to set about formulating rules concerning fundamental rights and drawing up an action programme to achieve the social objectives, in accordance with the conclusions of the European Councils in Hanover and Rhodes. The Council also agreed to resume examination of the proposals already submitted by the Commission and to act on them immediately.

Without prejudice to the Amendments which might still be made, the Council noted that there was a general consensus on the fundamental rights set out in the preliminary draft Charter and that they constituted the social identity of the Community.

These conclusions will be forwarded to the President of the European Council.

ELEMENTS OF THE SPANISH PROPOSAL CONCERNING THE CREATION OF A EUROPEAN GUARANTEE FUND (EGF) FOR OPERATIONS TO REDUCE THE PAYMENT AND LEVEL OF THE FOREIGN DEBT OF HEAVILY INDEBTED COUNTRIES

1. The system would address the problem of the debt of the middle-income countries. It would cover not only Latin America, but North African, Far Eastern and East European countries too.
2. For this system to be launched three conditions must be satisfied:
 - (a) the debtor countries must reach agreement with the IMF on the economic programme to be developed during the following three years;
 - (b) the banking sector must accept the reductions which the IMF and the EGF consider appropriate;
 - (c) the creditor countries which are not members of the EGF must make a contribution, on a case-by-case basis, equivalent to that made by the countries participating in the above Fund.
3. The creation of the EGF would strengthen the multilateral aspect envisaged for dealing with the debt problem.

4. The Fund would allow a more balanced distribution of the efforts to be made by ensuring that the commercial banks shoulder their share of responsibility.
 5. As the EGF will be a guarantee system, it is not envisaged that the participating countries would pay initial contributions.
 6. The EGF would be formed on an intergovernmental basis; all interested European countries could take part in it.
-

cc Anne Clark.

DRAFT

P R E S I D E N C Y C O N C L U S I O N S

E U R O P E A N C O U N C I L

MADRID, 26 AND 27 JUNE 1989

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In this connection the European Council heard a report by the outgoing President, Lord Plumb, to whom it paid special homage. The European Council

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1. INTERNAL MARKET

COMPLETION OF THE INTERNAL MARKET

The European Council noted that the dynamic trend in achievement of the Internal Market was making an ever-increasing contribution to expansion and improvement in the employment situation. This dynamic trend had hitherto resulted mainly from the decisions taken to remove technical barriers to trade. It was now necessary for the ^{reduction} elimination of physical and fiscal x obstacles to undergo a similar development with a view to the achievement of an area without internal frontiers by 31 December 1992 in accordance with the provisions of Article 8a of the Single Act.

The increase in the rate at which decisions were being taken meant that well over half the measures listed in the White Paper had been adopted. The Council recalled certain priority fields identified at its meetings in Hanover and Rhodes, and welcomed the fact that important decisions had been

taken in the areas of public contracts, banks and financial services, the approximation of technical standards and transport. However, it noted that there were still decisions to be taken in these priority fields, and asked the Council to intensify its work in these sectors.

The European Council invited the Commission to submit to the Council the remaining proposals provided for in the White Paper at the earliest opportunity, and expected the Council to finalize adoption, as quickly as possible, of the instruments that would permit the completion of the Internal Market.

TAXATION

The European Council was concerned at the delay in finding a solution for the problem of the taxation of savings and stressed the need to ensure that the liberalization of capital movements did not facilitate tax evasion and avoidance. It asked the Community bodies to take the necessary action before the entry into force of the Directive.

The European Council welcomed the fact that detailed discussions had now begun in the field of [the approximation of] indirect taxation on the basis of the new approaches proposed by the Commission and taking account of the Member States' suggestions, and that a procedure for the continuation of those discussions had been laid down. The European Council emphasized the need to reach agreement on the broad lines of a solution in this area before the end of the year, in order to ensure that the Internal Market came into operation on schedule.

AUDIOVISUAL PRODUCTION

The European Council considered it vital that further efforts be made to strengthen all areas of Europe's audiovisual production capacity, as it had requested at its meeting in Rhodes. That implied the Community's technological presence, the free movement of programmes with due regard to cultural diversity and the promotion of European production.

The European Council noted the substantial progress made in this field with the adoption of a decision on high-definition television. It invited the Council to adopt the Directive on the free movement of television signals, within the time-limit laid down in the procedure for co-operation with the Parliament, in order to facilitate the success of the forthcoming Audiovisual Conclave.

FREE MOVEMENT OF PERSONS

In accordance with the Rhodes European Council's decision, the Co-ordinators' Group drew up a report (the "Palma document") on the measures needed in different fields in order to achieve progress towards the effective freedom of movement of persons within the Community.

The European Council endorsed that document's conclusions, which were largely based on the approach and methods employed in the White Paper on the completion of the Internal Market, of proven effectiveness in this context. Accordingly, it pledged that all the relevant Community and inter-governmental bodies would spare no effort to ensure that the programme of work proposed in the Palma document was completed as planned.

2. SOCIAL DIMENSION

The European Council considered that in the context of the construction of the single European market social aspects should be given the same importance as economic aspects and should accordingly be developed in a balanced fashion.

The European Council reaffirmed its Hanover and Rhodes conclusions on the achievement of the Internal Market, which should be regarded not as an end in itself but as the most efficient method of combating unemployment and ensuring maximum well-being for all Community citizens. Job creation must be the first priority in the achievement of the Internal Market.

The European Council noted with satisfaction that the aims of Article 118a were being fulfilled by the adoption of important directives on the safety and health of workers, leading to an improvement in the quality of life at the workplace.

The European Council stressed that making the most of human resources through training was a fundamental aspect of economic and social development; it noted the agreement reached on continuing vocational training and called upon the Commission, the Council and both sides of industry to expedite their on-going work with a view to obtaining the mutual recognition of qualifications and full occupational mobility as soon as possible.

The Council was following with interest the development of the social dialogue and hoped that the provisions of Article 118b of the Single Act would progressively be translated into reality by operational agreements. The Internal Market must be achieved in a climate of close co-operation between employers and workers so

that economic and technical changes take place in a socially acceptable manner. To this end social achievements must be preserved and economic and social cohesion strengthened.

The Council also took note of the comparative study on national social legislation which it had requested from the Commission in Hanover. It considered that an analysis of the similarities and differences contained in the study would greatly assist the current discussions.

The European Council noted that at the Council meeting on Social Affairs on 12 June the Commission had submitted a preliminary draft Community Charter on Fundamental Social Rights on which an initial debate had been held which had led to the draft conclusions set out in Annex I and accepted by [the European Council] [eleven delegations].

The Council agreed to continue its discussions with a view to adopting the measures necessary both to achieve the social dimension of the Single Market and to guarantee fundamental social rights. For this purpose the role to be played by Community standards, national legislation and contractual relations must be clearly established. X ✓

The Council, after consulting both sides of industry, should state its position on this work programme prior to the next meeting of the European Council.

3. ENVIRONMENT

Conscious of its responsibilities in the face of threats on a global scale (climatic changes, deforestation, desertification, etc.), the European Council considered that the Community had an essential role to play in the

protection of the environment, both by means of its internal legislation and by its active contribution to all the initiatives taken at international level.

The European Council welcomed the stepping up of the Council's activity during the past six months and emphasized in particular the importance of the measures that had been adopted in the areas of ozone layer protection, the greenhouse effect, pollutant emissions from small cars and forestry policy.

[As part of a global environmental policy including the fight against desertification, erosion and deforestation, the European Council called upon the Commission to submit a programme for the protection of the environment in X the Mediterranean regions.]

The European Council took note of the recent Commission proposal for the creation of a European Environment Agency open to European countries with the object of providing the bases for the scientific evaluation of ecological problems. It called upon the Council to examine this proposal at the earliest opportunity.

4. RESEARCH AND DEVELOPMENT

Given the progress achieved in the implementation of the framework programme of Community forms of action, together with the work already started by the Commission and the Council on revising it, the European Council took note of the Commission's intention to submit a new framework programme for the period 1990-1994.

This review must provide the occasion to give fresh impetus to action by the Community in this area, which is of capital importance in strengthening the scientific and technological bases of European industry as a whole and increasing its international competitiveness.

B. ECONOMIC AND MONETARY UNION

1. The European Council restated its determination progressively to achieve Economic and Monetary Union as provided for in the Single Act and recalled at the European Council meeting in Hanover. Economic and Monetary Union must be seen in the context of the completion of the Internal Market and in that of economic and social cohesion.

2. The European Council considered that the report by the committee chaired by Jacques DELORS fulfilled the mandate given in Hanover and provided a good basis for further work and for the definition of a global process that would lead in stages to Economic and Monetary Union. The European Council felt that its realization would have to take account of the parallelism between economic and monetary aspects, respect the principle of subsidiarity and allow for the diversity of specific situations.

3. The European Council decided that the first stage of the realization of Economic and Monetary Union would begin on 1 July 1990.

4. The European Council asked the competent bodies (the ECOFIN and General Affairs Councils, the Commission, the Committee of Central Bank Governors and the Monetary Committee):
 - (a) to adopt the provisions necessary for the launch of the first stage on 1 July 1990;

 - (b) to carry out the preparatory work for the organization of an intergovernmental conference to lay down the subsequent stages; that conference would meet once the first stage had begun and the preparatory work was sufficiently advanced.

PROJET DE
CONCLUSIONS DE LA PRESIDENCE

CONSEIL EUROPEEN

MADRID, LES 26/27 JUIN 1989

INTRODUCTION

1. Le Conseil européen, réuni à Madrid, a examiné la situation et les perspectives de progrès vers l'Union Européenne.
2. Le Conseil européen constate avec satisfaction le dynamisme de la coopération européenne qui a trouvé un nouvel élan dans l'Acte Unique et qui se manifeste par un rôle accru de la Communauté dans la sphère internationale.

L'achèvement du Marché intérieur ainsi que le renforcement de la cohésion économique et sociale sont les objectifs prioritaires de cette nouvelle étape de l'histoire de la Communauté.

Il constate également les progrès réalisés par les Douze grâce à un engagement croissant dans les affaires du monde et une cohérence plus grande entre les objectifs communautaires proprement dits et la coopération politique.

3. La troisième élection du Parlement Européen, au suffrage universel, qui a eu lieu entre le 15 et le 18 juin, démontre, également, la consolidation de l'intégration européenne.

Le Conseil européen considère que la mise en oeuvre des dispositions de l'Acte Unique a conduit à une augmentation réelle et sensible de la contribution du Parlement au processus législatif de la Communauté. Cette contribution se traduit désormais en une coopération efficace entre Parlement et Conseil, qui se développe dans un climat de confiance réciproque.

Dans ce contexte, le Conseil européen a écouté l'exposé du Président sortant, Lord Plumb, auquel il a rendu un hommage particulier. Le Conseil européen a pris acte de l'appréciation largement positive du Président du Parlement

européen sur l'état de la coopération interinstitutionnelle et les moyens pour l'améliorer. A cet égard, il serait souhaitable que les différentes institutions de la Communauté entament une analyse sur leur rôle dans la perspective de l'après 1992.

4. La Communauté et la Coopération Politique Européenne se trouvent actuellement engagées dans un programme ambitieux de travail qui comprend la mise en oeuvre complète et équilibrée de l'Acte Unique.

I. COMMUNAUTES EUROPEENNES

A. REALISATION DE L'ACTE UNIQUE

1. MARCHÉ INTERIEUR

ACHEVEMENT DU MARCHÉ INTERIEUR

Le Conseil européen a constaté que le dynamisme dans la réalisation du Marché intérieur contribue chaque jour davantage à l'augmentation de la croissance et à l'amélioration de la situation de l'emploi. Jusqu'ici ce dynamisme résulte surtout des décisions prises dans le domaine de l'élimination des barrières techniques aux échanges. Il faut maintenant que l'élimination des obstacles physiques et fiscaux connaisse un développement semblable en vue de la réalisation d'un espace sans frontières intérieures d'ici le 31 décembre 1992, conformément aux dispositions de l'article 8A de l'Acte Unique.

L'accélération des prises de décisions signifie qu'on a largement dépassé la moitié des mesures programmées dans le livre blanc. Le Conseil rappelle les domaines prioritaires identifiés lors de ses réunions de Hanovre et de Rhodes. Il note avec satisfaction que des décisions importantes ont été prises dans les secteurs des marchés publics, banques et

services financiers, rapprochement des normes techniques, transports. Il constate néanmoins qu'il y a encore des décisions à prendre dans ces domaines prioritaires et demande au Conseil d'intensifier les travaux dans ces secteurs.

Le Conseil européen invite la Commission à présenter, dans les meilleurs délais, au Conseil les propositions restantes prévues dans le livre blanc, et s'attend à ce que le Conseil achève le plus rapidement possible l'adoption des textes qui permettent de compléter le Marché intérieur.

FISCALITE

Le Conseil européen marque sa préoccupation à l'égard du retard constaté dans la recherche d'une solution au problème de la fiscalité sur l'épargne et souligne la nécessité de faire en sorte que la libération des mouvements de capitaux ne facilite pas les fraudes et l'évasion fiscale. Il demande aux instances communautaires d'agir dans ce sens avant l'entrée en vigueur de la directive.

Le Conseil européen a pris note avec satisfaction qu'une discussion approfondie est maintenant engagée dans le domaine du rapprochement des fiscalités indirectes sur base des nouvelles orientations proposées par la Commission en tenant compte des suggestions des Etats membres et qu'une procédure pour la poursuite de la discussion est établie. Le Conseil européen souligne la nécessité de parvenir avant la fin de l'année à un accord sur les grandes lignes d'une solution dans ce domaine en vue d'assurer le fonctionnement du marché intérieur dans le délai prévu.

AUDIOVISUEL

Le Conseil européen estime indispensable que les efforts en vue de renforcer la capacité audiovisuelle de l'Europe se développent sous tous ses aspects, comme il l'avait demandé lors de sa réunion de Rhodes. Ceci exige la présence technologique de la Communauté, la libre circulation des programmes dans le respect des diversités culturelles et la promotion de la production européenne.

Le Conseil européen prend note du progrès important fait dans ce domaine avec l'adoption d'une décision sur la télévision haute définition. Il invite le Conseil à adopter la directive sur la libre circulation des images télévisées, dans les délais prévus par la procédure de coopération avec le Parlement, de manière à faciliter le succès des prochaines assises sur l'Audiovisuel.

LIBRE CIRCULATION DES PERSONNES

Suivant la décision du Conseil européen de Rhodes, le groupe de coordonnateurs a élaboré un rapport ("Document de Palma de Majorque") sur les mesures à prendre dans les différents domaines pour progresser sur la voie de la libre circulation effective des personnes à l'intérieur de la Communauté.

Le Conseil européen fait siennes les conclusions dudit Document qui s'inspirent largement de la démarche et des méthodes retenues dans le livre blanc sur la réalisation du marché intérieur qui ont démontré leur efficacité dans ce contexte. Il engage en conséquence toutes les instances responsables communautaires et intergouvernementales à tout mettre en oeuvre pour que le programme de travail proposé dans le Document soit réalisé comme prévu.

2. DIMENSION SOCIALE

Le Conseil européen considère que, dans le cadre de la construction du marché unique européen, il convient de donner aux aspects sociaux la même importance qu'aux aspects économiques et que, dès lors, ils doivent être développés de façon équilibrée.

Le Conseil européen réaffirme ses conclusions de Hanovre et Rhodes concernant la réalisation du Marché intérieur, qui ne doit pas être considéré comme un objectif en soi-même, mais comme le moyen le plus efficace dans la lutte contre le chômage, et pour assurer le maximum de bien-être à tous les citoyens communautaires. La création d'emplois doit être la première priorité dans la réalisation du Marché intérieur.

Le Conseil européen constate avec satisfaction que les objectifs de l'article 118A sont en voie d'achèvement par l'adoption de directives importantes concernant la sécurité et la santé des travailleurs qui conduisent à l'amélioration de la qualité de vie sur le lieu de travail.

Le Conseil européen souligne que la mise en valeur des ressources humaines par la formation est un aspect fondamental du développement économique et social; il constate l'accord atteint sur la formation professionnelle continue, et invite la Commission, le Conseil et les partenaires sociaux à accélérer les travaux en cours, pour obtenir le plus tôt possible, la reconnaissance mutuelle des qualifications et la pleine mobilité professionnelle.

Le Conseil européen suit avec intérêt le développement du dialogue social et souhaite que les dispositions de l'article 118 B de l'Acte unique se traduisent progressivement dans la réalité par des accords opérationnels. Le Marché intérieur doit se réaliser dans un climat d'étroite coopération entre employeurs et travailleurs de sorte que les changements économiques et techniques aient lieu de façon

socialement acceptable. Dans ce but, il faut préserver l'acquis social et renforcer la cohésion économique et sociale.

Le Conseil a pris aussi connaissance de l'étude comparative sur les législations sociales nationales qu'il avait demandée à la Commission à Hanovre. Il considère que l'analyse des similitudes et des différences contenues dans cette étude sera d'une grande utilité pour les travaux en cours.

Le Conseil européen a pris acte de ce que, lors de la session du Conseil des Affaires sociales du 12 juin, la Commission a présenté un avant-projet de Charte communautaire des droits sociaux fondamentaux lequel, ayant fait l'objet d'un premier débat, a donné lieu à un projet de conclusions figurant dans l'Annexe I et accepté par [le Conseil européen] [onze délégations].

Le Conseil poursuivra les travaux en vue d'adopter les mesures nécessaires aussi bien pour la réalisation de la dimension sociale du Marché unique que pour la garantie des droits sociaux fondamentaux. A cet effet, le rôle que les normes communautaires ainsi que les législations nationales et les relations conventionnelles doivent jouer, doit être clairement établi.

Le Conseil, après avoir recueilli l'avis des partenaires sociaux, devrait se prononcer sur ce schéma de travail avant la prochaine réunion du Conseil européen.

3. ENVIRONNEMENT

Conscient de ses responsabilités face à des menaces qui se situent à l'échelle de la planète, (changements climatiques, déboisement, désertification etc.), le Conseil européen considère que la Communauté a un rôle essentiel à jouer dans

le domaine de la protection de l'environnement, tant par sa législation interne que par sa contribution active à toutes les initiatives prises au niveau international.

Le Conseil européen se félicite de l'intensification de l'activité du Conseil durant le semestre écoulé et il souligne en particulier l'importance des mesures qui ont été adoptées concernant la protection de la couche d'ozone, "l'effet de serre", les émissions polluantes des voitures de petite cylindrée et la politique forestière.

Dans le cadre d'une politique globale de l'environnement qui inclut la lutte contre la désertification, l'érosion et le déboisement, le Conseil européen invite la Commission à présenter un programme de protection de l'environnement dans les régions méditerranéennes.

Le Conseil européen a pris connaissance de la récente proposition de la Commission de création d'une Agence européenne pour l'environnement ouverte aux pays européens et ayant pour objet de fournir les éléments d'évaluation scientifique des problèmes écologiques. Il invite le Conseil à examiner cette proposition le plus rapidement possible.

4. RECHERCHE ET DEVELOPPEMENT

Le Conseil européen, vu les progrès réalisés dans l'exécution du programme-cadre d'actions communautaires ainsi que les travaux déjà engagés par la Commission et le Conseil sur sa révision, prend note de l'intention de la Commission de présenter un nouveau programme-cadre pour la période 90-94.

Cette révision doit constituer l'occasion de donner un nouvel élan aux actions de la Communauté dans ce domaine d'importance capitale pour renforcer les bases scientifiques et technologiques de l'industrie européenne dans son ensemble et pour accroître sa compétitivité internationale.

B. UNION ECONOMIQUE ET MONETAIRE

1. Le Conseil européen réitère sa détermination de réaliser progressivement l'Union économique et monétaire telle que prévue par l'Acte unique et rappelée lors du Conseil européen de Hanovre. L'Union économique et monétaire doit se situer dans la perspective de l'achèvement du marché intérieur et dans le contexte de la cohésion économique et sociale.
2. Le Conseil européen considère que le rapport du Comité présidé par Jacques DELORS répond pleinement au mandat donné à Hanovre et représente une bonne base pour la suite des travaux et pour la définition d'un processus global qui conduira par étapes à l'Union économique et monétaire. Le Conseil européen estime que sa réalisation devra tenir compte du parallélisme entre les aspects économiques et monétaires, respecter le principe de subsidiarité et répondre à la diversité des situations spécifiques.
3. Le Conseil européen décide que la première étape de la réalisation de l'Union économique et monétaire commencera le 1er juillet 1990.
4. Le Conseil européen demande aux instances compétentes (Conseil ECOFIN et Affaires générales, Commission, Comité des Gouverneurs des Banques centrales, Comité monétaire):
 - a) d'adopter les dispositions nécessaires au démarrage de la 1ère étape au 1er juillet 1990 ;
 - b) de réaliser les travaux préparatoires en vue de réunir une conférence intergouvernementale pour établir les étapes ultérieures ; cette conférence se réunira une fois que la première étape aura commencé et que les travaux préparatoires seront suffisamment avancés.

C. EUROPE DES CITOYENS

Le Conseil européen considère qu'en dépit des résultats atteints sur quelques dossiers significatifs de l'Europe des citoyens, les progrès sont insuffisants. Il invite le Conseil et la Commission à faire le point sur l'état d'avancement des travaux dans ce domaine et à en tirer les conclusions opérationnelles nécessaires. Dans ce contexte, le Conseil européen souligne l'importance qui doit être accordée à la participation des ressortissants des Etats membres résidant dans un autre Etat membre, aux élections municipales et aux élections au Parlement européen.

D. RELATIONS EXTERIEURES

Dans la ligne de la Déclaration de Rhodes sur le rôle international de la Communauté européenne, le Conseil européen a passé en revue l'évolution des relations entre la Communauté et un certain nombre de ses partenaires:

- a) Le Conseil européen constate avec satisfaction les progrès réalisés dans la coopération avec les pays de l'AELE suite au sommet des Chefs de Gouvernement à Oslo, ainsi qu'à la réunion conjointe des Ministres des Affaires étrangères qui se sont tenus au mois de mars. Il souligne dans ce contexte l'importance qu'il attache à dégager rapidement les solutions optimales pour développer ces relations d'une façon plus structurée. Il souhaite être saisi, lors de sa prochaine réunion, des résultats concrets qui auront été atteints d'ici-là dans ce domaine.
- b) Le Conseil européen prend note que des progrès satisfaisants ont été réalisés dans la mise en place d'une politique appropriée vis-à-vis des pays de l'Europe de l'Est en assurant la cohérence entre les politiques communautaires et celles convenues au sein de la coopération politique, conformément à l'article 30, § 5 de

l'Acte Unique. Il note dans ce contexte les progrès réalisés vers la conclusion d'accords de commerce et de coopération avec un nombre de ces pays en soulignant à cette occasion la volonté commune de contribuer aux efforts entrepris, notamment par la Pologne et la Hongrie, pour l'ouverture et le redressement de leurs économies.

- c) Le Conseil européen réitère l'importance qu'il attache à l'aboutissement des négociations multilatérales de l'Uruguay Round, qui devraient permettre d'instaurer un système international à la hauteur du défi qui se pose sur le plan mondial non seulement pour les échanges de produits mais aussi pour les services, pour la protection de la propriété intellectuelle et pour la prise en compte de la situation particulière des P.V.D.. Il réaffirme à cette occasion la détermination de la Communauté de s'opposer à toute pratique de recours à des mesures unilatérales susceptibles de mettre en danger un tel système international.
- d) Le Conseil européen souligne l'importance qu'il attache à la consolidation des liens privilégiés établis de longue date entre la Communauté et les Etats ACP. Il se félicite des progrès accomplis dans la renégociation de la Convention ACP/CEE et demande que ces négociations aboutissent avant la fin de l'année.
- e) Le Conseil européen a accordé une attention particulière à l'examen de la situation des pays à revenu moyen, qui sont confrontés au problème de la dette. Leur situation est extrêmement préoccupante, surtout pour l'Amérique Latine, où la solution de ce problème est d'une importance particulière pour la consolidation et le renforcement de la démocratie.

Le Conseil européen confirme que les Etats membres de la Communauté ont la responsabilité de jouer un rôle actif, dans les enceintes appropriées, pour la recherche de

solutions réalistes, étant donné les liens historiques ainsi que les affinités culturelles et politiques qui les unissent à ces pays.

Dans ce sens, le Conseil européen et les Etats membres confirment les conclusions tirées par les Ministres lors de la réunion du Conseil ECO/FIN, du mois de mars dernier, et soulignent la disponibilité de la Communauté et de ses Etats membres à prendre en considération des solutions qui comportent des réductions volontaires de la dette et de son service, sur la base du cas par cas, et avec la participation du FMI et de la Banque Mondiale.

Le Conseil européen souligne qu'il n'est pas possible de retarder la solution à ce problème. Il demande aux banques commerciales et aux pays débiteurs de développer les mécanismes concrets qui sont nécessaires pour apporter une solution à cette question qui pose de graves problèmes économiques et politiques.

Le Conseil européen a pris note de la proposition espagnole résumée en Annexe II de créer un Fonds européen de garantie qui aura comme but d'assurer une contribution européenne particulière au renforcement et à l'équilibre de l'effort international dans ce domaine. Cette proposition sera examinée par le Conseil ECO/FIN.

Le Conseil européen souhaite que des décisions appropriées pour accélérer la réalisation de l'objectif décidé soient prises au prochain Sommet économique, et confirme la volonté des Etats membres de la Communauté de contribuer à ce but.

PROJET DE CONCLUSIONS DU CONSEIL

Le Conseil a procédé à un examen approfondi de "l'avant-projet de Charte communautaire des droits sociaux fondamentaux" présenté par la Commission au cours de la présente session du Conseil.

Le Conseil considère que l'avant-projet de la Commission reprend dans les grandes lignes l'avis émis par le Comité économique et social le 22 février 1989 ainsi que la résolution du Parlement européen du 15 mars 1989 et qu'il constitue une contribution importante à la réalisation de l'espace social.

Le Conseil a déclaré que, dans le cadre de la construction du marché unique européen, il convient de donner aux aspects sociaux la même importance qu'aux aspects économiques et que, dès lors, ils doivent être développés de façon équilibrée.

Le Conseil souhaite que, dans la suite des travaux, les partenaires sociaux soient associés à l'examen des droits sociaux fondamentaux et que s'y dégage le consensus le plus large possible.

Le Conseil déclare que l'espace social européen doit comprendre un ensemble de droits suffisamment précis et juridiquement contraignants, en respectant le principe de subsidiarité et en promouvant le dialogue social.

Le Conseil considère que l'avant-projet de la Commission contient, d'une part, une liste de droits, qui doivent être définis avec la plus grande précision, dont le respect doit être garanti par l'adoption de normes obligatoires conformes aux dispositions des traités, et, d'autre part, une série d'objectifs à poursuivre dans le cadre de la réalisation de l'espace social européen, qui devront être développés moyennant un programme d'action et de politiques communes, sans préjudice pour l'une ou l'autre partie, du rôle reconnu par l'Acte unique aux relations conventionnelles.

Le Conseil considère que les droits sociaux fondamentaux doivent être approuvés au plus tôt par une déclaration solennelle des Chefs d'Etat et de Gouvernement.

Le Conseil invite la Commission à s'ateler immédiatement à l'élaboration de normes relatives aux droits fondamentaux ainsi qu'à l'élaboration du programme d'action visant à atteindre les objectifs sociaux, conformément aux conclusions des Conseils européens de Hanovre et Rhodes. Le Conseil convient en outre de reprendre immédiatement l'examen et de statuer sur les propositions déjà présentées par la Commission.

Sans préjudice des modifications qui peuvent encore être introduites, le Conseil constate qu'un consensus général se dégage sur les droits fondamentaux énoncés dans l'avant-projet de la Charte, qui constituent l'identité sociale de la Communauté.

Les présentes conclusions seront transmises au Président du Conseil européen.

ANNEXE II

ELEMENTS DE LA PROPOSITION ESPAGNOLE CONCERNANT LA CREATION D'UN FOND EUROPEEN DE GARANTIES (F.E.G.) POUR LES OPERATIONS DE REDUCTION DU PAIEMENT ET DU NIVEAU DE LA DETTE EXTERNE DES PAYS LOURDEMENT ENDETTES

1. Le schéma s'adresse au problème de la dette des pays ayant un niveau de revenu intermédiaire. Sont inclus non seulement les pays d'Amérique Latine mais aussi les pays d'Afrique du Nord, d'Extrême Orient et de l'Europe de l'Est.
2. Pour que le schéma puisse démarrer trois conditions doivent être réunies:
 - a) que les pays débiteurs soient parvenus à un accord avec le FMI en ce qui concerne le programme économique à développer pendant les trois années suivantes;
 - b) que les banques acceptent les réductions que le FMI et le F.E.G considèrent appropriées;
 - c) que les pays créanciers qui ne sont pas membres du F.E.G, effectuent, cas par cas, un effort équivalent à celui fait par les pays participants dans le Fonds susnommé.
3. La création du F.E.G renforcera le caractère multilatéral envisagé pour le traitement du problème de la dette.

4. Le F.E.G. permettra une distribution plus équilibrée des efforts à fournir en assurant que les banques commerciales assumeront leur part de responsabilités.
5. Etant donné que le F.E.G. sera un système de garantie, il n'est pas envisagé que les pays participants versent des contributions initiales.
6. Le F.E.G est constitué sur une base intergouvernementale; tous les pays européens intéressés pourraient y participer.