Master

DRAFT

CONCLUSIONS OF THE PRESIDENCY

EUROPEAN COUNCIL

STRASBOURG, 8 AND 9 DECEMBER 1989

I. TOWARDS EUROPEAN UNION

The European Council is conscious of the responsibilities weighing on the Community in this crucial period for Europe. The current changes and the prospects for development in Europe demonstrate the attraction which the political and economic model of Community Europe holds for many countries.

The Community must live up to this expectation and these demands: its path lies not in withdrawal but in openness and co-operation, particularly with the other European States.

It is in the interest of all European States that the Community should become stronger and accelerate its progress towards European Union.

The European Council adopted the following conclusions to this end:

II. MAKING THE SINGLE ACT A REALITY

The Community is determined to carry out all the commitments contained in the Single Act in order to continue and extend the process of integration in the run-up to European Union. This presupposes that the Community must finish off, within the time limits laid down, the completion of the single market and that it should apply itself, at the same time, to giving concrete form to large-scale projects which will signify a new stage in its development.

A. An area without internal frontiers

The internal market is beginning to assume its final shape, and its positive effects are being felt in all sectors of economic life. In general, the timetable which was set is being adhered to. Important decisions have been taken during this six-month period: in the area of financial services, decisions have been taken on the co-ordination of legislation enabling banks to offer their services throughout the Community, the prohibition of insider dealing and the co-ordination of motor vehicle insurance. The European Council hopes that this set of decisions will be swiftly supplemented by the adoption of the Commission proposals on investment companies, regulations on the solvency ratio,

public procurement offers, company law, in particular the statute of the European company, and the three tax proposals concerning co-operation between companies.

Significant progress has also been made in the Council (Internal Market) on other major topics such as the control of company concentrations, on which a decision is to be taken before the end of this year. It would also like decisive progress to be made regarding testing, standards and certification, the opening of public procurement markets in the telecommunications, energy and transport sectors and the distribution of water and freedom to provide life assurance services.

It is also requesting that rapid progress be made in the veterinary sphere. In the transport sector it stresses the importance of the decisions taken on road cabotage and the guidelines adopted on air transport. It would like a coherent external Community policy to be drawn up in the latter sector and an effective response to the problem of the congestion of air space, in order to guarantee maximum safety for passengers. It notes with satisfaction the progress made in the telecommunications sector.

Special priority should be given to the development and inter-connection of trans-European networks, notably in the area of air traffic control, the linking of the main Community conurbations by broad-band telecommunications networks, training, the most efficient inland communications and energy distribution. The European Council asks the Commission to propose the appropriate measures, taking into account the possibility of extending such action to the whole of the European continent.

With regard to the taxation of savings, the European Council notes the progress which has been made since Madrid. It asks the ECOFIN Council to complete its proceedings as soon as possible and to take measures to avoid tax evasion as an accompaniment to the liberalization of capital movements.

With regard to indirect taxation, it notes with satisfaction the progress made during the last few months, with the formulation of a transitional

system which will lighten the burden on undertakings and administrations and enable border checks to be eliminated.

It considers that these arrangements need to be supplemented by the measures which will be essential in particular to bring about the progressive approximation of VAT rates and to resolve the problems connected with the removal, on 1 January 1993, of limits on purchases by private individuals for their personal consumption when travelling within the Community.

The European Council asks the Council to adopt as soon as possible, on a proposal from the Commission, the decisions which will make the process of the complete abolition of fiscal frontiers irreversible.

B. Associated policies

According to the Single Act, completion of the internal market must be backed up by a number of associated policies. Amongst these, measures to achieve closer economic and social cohesion are of particular importance to enable the Community as a whole to reap the benefits expected from the large market. In this respect, the European Council welcomes the implementation of the reform of the structural policies within the period laid down.

C. Environment

An improvement in the quality of life will come from paying greater attention to the demands of the environment. The nature and seriousness of the problems arising in this sphere make more and more necessary a perspective and measures which go beyond the national framework. The European Council confirms the desire of the Community and its Member States to play a greater part in the devising of international strategies for combating the dangers which threaten the environment, in particular by taking an active part in the drafting of a world convention on climate.

The European Council welcomes the unanimous agreement of the Council on the arrangements for the setting-up of the European Environment Agency as from 1990. This Agency, which will be open to non-EEC European countries which wish to join, will constitute a decisive stage on the road towards improved knowledge of the state of the European environment and will thus help to improve the strategies for dealing with the problems that arise.

The European Council would like the Council (General Affairs) to take an early decision on the Agency's headquarters.

D. Research

The European Council would like the Council to reach agreement before the end of the year on the new framework programme for 1990/1994, the implementation of which should enable major progress to be made regarding the competitiveness of key sectors of European industry.

The European Council is pleased with the increased participation by EFTA countries in Community research programmes and hopes that co-operation with these countries and their association will develop further when the new framework programme is implemented.

E. Audiovisual

The commitment of citizens to the European idea depends on positive measures being taken to enhance and promote European culture in its richness and diversity. In this context the European Council considers it essential to consolidate recent achievements and capitalize on the guidelines which emerged from the Audovisual Conclave in order to develop Europe's audiovisual capacity: Directive on the free movement of televised programmes and competition policy. It hopes that the efforts to produce the European HDTV system will be stepped up, that the Community action programme extending MEDIA will receive substantial financial support and that the necessary synergy with audiovisual EUREKA will be ensured.

F. Free movement of persons and People's Europe

All Community policies in the economic and social spheres contribute directly and indirectly to consolidating a common sense of belonging. This movement must be broadened and accelerated by the adoption of concrete measures which will enable European citizens to recognize in their daily lives that they belong to a single entity.

The European Council underlines the importance in this respect of the progressive abolition of border formalities which impede the free movement of persons and symbolize division, which means that effective

measures need to be taken at the same time to combat terrorism, drug addiction and organized crime.

The European Council takes note of the progress made within the Co-ordinators' Group as described in the progress report drawn up under the responsibilty of the Presidency. The European Council would like the work to be stepped up and accelerated so that progress towards the free movement of persons can keep pace with that achieved on the free movement of goods, services and capital, in accordance with the timetable set out in the Palma document.

The European Council would like an inventory to be prepared of national positions on immigration so that a discussion on this issue within the Council (General Affairs) can be prepared. The European Council accordingly calls upon the relevant bodies to conclude as soon as possible, and no later than the end of 1990, the conventions which are under examination on the right of asylum, the crossing of the Community's external frontiers, and visas. The European Council emphasizes the need, throughout those proceedings, to ensure that the procedures for co-operation between administrations first ensure the protection of individuals with regard to the use of personal data banks.

The European Council calls upon the Co-ordinators' Group on Drugs recently set up on the initiative of the President of the French Republic to take all necessary steps to ensure the vital co-ordination of Member States' actions in the main areas of the fight against this scourge, namely prevention, health and social policy with regard to drug addicts, the suppression of drug trafficking, and international action. In this context, the European Council warmly welcomes the courageous action taken by certain countries, notably Colombia, and would like everything possible to be done to contribute to the success of their efforts. The European Council reaffirms in this connection the need for the negotiations within the International Coffee Organization with a view to concluding a new Agreement to be resumed as soon as possible.

The European Council welcomes the significant results obtained by implementing the programmes on exchanges of young persons and students (ERASMUS, COMETT,

LINGUA), which contribute to developing European awareness, as will the forthcoming introduction of a European emergency health card and of a "young persons" card. Similarly, the European Council particularly welcomes the decisive progress made recently towards agreement on granting all Community nationals unrestricted right of residence in the Member State of their choice. This important measure, which is scheduled for adoption before the end of the year, represents an important step towards the integration of the peoples of the Community. The European Council indicated its satisfaction at the conduct of the "Europe against Cancer" programme and at the agreement of principle reached on adoption of the second action programme 1990-1994.

G. Social dimension

Establishment of the single market has already led to significant results, as evidenced by sustained growth, a considerable increase in investment and in particular by the creation of new jobs, projected at five million for 1988-1990.

The European Council considers that this trend, together with the adoption of directives on the health and safety of workers, Community measures relating to the integration of unemployed young persons into working life and the fight against long-term unemployment, and of directives on vocational training, constitute decisive aspects of the Community social dimension.

The Heads of State and of Government of eleven Member States adopted the Community Charter on the fundamental of social rights of workers. This Charter reflects their sincere attachment to a model of social relations based on common traditions and practices. It will serve them as a reference point for taking fuller account in future of the social dimension in the development of the Community.

The European Council takes note of the action programme submitted by the Commission for the practical implementation of the Charter and calls upon the relevant national and Community authorities, in compliance with their respective responsibilities as deriving from the Treaties, to give effect to it in the very near future.

III. ECONOMIC AND MONETARY UNION

1. The European Council examined the work carried out since the European Council meeting in Madrid with a view to a meeting of the Intergovernmental Conference.
It welcomed the decisions taken by the ECOFIN Council to improve collaboration between Central Banks and to strengthen the co-ordination of economic policies. It notes that these decisions will enable the first stage of EMU as defined in the report from the DELORS Committee to begin on 1 July 1990.

2. It took note of the report from the High Level Working Party, which identified the main technical, institutional and political issues to be discussed with a view to a Treaty on Economic and Monetary Union.

On this basis, and following a discussion on a meeting of an Intergovernmental Conference charged with preparing a Treaty on the final stages of EMU, the President of the European Council noted that the necessary majority existed for convening such a conference under Article 236 of the Treaty. That conference will meet, under the auspices of the Italian authorities, before the end of 1990. It will draw up its own agenda and set the timetable for its proceedings.

3. The European Council emphasized, in this context, the need to ensure that the transfer of powers to the Community does not result in any weakening of democratic control. With a view to the new legislative body of the European Parliament which will begin in 1994, it calls for the institutional balance of Economic and Monetary Union to comply fully with that democratic requirement.

4. The European Council also took note of the Commission's intention to submit before 1 April a composite paper on all aspects of the achievement of Economic and Monetary Union which will take into account all available analyses and contributions.

The European Council emphasized the need for the Council (General Affairs) and the ECOFIN Council to use the period prior to the opening of the Conference to ensure the best possible preparation.

The proceedings as a whole will be examined by the Council (General Affairs) in preparation for the European Council meeting in Dublin.

IV. A COMMUNITY OF RESPONSIBILITY AND SOLIDARITY

In keeping with the principles set out in the Rhodes and Madrid Declarations, the Community will develop its role and that of its Member States in the international political and economic arena in a spirit of openness, solidarity and co-operation. It will fully meet its responsibilities vis-à-vis countries with which it maintains all manner of links and relationships, historical and geographical in origin.

A. EFTA

The European Council welcomes the progress of the discussions which have taken place since the Madrid Council and hopes that at the ministerial meeting on 19 December a decision will be taken to begin negotiations so that the Community and EFTA can, during 1990, reach a comprehensive agreement strengthening their co-operation in the framework of a European economic area of eighteen States in complete accordance with multilateral commitments.

The Community hopes that this co-operation will be as close as possible and that it will ensure EFTA's participation in "flanking policies", and in the disciplines and benefits of the internal market, in full compliance with the independent decision-making processes of each organization and a strict balance of rights and obligations.

The European Council hopes that the negotiations to be opened in the first half of 1990 will produce appropriate, pragmatic arrangements for institutional co-operation which are fully in keeping with the above principles.

This new relationship between the EEC and EFTA will be in the interests of both parties and meet the expectations of the peoples of Europe.

B. COUNTRIES OF CENTRAL AND EASTERN EUROPE

The Community's dynamism and influence make it the European entity to which the countries of Central and Eastern Europe now refer, seeking to establish close links. The Community has taken and will take the necessary decisions to strengthen its co-operation with peoples aspiring to freedom, democracy and progress and with States which intend their founding principles to be democracy, pluralism and the rule of law. It will encourage the necessary economic reforms by all the means at its disposal. The Community's readiness and its commitment to co-operation are central to the policy which it is pursuing and which is defined in the declaration adopted today; the objective remains, as stated in the Rhodes Declaration, that of overcoming the divisions of Europe.

1. The Community has concluded Trade Agreements and, for the most part, Co-operation Agreements with Czechoslovakia, Hungary and Poland. The Agreement with the USSR should be signed by the end of this year. The Council will, as soon as possible, instruct the Commission to negotiate a Trade and Co-operation Agreement with the GDR to be concluded during the first half of 1990.

   The European Council welcomes the decisions taken by the Council (General Affairs) on 27 November 1989 temporarily granting Poland and Hungary special trade facilities in order to contribute towards solving their specific political and economic problems.

   It noted with satisfaction the decisions taken by the Community to assist economic reform in Poland and Hungary.

   The Community took part, in co-operation with its main Western partners, in an operation to supply agricultural products to Poland. In view of the scale and urgency of the needs, the European Council

would ask the Council to take a decision in the near future on a further such operation.

2. At their meeting in Paris on 18 November 1989, the Heads of State and of Government asked the Troika of Presidencies and the Commission to make progress in discussion and decision-taking on the following questions:

- the European Council approved the principle of granting observer status to the USSR in GATT;

- the Commission has submitted proposals designed to allow nationals of the countries of Central and Eastern Europe to take part in a number of educational and training programmes similar to Community programmes; the European Council requests the Council to take the relevant decisions;

- the European Council calls upon the Council to take, at the beginning of 1990, the requisite decisions for the setting up of a European Vocational Training Foundation, on the basis of proposals which the Commission is to submit;

- the European Council approved in principle the creation of a Bank of Europe. Its aim will be to promote productive and competitive investment in the States of Central and Eastern Europe, to assist the transition towards a more market-orientated economy and to speed up the necessary structural adjustments. The States of Central and Eastern Europe concerned will participate in the capital and management of the Bank, in which the EEC will have a majority holding. The European Council hopes that the Bank of Europe will be created as soon as possible. The European Council requests that the necessary steps be taken to ensure that negotiations are opened in January 1990. The European Investment Bank will play a key role in preparing the way for this new institution.

3. The European Council confirmed the Community's readiness to participate, under the conditions defined at the meeting on 18 November, in the creation of a stabilization Fund for Poland. It emphasized that the Twelve's joint contribution would provide more than half the resources of the Fund, which is to receive 1 000 million dollars. The European Council referred to the need to grant Hungary an adjustment loan of the same amount. It called upon the Council to take an early decision on the Commission proposal and to consult closely with the international monetary authorities on this question.

4. The European Council confirmed the key importance that it attaches to the fact that aid and co-operation projects decided on by Western countries should be as complementary as possible. It reaffirmed the need to maintain and strengthen the procedure established at the Arche Summit. It expects the forthcoming ministerial meeting of the 24 Western countries on 13 December to take the necessary substantive and procedural decisions to ensure that the efforts undertaken to facilitate the transition taking place in Poland and Hungary and possibly in other countries of Central and Eastern Europe are co-ordinated and effective.

C. MEDITERRANEAN

The European Council considers that the Community must in the coming months flesh out its policy of neighbourly relations with the Mediterranean States, including Yugoslavia, with which it has long had preferential ties. The specific relationship with Mediterranean countries must be intensified and make it possible to support them in their efforts towards co-operation with Europe, regional integration and economic development.

The Community attaches great importance to the creation of the AMU and will implement the most appropriate co-operation. It will continue the Euro-Arab dialogue at the December meeting.

The European Council calls upon the Council to adapt, on the basis of the Commission communication, the instruments provided for under the current Agreements in order to institute the means and methods of co-operation which are best suited to the special nature of the relations which must develop between the Community and these countries.

D. LATIN AMERICA AND ACP STATES

The Community must strengthen its co-operation with the Latin American countries: in particular it must support the efforts of the Andean Pact countries to combat drugs, find substitute crops and improve the outlets for them.

The European Council welcomes the conclusion of the fourth Lomé Convention, which deepens and broadens the privileged relations between the Community and the Associated African, Caribbean and Pacific States.

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STRASBOURG, 8 AND 9 DECEMBER 1989

(1) accelerate ? continue.

(2) Translation point : French "perspective"
English should be
<u>context</u>

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The Community must live up to this expectation and these demands: its path lies not in withdrawal but in openness and co-operation, particularly with the other European States.

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The European Council adopted the following conclusions to this end:

II. MAKING THE SINGLE ACT A REALITY

The Community is determined to carry out all the commitments contained in the Single Act in order to continue and extend the process of integration in (2) the run-up to European Union. This presupposes that the Community must finish off, within the time limits laid down, the completion of the single market and that it should apply itself, at the same time, to giving concrete form to large-scale projects which will signify a new stage in its development.

A. An area without internal frontiers

The internal market is beginning to assume its final shape, and its positive effects are being felt in all sectors of economic life. In general, the timetable which was set is being adhered to. Important decisions have been taken during this six-month period: in the area of financial services, decisions have been taken on the co-ordination of legislation enabling banks to offer their services throughout the Community, the prohibition of insider dealing and the co-ordination of motor vehicle insurance. The European Council hopes that this set of decisions will be swiftly supplemented by the adoption of the Commission proposals on investment companies, regulations on the solvency ratio,

(3) ECS. Point of Substance.

We don't accept the need for a ECS, and we have doubts about the legal basis – 100 (A) = Qualified Majority We think it should be 235 = Unanimity

Suggest argue That there is no need to qualify the general "company law" with this particular, contentious, reference.

(4) The paragraph is OK except that it

(1) it could be taken as meaning no more need be done on road cabotage

(2) it says nothing about Shipping cabotage

(3) it could give the EC a role in the negotiation of Air Services agreements with the outside world

Suggest: (1) add extra sentence "Further progress on all 3 sectors of transport – road, air and sea – will be required"

(2) delete external as factually incorrect. There was no discussion, at this European Council of the EC taking over new responsibilities for air services agreements with the outside world.

(3) public procurement offers, company law, [in particular the statute of the European company,] and the three tax proposals concerning co-operation between companies.

Significant progress has also been made in the Council (Internal Market) on other major topics such as the control of company concentrations, on which a decision is to be taken before the end of this year. It would also like decisive progress to be made regarding testing, standards and certification, the opening of public procurement markets in the telecommunications, energy and transport sectors and the distribution of water and freedom to provide life assurance services.

It is also requesting that rapid progress be made in the veterinary sphere. In the transport sector it stresses the importance of the decisions taken on road cabotage and the guidelines adopted on air transport. [It would like a coherent [external] Community policy to be drawn up in the latter sector and an effective response to the problem of the congestion of air space, in order to guarantee maximum safety for passengers.] It notes with satisfaction the progress made in the telecommunications sector. (4) L

Special priority should be given to the development and inter-connection of trans-European networks, notably in the area of air traffic control, the linking of the main Community conurbations by broad-band telecommunications networks, training, the most efficient inland communications and energy distribution. The European Council asks the Commission to propose the appropriate measures, taking into account the possibility of extending such action to the whole of the European continent.

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With regard to indirect taxation, it notes with satisfaction the progress made during the last few months, with the formulation of a transitional

(5) 'measures' – is unsatisfactory because it implies legislation. But also defective, because it's a translation point – the French is "elements" and we will have it translated as elements. (No need for you to do anything)

'bring about' – is a correct translation of "assurer". We want to give free play to market forces as the means of producing approximation. Not legislation. The word "permit" would convey this better.

system which will lighten the burden on undertakings and administrations and enable border checks to be eliminated.

(5) It considers that these arrangements need to be supplemented by the measures which will be essential in particular to bring about the progressive approximation of VAT rates and to resolve the problems connected with the removal, on 1 January 1993, of limits on purchases by private individuals for their personal consumption when travelling within the Community.

The European Council asks the Council to adopt as soon as possible, on a proposal from the Commission, the decisions which will make the process of the complete abolition of fiscal frontiers irreversible.

B. Associated policies

According to the Single Act, completion of the internal market must be backed up by a number of associated policies. Amongst these, measures to achieve closer economic and social cohesion are of particular importance to enable the Community as a whole to reap the benefits expected from the large market. In this respect, the European Council welcomes the implementation of the reform of the structural policies within the period laid down.

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An improvement in the quality of life will come from paying greater attention to the demands of the environment. The nature and seriousness of the problems arising in this sphere make more and more necessary a perspective and measures which go beyond the national framework. The European Council confirms the desire of the Community and its Member States to play a greater part in the devising of international strategies for combating the dangers which threaten the environment, in particular by taking an active part in the drafting of a world convention on climate.

The European Council welcomes the unanimous agreement of the Council on the arrangements for the setting-up of the European Environment Agency as from 1990. This Agency, which will be open to non-EEC European countries which wish to join, will constitute a decisive stage on the road towards improved knowledge of the state of the European environment and will thus help to improve the strategies for dealing with the problems that arise.

(6). You should be aware that the increase in MEDIA funding proposed is from some 12 mecu p a to some 50 a year. We do not recommend contesting the sentence here : it doesn't say substantial extra support.

(7.) Point of substance - abolition should be reduction

Suggest you point out that the text is defective in 2 ways

- (1) no-one proposes abolishing the external frontiers
- (2) we do not agree that non EC citizens, once in the EC, should be treated as EC citizens

If "reduction" proves difficult, a fall back would be to add to the sentence at * "In accordance with Article 8A of the Treaty

The Community shall adopt measures with the aim of progressively establishing the internal market over a period expiring on 31 December 1992, in accordance with the provisions of this Article and of Articles 8b, 8c, 28, 57 (2), 59, 70 (1), 84, 99, 100a and 100b and without prejudice to the other provisions of this Treaty.

The internal market shall comprise an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured in accordance with the provisions of this Treaty.

* Article added by Article 13 of the SEA.

The European Council would like the Council (General Affairs) to take an early decision on the Agency's headquarters.

D. Research

The European Council would like the Council to reach agreement before the end of the year on the new framework programme for 1990/1994, the implementation of which should enable major progress to be made regarding the competitiveness of key sectors of European industry.

The European Council is pleased with the increased participation by EFTA countries in Community research programmes and hopes that co-operation with these countries and their association will develop further when the new framework programme is implemented.

E. Audiovisual

The commitment of citizens to the European idea depends on positive measures being taken to enhance and promote European culture in its richness and diversity. In this context the European Council considers it essential to consolidate recent achievements and capitalize on the guidelines which emerged from the Audovisual Conclave in order to develop Europe's audiovisual capacity: Directive on the free movement of televised programmes and competition policy. It hopes that the efforts to produce the European HDTV system will be stepped up, that the Community action programme extending MEDIA will receive substantial financial support and that the necessary synergy with audiovisual EUREKA will be ensured.

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The European Council underlines the importance in this respect of the progressive abolition of border formalities which impede the free movement of persons and symbolize division, which means that effective

No problems.

measures need to be taken at the same time to combat terrorism, drug addiction and organized crime.

The European Council takes note of the progress made within the Co-ordinators' Group as described in the progress report drawn up under the responsibilty of the Presidency. The European Council would like the work to be stepped up and accelerated so that progress towards the free movement of persons can keep pace with that achieved on the free movement of goods, services and capital, in accordance with the timetable set out in the Palma document.

The European Council would like an inventory to be prepared of national positions on immigration so that a discussion on this issue within the Council (General Affairs) can be prepared. The European Council accordingly calls upon the relevant bodies to conclude as soon as possible, and no later than the end of 1990, the conventions which are under examination on the right of asylum, the crossing of the Community's external frontiers, and visas. The European Council emphasizes the need, throughout those proceedings, to ensure that the procedures for co-operation between administrations first ensure the protection of individuals with regard to the use of personal data banks.

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The European Council welcomes the significant results obtained by implementing the programmes on exchanges of young persons and students (ERASMUS, COMETT,

(8) unrestricted is factually inaccurate — the EC is now agreeing on ~~text of~~ how to ~~ensure~~ check that students, pensioners etc have sufficient resources before they get right of residence.

(9) It isn't a Community text — since adopted only by 11. The Thing's title has been quoted here: the nearest Sloth might simply be inserting Quotation Marks. We shall try that as a Translation Point — there are @ R's in the French.

(10) This is it too bad — because ~~part~~ of the "respective responsibilities. But we can try to get "give effect" changed to "take it up" as a Translation Point "y donner suite" is the French

LINGUA), which contribute to developing European awareness, as will the forthcoming introduction of a European emergency health card and of a "young persons" card. Similarly, the European Council particularly welcomes the decisive progress made recently towards agreement on granting all Community nationals unrestricted right of residence in the Member State of their choice. This important measure, which is scheduled for adoption before the end of the year, represents an important step towards the integration of the peoples of the Community. The European Council indicated its satisfaction at the conduct of the "Europe against Cancer" programme and at the agreement of principle reached on adoption of the second action programme 1990-1994.

G. Social dimension

Establishment of the single market has already led to significant results, as evidenced by sustained growth, a considerable increase in investment and in particular by the creation of new jobs, projected at five million for 1988-1990.

The European Council considers that this trend, together with the adoption of directives on the health and safety of workers, Community measures relating to the integration of unemployed young persons into working life and the fight against long-term unemployment, and of directives on vocational training, constitute decisive aspects of the Community social dimension.

The Heads of State and of Government of eleven Member States ~~adopted~~ approved the Community Charter on the fundamental of social rights of workers." This Charter reflects their sincere attachment to a model of social relations based on common traditions and practices. It will serve them as a reference point for taking fuller account in future of the social dimension in the development of the Community.

The European Council takes note of the action programme submitted by the Commission for the practical implementation of the Charter and calls upon the relevant national and Community authorities, in compliance with their respective responsibilities as deriving from the Treaties, to give effect to it in the very near future.

(11.) The Point here is not to imply, in the language, that a decision has been taken on a Seperate Treaty, rather than amending the existing Treaty.

We can meet it by amending both references to use Madrid Conclusions language viz: "laying down subsequent stages (A) and " to lay down . . . . . (B)

(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 would be preceded by full and adequate preparation.

(12) First sentence probably OK but better if "the" need "any"

Second sentence important to KOHL — who many indeed want to strengthen it.

We will deal with the translation point — body / term.

III. ECONOMIC AND MONETARY UNION

1. The European Council examined the work carried out since the European Council meeting in Madrid with a view to a meeting of the Intergovernmental Conference.
It welcomed the decisions taken by the ECOFIN Council to improve collaboration between Central Banks and to strengthen the co-ordination of economic policies. It notes that these decisions will enable the first stage of EMU as defined in the report from the DELORS Committee to begin on 1 July 1990.

2. It took note of the report from the High Level Working Party, which identified the main technical, institutional and political issues to be discussed with a view to [a Treaty on Economic and Monetary Union.] A

(11) On this basis, and following a discussion on a meeting of an Intergovernmental Conference [charged with preparing a Treaty on the final stages of EMU,] the President of the European Council noted that the necessary majority existed for convening such a conference under Article 236 of the Treaty. That conference will meet, under the auspices of the Italian authorities, before the end of 1990. It will draw up its own agenda and set the timetable for its proceedings. B

3. The European Council emphasized, in this context, the need to ensure that the transfer of powers to the Community does not result in any weakening of democratic control. With a view to the new legislative [body] of the European Parliament which will begin in 1994, it calls for the institutional balance of Economic and Monetary Union to comply fully with that democratic requirement.

4. The European Council also took note of the Commission's intention to submit before 1 April a composite paper on all aspects of the achievement of Economic and Monetary Union which will take into account all available analyses and contributions.

The European Council emphasized the need for the Council (General Affairs) and the ECOFIN Council to use the period prior to the opening of the Conference to ensure the best possible preparation.

No problems.

The proceedings as a whole will be examined by the Council (General Affairs) in preparation for the European Council meeting in Dublin.

IV. A COMMUNITY OF RESPONSIBILITY AND SOLIDARITY

In keeping with the principles set out in the Rhodes and Madrid Declarations, the Community will develop its role and that of its Member States in the international political and economic arena in a spirit of openness, solidarity and co-operation. It will fully meet its responsibilities vis-à-vis countries with which it maintains all manner of links and relationships, historical and geographical in origin.

A. EFTA

The European Council welcomes the progress of the discussions which have taken place since the Madrid Council and hopes that at the ministerial meeting on 19 December a decision will be taken to begin negotiations so that the Community and EFTA can, during 1990, reach a comprehensive agreement strengthening their co-operation in the framework of a European economic area of eighteen States in complete accordance with multilateral commitments.

The Community hopes that this co-operation will be as close as possible and that it will ensure EFTA's participation in "flanking policies", and in the disciplines and benefits of the internal market, in full compliance with the independent decision-making processes of each organization and a strict balance of rights and obligations.

The European Council hopes that the negotiations to be opened in the first half of 1990 will produce appropriate, pragmatic arrangements for institutional co-operation which are fully in keeping with the above principles.

This new relationship between the EEC and EFTA will be in the interests of both parties and meet the expectations of the peoples of Europe.

(13) It would be good to get in a reference to our ~~pa~~ ideas on framework of association. To press for a reference to our paper would be too much, but we could go for a future study; eg

"... and will consider further the appropriate forms of association with countries pursuing the path of economic and political reform."

B. COUNTRIES OF CENTRAL AND EASTERN EUROPE

The Community's dynamism and influence make it the European entity to which the countries of Central and Eastern Europe now refer, seeking to establish close links. The Community has taken and will take the necessary decisions to strengthen its co-operation with peoples aspiring to freedom, democracy and progress and with States which intend their founding principles to be democracy, pluralism and the rule of law. It will encourage the necessary economic reforms by all the means at its disposal. The Community's readiness and its commitment to co-operation are central to the policy which it is pursuing and which is defined in the declaration adopted today; the objective remains, as stated in the Rhodes Declaration, that of overcoming the divisions of Europe.

(13)

1. The Community has concluded Trade Agreements and, for the most part, Co-operation Agreements with Czechoslovakia, Hungary and Poland. The Agreement with the USSR should be signed by the end of this year. The Council will, as soon as possible, instruct the Commission to negotiate a Trade and Co-operation Agreement with the GDR to be concluded during the first half of 1990.

   The European Council welcomes the decisions taken by the Council (General Affairs) on 27 November 1989 temporarily granting Poland and Hungary special trade facilities in order to contribute towards solving their specific political and economic problems.

   It noted with satisfaction the decisions taken by the Community to assist economic reform in Poland and Hungary.

   The Community took part, in co-operation with its main Western partners, in an operation to supply agricultural products to Poland. In view of the scale and urgency of the needs, the European Council

(14) ? worth an attempt to get in "in principle"?

(15) Non-European participati has slipped out:
~~worth~~ Maybe in error. Worth getting back in

would ask the Council to take a decision in the near future on a further such operation.

2. At their meeting in Paris on 18 November 1989, the Heads of State and of Government asked the Troika of Presidencies and the Commission to make progress in discussion and decision-taking on the following questions:

- the European Council approved the principle of granting observer status to the USSR in GATT;

- the Commission has submitted proposals designed to allow nationals of the countries of Central and Eastern Europe to take part in a number of educational and training programmes similar to Community programmes; the European Council requests the Council to take the relevant decisions;

- the European Council calls upon the Council to take, at the beginning of 1990, the requisite decisions for the setting up of a European Vocational Training Foundation, on the basis of proposals which the Commission is to submit;

(14) - the European Council approved the creation of a Bank of Europe. Its aim will be to promote productive and competitive investment in the States of Central and Eastern Europe, to assist the transition towards a more market-orientated economy and to speed up the necessary structural adjustments. The States of Central and Eastern Europe concerned will participate in the capital and management of the Bank, in which the EEC will have a majority holding. The European Council hopes that the Bank of Europe will be created as soon as possible. The European Council requests that the necessary steps be taken to ensure that negotiations are opened in January 1990. The European Investment Bank will play a key role in preparing the way for this new institution.

(15)

(16) The EC as such doesn't participate.
So "noted the readiness of all member States"
would be right.

(17) Hungary. (i) Not true — no discussion.
(ii) prejudicial. Suggest
"considered the question of granting"

(16) 3. The European Council confirmed the Community's readiness to participate, under the conditions defined at the meeting on 18 November, in the creation of a stabilization Fund for Poland. It emphasized that the Twelve's [joint] contribution would provide more than half the resources of the Fund, which is to receive 1 000 million dollars. The European Council [referred to the need to (17) grant] Hungary an adjustment loan of the same amount. It called upon the Council to take an early decision on the Commission proposal and to consult closely with the international monetary authorities on this question.

4. The European Council confirmed the key importance that it attaches to the fact that aid and co-operation projects decided on by Western countries should be as complementary as possible. It reaffirmed the need to maintain and strengthen the procedure established at the Arche Summit. It expects the forthcoming ministerial meeting of the 24 Western countries on 13 December to take the necessary substantive and procedural decisions to ensure that the efforts undertaken to facilitate the transition taking place in Poland and Hungary and possibly in other countries of Central and Eastern Europe are co-ordinated and effective.

C. MEDITERRANEAN

The European Council considers that the Community must in the coming months flesh out its policy of neighbourly relations with the Mediterranean States, including Yugoslavia, with which it has long had preferential ties. The specific relationship with Mediterranean countries must be intensified and make it possible to support them in their efforts towards co-operation with Europe, regional integration and economic development.

The Community attaches great importance to the creation of the AMU and will implement the most appropriate co-operation. It will continue the Euro-Arab dialogue at the December meeting.

No problems.

The European Council calls upon the Council to adapt, on the basis of the Commission communication, the instruments provided for under the current Agreements in order to institute the means and methods of co-operation which are best suited to the special nature of the relations which must develop between the Community and these countries.

D. LATIN AMERICA AND ACP STATES

The Community must strengthen its co-operation with the Latin American countries: in particular it must support the efforts of the Andean Pact countries to combat drugs, find substitute crops and improve the outlets for them.

The European Council welcomes the conclusion of the fourth Lomé Convention, which deepens and broadens the privileged relations between the Community and the Associated African, Caribbean and Pacific States.
