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**CONCLUSIONS OF THE PRESIDENCY**

**EUROPEAN COUNCIL**

**ROME, 27 AND 28 OCTOBER 1990**

The European Council heard a statement from Mr BARON, President of the European Parliament, on the main topics on the agenda for the meeting. In his opening address, President ANDREOTTI also welcomed Germany's recovery of its national unity and congratulated Chancellor KOHL and Foreign Minister GENSCHER on the decisive roles they had played in this historic event which they saw as consciously helping to accelerate European integration.

#### I. PROGRESS TOWARDS EUROPEAN UNION

At this crucial time for Community integration, the European Council has decided to take a further step towards European unity.

The European Council held a detailed discussion, on the basis of the reports submitted by the Presidency, on the state of preparation of the two Intergovernmental Conferences on Political Union and Economic and Monetary Union to open in December of this year and to proceed simultaneously, in accordance with the timetable set in Dublin.

## 1. Conference on Political Union

The European Council expressed its appreciation of the report from the Presidency and of the Commission's Opinion pursuant to Article 23a of the Treaty, which constitute substantial contributions to future proceedings.

The European Council confirmed the will progressively to transform the Community into a European Union by developing its political dimension, strengthening its capacity for action and extending its powers <sup>(+)</sup> to other supplementary sectors of economic integration which are essential for convergence and social cohesion. European Union will be the culmination of a progressive process agreed by common accord among the Member States; it will evolve with due regard being paid to national identities and to the principle of subsidiarity, which will allow a distinction to be made between matters which fall within the Union's jurisdiction and those which must remain within national jurisdiction.

In accordance with the democratic tradition of all Member States, and to increase the democratic legitimacy of the Union, the progress of the Community towards European Union must be accompanied by the development of the European Parliament's role in the legislative sphere <sup>(+)</sup> and with respect to the monitoring of the activities of the Union, which, together with the role of the national Parliaments, will underpin the democratic legitimacy of the Union. This same requirement will be met by defining European citizenship <sup>(+)</sup>, to be additional to citizenship of a Member State, as well as by taking account, in accordance with appropriate procedures, of the particular interests of the regions.

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(+) On these points the United Kingdom delegation prefers not to pre-empt the debate in the Intergovernmental Conference.

At the same time, efforts will be made to strengthen the other institutions within a balanced framework by developing the instruments and procedures which have hitherto guaranteed the Community's success. The tasks of the European Council and of the General Affairs Council will also be adjusted in line with these new responsibilities.

In the sphere of foreign policy, the European Council recorded consensus on the objective of a common foreign and security policy <sup>(+)</sup> to strengthen the identity of the Community and the coherence of its action on the international scene, both of which must be capable of meeting new challenges and commensurate with its responsibilities. The Community's international action will be open to the world and will give a significant role to development policy. The Community will also strengthen its links with the other European countries for which ever-closer co-operation structures must be sought geared to their individual circumstances.

The European Council noted the need to review the procedures and mechanisms for preparing, adopting and implementing decisions where foreign policy is concerned, so as to increase the coherence, speed and effectiveness of the Community's international action.

The European Council considers that no aspect of the Union's external relations will in principle be excluded from the common foreign policy. The European Council noted that there was a consensus to go beyond the present limits in regard to security <sup>(+)</sup>. The content and detailed rules for the role of the Union in the security sphere will have to be defined

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gradually in the light of the various aspects covered by this concept and without prejudice to the obligations arising out of the security arrangements to which Member States are party.

The European Council requests the Foreign Affairs Ministers to continue the preparatory work leading up to the opening of the Intergovernmental Conference. The Presidency will report on this work and will take account of the Opinions of the European Parliament and the Commission.

## **2. Conference on Economic and Monetary Union**

The European Council in Madrid fixed the date for the start of the first phase of Economic and Monetary Union; in Strasbourg and Dublin it set the timetable for the Intergovernmental Conference and the ratification of its results. It now notes with satisfaction the important developments that have occurred in the wake of these decisions.

The European Council takes note of the results of the preparatory work that constitutes the basis for the Intergovernmental Conference.

For the final phase of Economic and Monetary Union eleven Member States consider that the work on the amendment of the Treaty will be directed to the following points:

- for Economic Union, an open market system, that combines price stability with growth, employment and environmental protection; and is dedicated to sound and sustainable financial and budgetary conditions and to economic and social cohesion. To this end, the ability to act of the Community institutions will be strengthened;

- for Monetary Union, the creation of a new monetary institution comprising Member States' central banks and a central organ, exercising full responsibility for monetary policy. The monetary institution's prime task will be to maintain price stability; without prejudice to this objective, it will support the general economic policy of the Community. The institution as such, as well as the members of its Council, will be independent of instructions. It will report to the institutions which are politically responsible.

With the achievement of the final phase of Economic and Monetary Union, exchange rates will be irrevocably fixed. The Community will have a single currency - a strong and stable ecu - which will be an expression of its identity and unity. During the transitional phase, the ecu will be further strengthened and developed.

The second phase will start on 1 January 1994 after:

- the single market programme has been achieved;
- the Treaty has been ratified; and, by its provisions:
- a process has been set in train designed to ensure the independence of the members of the new monetary institution at the latest when monetary powers have been transferred,
- the monetary financing of budget deficits has been prohibited and any responsibility on the part of the Community or its Member States for one Member State's debt precluded;

- the greatest possible number of Member States have adhered to the exchange rate mechanism.

The European Council recalls that, in order to move on to the second phase, further satisfactory and lasting progress towards real and monetary convergence will have to be achieved, especially as regards price stability and the restoration of sound public finances.

At the start of the second phase, the new Community institution will be established. This will make it possible, in particular:

- to strengthen the co-ordination of monetary policies;
- to develop the instruments and procedures needed for the future conduct of a single monetary policy;
- to oversee the development of the ecu.

At the latest within three years from the start of the second phase, the Commission and the Council of the monetary institution will report to the ECOFIN Council and to the General Affairs Council on the functioning of the second phase and in particular on the progress made in real convergence, in order to prepare the decision concerning the passage to the third phase, which will occur within a reasonable time. The General Affairs Council will submit the dossier to the European Council.

The Treaty may lay down transitional provisions for the successive stages of economic and monetary union according to the circumstances of the different countries.

The United Kingdom is unable to accept the approach set out above. But it agrees that the overriding objective of monetary policy should be price stability, that the Community's development should be based on an open market system, that excessive budget deficits should be avoided, and that there should be no monetary financing of deficits nor the assumption of responsibility on the part of the Community or its Member States for one Member State's debts. The United Kingdom, while ready to move beyond stage one through the creation of a new monetary institution and a common Community currency, believes that decisions on the substance of that move should precede decisions on its timing. But it would be ready to see the approach it advocates come into effect as soon as possible after ratification of the necessary Treaty provision.

### 3. Organization of conferences

Both intergovernmental conferences will open on 14 December 1990. Arrangements for the organization of the Conferences will be as set out in Annex I.

## II. RELATIONS WITH THE USSR

The European Council heard a preliminary report from the Commission following talks with the Soviet Government, held pursuant to its mandate from the European Council in Dublin, with a view to drawing up proposals on short-term credit and longer-term support to be given to structural reforms.



The European Council stressed the importance attaching to the success of the reforms undertaken by the Government of the Soviet Union.

The European Council expressed the will that the Community should make a substantial, concrete contribution to the success of these efforts by means of co-operation in various areas.

The Commission was instructed to submit, before the next European Council meeting, proposals for the decisions to be taken.

Should any situation requiring emergency action arise before that date, the Council will take whatever decisions are required on the basis of proposals from the Commission.

The European Council stressed the importance of close co-operation between the Community, the competent international organizations and the other countries wishing to support the endeavours of the Soviet Government. The European Council accordingly asked the Commission to put forward proposals for a major commercial, scientific and technical co-operation agreement with the USSR.

### III. CENTRAL AND EAST EUROPEAN COUNTRIES

#### 1. Co-operation

The European Council noted with satisfaction the progress made in the development of co-operation between the Community and the countries of Central and Eastern Europe in the general context of the activities of the Group of 24 and the PHARE programme. It also noted the prospects

offered by the new Association Agreements which will help to further co-operation in all areas - economic, financial, cultural and political - between these countries and the Community.

The European Council is aware of the Community's special responsibility towards these countries at a time when their efforts to achieve structural adjustment, together with the transition to a market economy, are meeting with additional difficulties due to external economic disturbances, affecting in particular their financial position.

The European Council considers that, in these circumstances, the Community has a duty to help to consolidate and develop the general process of reform being undertaken in these countries, notably by playing its part in the stabilization of their financial situation.

In this context the European Council hoped that the economic reforms and democratic developments in Yugoslavia would meet with success within the framework of increased respect for human rights and the preservation of the country's unity and territorial integrity.

## 2. Emergency aid

Among the numerous urgent problems arising in Central and Eastern Europe, the European Council, in response to a submission from the Hungarian Government, expressed its solidarity with Hungary's efforts to solve its acute economic problems and to steer its transformation into a market-oriented economy.

It reaffirms its determination strongly to support Hungary on its path towards democracy, stability and economic development, which implies the refusal of violence and respect for legality. In this context, the European Community and its Member States will help Hungary to overcome its problems, in particular in the field of energy supplies, in the framework of the G-24. They will also endeavour to make bilateral assistance available at short notice, especially through the disbursement of the second tranche of the EC loan.

#### **IV. GULF CRISIS AND MIDDLE EAST**

The European Council discussed the Gulf Crisis and the situation in the Middle East and adopted the declarations in Annexes II and III.

#### **V. CSCE**

The European Council adopted the declaration in Annex IV.

#### **VI. RELATIONS WITH THE UNITED STATES AND CANADA**

The European Council was informed of the progress of talks with the United States and Canadian authorities on drafts of joint declarations on relations with the United States and with Canada. The question will be examined again by the General Affairs Council on 12 November 1990.

**VII. URUGUAY ROUND**

The European Community remains firmly committed to making a full contribution to a positive outcome of the Uruguay Round within the time-scale laid down at the Brussels ministerial meeting. This, combined with the efforts which the Community expects of its partners, will strengthen the multilateral system of free trade, and thus maintain and foster world-wide prosperity, which is particularly necessary to combat the economic dangers linked with the Gulf crisis. The European Council requests the Council to adopt an agreement enabling the Community's agricultural offer to be submitted to the Contracting Parties.

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ANNEX I

ORGANIZATION OF THE CONFERENCES

The composition of national delegations will be decided on by the respective Governments. The Commission will be invited to take part with its own representative.

In accordance with the conclusions of the Dublin European Council of 25 and 26 June 1990 the necessary coherence in the work of the two Conferences will be ensured by the Foreign Ministers. The Foreign Ministers will be assisted by their personal representatives at the Conference on Political Union and those representatives may also participate in the work of the Conference on Economic and Monetary Union. The President of the Commission will also designate his own representative. Consistency and parallel progress in proceedings will also be ensured by means of regular contacts between the President of the Commission and the Presidency of the two Conferences (Conference on Political Union and Conference on Economic and Monetary Union).

Interinstitutional meetings will be held during the Conferences. In addition to the regular contacts between the Chairman of the Conference, the President of the Commission and the President of the European Parliament, the latter may ask to address the Conference before the start of some of its meetings.

The Secretary-General of the Council will take the necessary steps to provide secretarial services for the two Conferences.

DECLARATION ON THE GULF CRISIS

The European Council expresses its deep concern at the continuing deadlock in the Gulf crisis, with the persistent violation of international legality by Iraq, and in particular the prolonged and destructive occupation of Kuwait, the oppression and deportation of its population, the holding of foreign hostages and the repeated violations of conventions governing diplomatic relations. Such acts cannot be tolerated. The Community and its member States attach the highest priority to the solution of this crisis, on the basis of the UN Security Council Resolutions, and reaffirm that no solution is possible without the prior implementation of these Resolutions.

The European Council demands that Iraq immediately, completely and unconditionally withdraw its forces from Kuwait, that the legitimate government of Kuwait be restored and that all foreign citizens who so desire be allowed to leave Iraq and Kuwait.

The European Council, in accordance with the relevant resolutions of the UN Security Council, condemns the Iraqi practice of holding foreign nationals as hostages and keeping some of them in strategic sites. It reminds Iraq of its international obligations in this respect and holds the Iraqi government fully responsible for their safety. The member States of the European Community reaffirm their total solidarity in achieving the freedom of all foreign citizens trapped in Iraq and Kuwait and denounce the unscrupulous use which Iraq is making of them with the sole and vain purpose of trying to divide the international community. They unreservedly condemn this manoeuvre which, carried out in contempt of the most basic humanitarian rules, can only complicate prospects for a solution to the crisis. They affirm their determination not to send representatives of their governments in any capacity to negotiate with Iraq the release of foreign hostages and to discourage others from doing so. They ask the Security Council to continue its efforts to achieve the immediate departure of all hostages and they encourage the Secretary-General to send a special representative to Iraq to this end.

The European Council also demands that, in accordance with the Vienna Convention, Iraq permit the free and unhindered departure of diplomats accredited to Kuwait who are at present prevented from leaving Iraq.

The European Council expresses its satisfaction at the high degree of consensus among all members of the UN Security Council and the international community as a whole on the above principles. It believes that such a consensus needs to be preserved in order for a peaceful solution of the crisis to be achieved. The Community and its member States are determined scrupulously to adhere to the embargo and to the other measures decided by the Security Council and call on all other states to act in the same way. They are also prepared to consider additional steps consistent with the UN Charter.

The Presidency will notify the text of this Declaration to the Iraqi government.

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DECLARATION ON THE MIDDLE EAST

I. The European Council expresses its deep dismay at the continuing violence in Lebanon. It hopes that a process of national reconciliation will effectively develop in that country. It reaffirms its strong support for the implementation of the Taif agreements, which must be carried out by all concerned as soon as possible, thus bringing about the full restoration of the sovereignty, independence, unity and territorial integrity of a Lebanon free of all foreign troops. The European Council calls on all parties in Lebanon to take part in this process and to cooperate with a view to the immediate restoration of conditions preventing the recurrence of such violence. The Community and its member States will continue to support that process fully and stand ready to participate in the reconstruction of the country.

II. The European Council reaffirms its long-standing commitment to a just solution to the other problems of the region and the determination of the Community and its member States to spare no efforts to that end.

In this context, it intends to work for a comprehensive, just and lasting settlement of the Arab-Israeli conflict and the Palestinian problem in conformity with the relevant Resolutions of the UN Security Council and the principles set out by the Community in its previous declarations. To this end, it repeats once again its support for the principle of the convening, at an appropriate time, of an international peace conference.

The lack of any progress in the search for a peaceful settlement of the Arab-Israeli conflict is a source of deep concern to the Community and its member States, who are determined to encourage all efforts to promote dialogue between the parties directly concerned.

The European Council welcomes UN Security Council Resolutions 672 and 673, reaffirms its support for the role the UN can and should play in protecting the rights of the Palestinian people and calls



once more on Israel to meet its obligations under the Fourth Geneva Convention on the Protection of Civilians and to cooperate with the United Nations. The tragic events that have occurred in Jerusalem show once more that the status quo in the Occupied Territories is unsustainable. Just as the Community and its member States deplored those events, so they express the same feelings concerning the tragic acts of violence committed against Israeli citizens. Reminding all concerned that violence breeds violence, they repeat their appeal for calm and restraint.

III. The European Council welcomes the normalization of the relations between the Community and its member States and the Islamic Republic of Iran.

IV. The European Council believes that all opportunities should be taken for the solution of the conflicts in the region. It is convinced that relations of trust and cooperation must be fostered among the countries of the region so as to establish a situation of stability, security, economic and social welfare and respect for civil and political rights, to prevent the recurrence of crises, to curb the arms race and to prevent the proliferation of weapons of mass destruction. The Community and its member States are ready to cooperate with the countries concerned in the search for principles, rules and structures to that end and to contribute to the success of the task entrusted by relevant resolutions to the UN Secretary General to examine measures to enhance security and stability in the region.

V. Just and lasting solutions to the different problems of the region can only contribute towards strengthening the historical links between Europe and the countries of the Middle East and giving full meaning to the role that the Arab world should play in the international community.

DECLARATION ON CSCE

The European Council reaffirms the essential role of the CSCE process - which brings together the peoples and governments of Europe, the United States and Canada - in the transformation of the continent. In this perspective the Summit in Paris will provide a historic opportunity to continue to build, on the basis of the dynamic achievements of the CSCE, a democratic, peaceful and united Europe. For this purpose the Community and its member States have submitted in Vienna a comprehensive range of proposals.

The European Council considers that every effort should be made to ensure that the substance of the Document for the Summit in Paris adequately reflects the historical significance of that event. The Community and its member States will continue to contribute fully to this work. The Community and its member States will, by signing the Document of the Summit, subscribe to all the commitments therein.

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