

THE EUROPEAN COUNCIL

**ESSEN
9-10 DECEMBER 1994**

Documents in the dossier include:

Essen European Council

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1. Essen European Council

Essen, 9 and 10 December

I.1. The meeting of Heads of State or Government was chaired by Mr Helmut Kohl, President of the European Council and Chancellor of the Federal Republic of Germany, and took place with the full participation of the Heads of State or Government of the acceding countries (Austria, Finland and Sweden) and, for part of the proceedings, the Heads of State or Government of the six associated countries of Central and Eastern Europe. The Commission was represented by its President, Mr Jacques Delors, and Mr Hans Van den Broek, Member of the Commission, while Mr Henning Christophersen, Vice-President of the Commission, also attended some of the proceedings. The meeting was preceded by an exchange of views with Mr Klaus Hänsch, President of the European Parliament, on the main items on the agenda.

Conclusions of the Presidency

Introduction

I.2. The European Union has entered a new phase marked by a number of significant changes: the European Parliament, endowed with additional powers under the Maastricht Treaty, was renewed following the fourth direct elections in June 1994; the new European Commission will shortly begin work; on 1 January 1995, the new Member States, Austria, Finland and Sweden, will accede to the Union and the European Council welcomes them most cordially. With their experience and traditions, the new Member States constitute a valuable enrichment for the Union. The European Council trusts that all the remaining preconditions for accession to be put into effect on the scheduled date will be completed in good time.

Following the worldwide recession, our economies are back on track. There must be further determined

efforts to improve competitiveness and the employment situation and to reduce government deficits and create a more efficient public sector. If the economic upturn is to be given further impetus, it is essential that in the European Union too the results of the Uruguay Round be ratified and the necessary internal measures for its implementation, including trade-policy instruments, be adopted before the end of the year, so that they can enter into force as planned on 1 January 1995. In this context, the European Council confirms its support for the European candidacy for the post of Director-General of the World Trade Organization and notes that the developing countries are also supporting this candidature.

The European Council in Essen is the last summit which Jacques Delors will attend as President of the European Commission. His name is associated with what must be the 10 most successful years of European unification. He was the prime mover in the Single European Act. He helped the Community realize the visionary goal of the completion of the internal market (Europe 92) and in so doing made a decisive contribution to overcoming the period of stagnation at the beginning of the 1980s and to imparting a new dynamism to the integration process. The second great achievement for which we essentially have Jacques Delors to thank is economic and monetary union, the fundamental groundwork of which was his. For this, as well as for the high standards he has set, the Heads of State or Government meeting in the European Council would like to express their thanks and recognition. His achievements for Europe will not be forgotten. President Delors has rendered outstanding service to European unification.

Looking back over the historic work completed since the Community's beginnings, the Union must now demonstrate its ability also to shape the future in the political and economic interests of its citizens.

In this respect there is no shortage of new challenges before it: in the political sphere the 1996 Union Treaty review conference and future enlargement, in the economic sphere the realization of economic and monetary union and a contribution to overcoming employment problems, in the technological sphere the mastery of information society developments and lastly the shaping of internal and external security. The new instruments in the Maastricht Treaty, the Union's greater weight thanks to the accession of new countries, budgetary means adequate for these goals as a result of the recent decision on own resources are all significant preconditions for these objectives.

The participants in the European Council held an exchange of views with the President of the European Parliament, Mr Klaus Hänsch, on the main topics discussed at the meeting.

The participants in the European Council met the Heads of State or Government and the Foreign Ministers of the Central and East European countries which are already associated with the European Union through Europe Agreements and held an exchange of views with them on the strategy for leading these States towards the European Union.

Against this background the Heads of State or Government discussed the essential issues of the day and established a set of guidelines for short and medium-term measures in the following four priority areas:

- continuing and strengthening the strategy of the White Paper in order to consolidate growth, improve the competitiveness of the European economy and the quality of the environment in the European Union, and — given the still intolerably high level of unemployment — create more jobs for our citizens;
- ensuring the lasting peace and stability of the European continent and neighbouring regions by preparing for the future accession of the associated countries of Central and Eastern Europe and developing in parallel the special relationship of the Union to its other neighbours, particularly the Mediterranean countries;
- strengthening the Union's action in the area of internal security by providing the necessary legal and operational means for cooperation in justice and home affairs, in particular by concluding the Europol Convention during the French Presidency;
- strengthening the Union's democratic legitimacy, consistent compliance with the subsidiarity principle, and developing the different aspects of European citizenship in order to make the functioning of the institutions more transparent and the advantages of belonging to the Union more obvious to the general public, thus enhancing the Union's acceptability to its citizens.

Economic issues

References:

- Commission White Paper on growth, competitiveness and employment: COM(93) 700; Bull. 12-1993, point I.2.44; Supplement 6/93 — Bull. Conclusions of the Brussels European Council: Bull. 12-1993, points I.3 to I.7
- Conclusions of the Corfu European Council: Bull. 6-1994, points I.4 to I.9

Improving the employment situation

I.3. The fight against unemployment and equality of opportunity for men and women will continue in the future to remain the paramount tasks of the European

Union and its Member States. The current economic recovery will help in dealing with these tasks. That recovery is not, however, in itself sufficient to solve the problems of employment and unemployment in Europe. We shall therefore have to make further efforts to solve the structural problems. In this process, an important role will be played by dialogue between social partners and politicians in which everyone concerned will have to assume their responsibilities fully.

The measures to be taken should include the following five key areas:

- Improving employment opportunities for the labour force by promoting investment in vocational training. To that end, a key role falls to the acquisition of vocational qualifications, particularly by young people. As many people as possible must receive initial and further training which enables them through life-long learning to adapt to changes brought about by technological progress, in order to reduce the risk of losing their employment.
- Increasing the employment-intensiveness of growth, in particular by:
 - more flexible organization of work in a way which fulfils both the wishes of employees and the requirements of competition;
 - a wage policy which encourages job-creating investments and in the present situation requires moderate wage agreements below increases in productivity,
 - and, finally, the promotion of initiatives, particularly at regional and local level, that create jobs which take account of new requirements, e.g. in the environmental and social services spheres.
- Reducing non-wage labour costs extensively enough to ensure that there is a noticeable effect on decisions concerning the taking on of employees and in particular of unqualified employees. The problem of non-wage labour costs can only be resolved through a joint effort by the economic sector, trade unions and the political sphere.
- Improving the effectiveness of labour-market policy:

The effectiveness of employment policy must be increased by avoiding practices which are detrimental to readiness to work, and by moving from a passive to an active labour-market policy. The individual incentive to continue seeking employment on the general labour-market must remain. Particular account must be taken of this when working out income-support measures.

The need for and efficiency of the instruments of labour-market policy must be assessed at regular intervals.

- Improving measures to help groups which are particularly hard hit by unemployment:

Particular efforts are necessary to help young people, especially school-leavers who have virtually no qualifications, by offering them either employment or training.

The fight against long-term unemployment must be a major aspect of labour-market policy. Varying labour-market policy measures are necessary according to the very varied groups and requirements of the long-term unemployed.

Special attention should be paid to the difficult situation of unemployed women and older employees.

The European Council urges the Member States to transpose these recommendations in their individual policies into a multiannual programme having regard to the specific features of their economic and social situation. It requests the Labour and Social Affairs and Economic and Financial Affairs Councils and the Commission to keep close track of employment trends, monitor the relevant policies of the Member States and report annually to the European Council on further progress on the employment market, starting in December 1995.

The first reports will be used to examine, on the one hand, the effects of tax and support systems on the readiness both to create and to take up jobs and, on the other, the inter-relationship between economic growth and the environment and the consequences this has for economic policy. The European Council notes with interest the information provided by President Delors on changes in the present model of economic growth and economic objectives in relation to the environment and time management.

The European Council also noted the experience of Denmark, Ireland and Portugal in developing a framework at national level and structures and procedures at local level, in order to support an integrated concept for development at local level.

Economic and monetary union — Economic policy guidelines

Reference: Council recommendation 94/480/EC on the broad guidelines of the economic policies of the Member States and of the Community: OJ L 200, 3.8.1994; Bull. 7/8-1994, points 1.2.1 and 1.2.2

I.4. Just one year ago, the European Union entered into the second stage of economic and monetary union. The new instruments of the Treaty for strengthening the convergence of our economies are being consistently used in order to advance energetically the European unification process in the economic and monetary fields also. The new procedures have created greater receptivity for a lasting stability policy and strict budget discipline. Already in its second stage the Treaty is producing its stabilizing effect. The

task of this stage — stability-based preparation for economic and monetary union — is being accomplished.

Since the European Council in Corfu, clear success has been achieved in the efforts to achieve reliable convergence. Considerable progress has been made in achieving price and exchange-rate stability. In most Member States, government budget deficits are also gradually declining. Economic growth in the Community has thus gained dynamism. This development must be used for the further improvement of convergence as the indispensable precondition for transition to the final stage of economic and monetary union. A strict interpretation of the convergence criteria on the basis of the Maastricht Treaty is essential if reliable foundations for trouble-free economic and monetary union are to be laid.

The first priority is to achieve the consolidation goals announced in national convergence programmes. Above all, the structural deficits must decline in order to prevent a further increase in the rate of debt. Monetary policy must forestall any new inflationary tendencies in good time. In countries with continuing high inflation rates, greater stabilization efforts are necessary.

The European Council approves the report submitted by the Ecofin Council on implementation of the broad guidelines of economic policy which have contributed to a more favourable development of the economy.

CO₂/energy tax

Reference: Council conclusions on the Community strategy to reduce emissions of CO₂ and improve energy efficiency and on the CO₂/energy tax: point 1.2.213 of this Bulletin

I.5. The European Council has taken note of the Commission's intention of submitting guidelines to enable every Member State to apply a CO₂/energy tax on the basis of common parameters if it so desires. The Ecofin Council is being instructed to consider appropriate parameters.

Trans-European networks in the transport, energy and environment spheres

Reference: Report to the European Council by the Group of Personal Representatives of the Heads of State or Government on trans-European networks: Bull. 11-1994, point 1.2.81

I.6. The European Council welcomes submission of the report from the Group of Personal Representatives. It confirms that the 11 projects decided in Corfu and the three new projects concerning the Nordic Member States and Ireland have already been started

or can be started shortly. The list of priority transport and energy projects is set out in Annex I. For the rest, the European Council endorses the most important recommendations of the report of the Christophersen Group (see Annex II).

It welcomes the progress which has been made in selecting major transborder projects, particularly with the countries of Central and Eastern Europe and the Mediterranean basin. The European Council stresses the importance of traffic management systems, particularly in the case of air traffic.

The European Council welcomes the creation of a special window at the European Investment Bank for the financing of trans-European networks, as indicated in Annex III to these conclusions. The Member States, the Commission and the European Investment Bank will continue to monitor progress made in financing priority projects. It shares the Group's view that the financing requirements for each project must be examined individually.

The European Council is pleased that a start is to be made on priority transport infrastructure projects, particularly rail projects, as from 1995.

The European Council calls upon the Ecofin Council to adopt the necessary decisions, acting on proposals from the Commission, to top up the funds currently available for the trans-European networks.

The European Council emphasizes the Group's finding that obstacles are mainly of a legal and administrative nature, and urges the Commission and the Member States to take appropriate measures to overcome these obstacles.

The European Council calls upon the European Parliament and the Council to take the necessary decisions on the guidelines for transport and energy in the near future, in order to create a lasting framework for the Union's activity in this area.

Information society

References:

Commission communication entitled 'Europe's way to the information society: an action plan': COM(94) 347; Bull. 7/8-1994, point 1.2.99

Report to the European Council on the information society in Europe: a first assessment since Corfu: Bull. 11-1994, point 1.2.111

I.7. The European Council emphasizes that the Commission Action Plan 'Europe's way to the information society' and the conclusions of the ministers for industry and telecommunications have set the agenda for the development of an information society. The European Council sees the basic decision on liberalizing the telecommunications infrastructure by 1 January 1998 as a decisive step in establishing infor-

mation infrastructures for the future. In this connection it stresses the importance of new services and information content as well as the audiovisual sector in its cultural dimension. In this connection the European Council calls on the Commission to prepare proposals for revision of the Directive on television without frontiers and for a new MEDIA programme before the next European Council.

The European Council stresses the role of the private sector in building up and financing information infrastructures. It requests Member States to establish a suitable environment for such initiatives. International cooperation must be further strengthened, above all in relation to Central and Eastern Europe and the Mediterranean. The European Council calls upon the Commission to make appropriate proposals to that end.

The European Council asks the ministers for industry and telecommunications to ensure coordination of further measures. It requests the Council to create rapidly the legal framework conditions — in areas such as market access, data protection and the protection of intellectual property — that are still necessary.

The European Council welcomes the G7 Ministerial Conference on the global information society to be held in February 1995 in Brussels.

Internal market and competitiveness

References:

Summary report by the Commission on the internal market in 1994: COM(94) 553; Bull. 11-1994, point 1.2.13

Council resolution on giving full scope to the dynamism and innovatory potential of small and medium-sized enterprises, including the craft sector and micro-enterprises, in a competitive economy: OJ C 294, 22.10.1994; Bull. 10-1994, point 1.2.56

Group of independent experts on simplification of legislation and administration: Bull. 9-1994, point 1.7.2

I.8. The European Council, in agreement with the Commission report, stresses the importance of the internal market. It is now necessary to achieve uniform and effective application of the internal market rules.

The European Council intends also in the future to pay particular attention to the competitiveness of the European economy, as stated in the Commission's paper. In this connection, it welcomes the Commission's intention of setting up a high-level group which will deal with these matters and submit appropriate reports.

The European Council also notes that the high-level Legislative Administrative Simplification Group ('Deregulation Group') has begun its work. It stresses

the need to monitor Community and national law for over-regulation. It requests the Group to submit a report by June 1995.

The European Council welcomes the Council Resolution of 10 October 1994, which is designed in particular to remove legal and bureaucratic obstacles in the way of small and medium-sized enterprises.

The European Council requests the Council and the Commission to continue work on legal provisions concerning biotechnology. The outcome must take full account of the need for health and environmental protection and the need for European industry to be competitive.

Fisheries — Integration of Spain and Portugal into the common policy

Reference: Proposal for a Council Regulation establishing the rules for access to certain Community fishing areas and resources: point 1.2.170 of this Bulletin

I.9. The European Council calls upon the Council to adopt non-bureaucratic Community measures for all Community fishing vessels before the end of the year, while taking full account of the Declaration on Fisheries adopted during the accession negotiations and the *acquis communautaire* in the fisheries sector, and to lay down conditions for access to the zones and resources which are subject to specific provisions by virtue of the Act of Accession of Spain and Portugal, bearing in mind that fishing effort must not be increased.

Northern Ireland

Reference: Commission communication concerning a special support programme for peace and reconciliation in Northern Ireland: point 1.2.150 of this Bulletin

I.10. The European Council welcomed the reports of the Prime Ministers of the United Kingdom and of Ireland on the progress made in the peace process.

The European Council warmly welcomes the recent historic developments in Northern Ireland and reaffirms the necessity of ensuring the irreversible character of the peace process. The European Council confirms the commitment of the European Union to underpin this unique opportunity for reconciliation and economic recovery.

The European Council has agreed on the principle of a multiannual programme and on the allocation of additional funding of ECU 300 million which will provide support in the areas of urban and rural regeneration, employment, cross-border development, social inclusion and investment promotion.

The programme will apply to Northern Ireland and the border counties in Ireland, be additional, pursue the central objective of reconciliation and benefit both communities in an equitable and balanced way, and especially those areas and sections of the population suffering most acute deprivation.

The European Council took note of the commitment of the Governments of the United Kingdom and of Ireland to refocus existing Community programmes within the framework of present plans in order to meet the new demands and opportunities presented by the peace process.

Subsidiarity

References:

Conclusions of the Edinburgh European Council: Bull. 12-1992, points I.4 and I.15

Commission report to the European Council on the application of the subsidiarity principle (1994): COM(94) 533; Bull. 11-1994, point 1.1.1

I.11. The European Council took note of the Commission's first annual report on application of the principle of subsidiarity. The European Council welcomes the Commission's intention of implementing rapidly its 1993 programme for the review of existing Community law. It invites the Commission to submit the proposals still required for this purpose as soon as possible and no later than June 1995. It asks the Council to discuss the Commission proposals speedily and in a constructive spirit.

The European Council confirms the great importance of the subsidiarity principle as a guiding principle of the Union as established in the conclusions of the Edinburgh European Council. It calls upon all Community bodies to apply that principle consistently in accordance with those conclusions. In this context the European Council stresses that administrative implementation of Community law must in principle remain the preserve of the Member States, without prejudice to the Commission's powers of supervision and control.

The European Union's external relations

References:

Transatlantic declarations: Bull. 11-1990, points 1.5.3 and 1.5.4

European Union-Canada and European Union-United States meetings: Bull. 7/8-1994, points 1.3.53 and 1.3.54

Conclusions of the Corfu European Council: Bull. 6-1994, point I.18

Signature of the Partnership and Cooperation Agreement with Ukraine: Bull. 6-1994, point 1.3.34

Common position 94/779/CFSP defined by Council on the basis of Article J.2 of the Treaty on European Union on the objectives and priorities of the European Union towards Ukraine: OJ L 313, 6.12.1994; Bull. 11-1994, point 1.3.1

Council Decision providing macro-financial assistance to Ukraine: point 1.3.46 of this Bulletin

I.12. The European Union is making an essential contribution to overcoming the legacy of past divisions, and promoting peace, security and stability in and around Europe. Following enlargement to 15 Member States on 1 January 1995, the European Union will embark on its programme to prepare for the accession of all European countries with which it has concluded Europe Agreements. The European Union, recognizing the need for balance in its relations with all its neighbours, is also developing a programme to establish a Euro-Mediterranean partnership to promote peace, stability, prosperity and cooperation in the region. It will continue to cooperate with the countries of the European Economic Area and Switzerland, seeking to develop closer ties of political and economic cooperation with them.

The European Council emphasizes the significance of the transatlantic relations of the European Union with the US and Canada on the basis of the Transatlantic Declarations of November 1990. It welcomes the agreement expressed at the EU-Canada Summit on 6 July 1994 in Bonn and the EU-US Summit on 12 July 1994 in Berlin to develop relations further. It takes note with approval of the EU-US Summit's establishment of *ad hoc* study groups. It trusts that suggestions for closer cooperation worked out by the study groups will be submitted to the forthcoming summit meeting.

The development of the European Union's relations with Russia is an essential element in the maintenance of peace, security and stability in Europe. The European Council looks for the early ratification of the Partnership and Cooperation Agreement and is determined to exploit to the full its possibilities. It looks forward to a sustained constructive dialogue and partnership with Russia on political and economic issues.

The European Council welcomes the signing on 18 July of the Partnership and Cooperation Agreement with Ukraine, as well as the adoption of a common position setting out European Union objectives and priorities regarding Ukraine. The European Council welcomes the economic reforms which have been introduced in Ukraine, the adjustment programme agreed with the IMF and the political decision of principle by the Economic and Financial Affairs Council on 5 December 1994 to grant a Community balance of

payments aid, which should now be implemented with all speed. It urges Ukraine to continue energetically with the reforms initiated, and looks forward to constructive cooperation in the implementation of the action plan agreed in Corfu for the speedy closure of Chernobyl. The European Union will continue to support the democratic and economic reforms in Ukraine. It welcomes Ukraine's ratification of the Non-Proliferation Treaty as a non-nuclear State.

Relations with Central and East European countries

References:

Conclusions of the Copenhagen European Council: Bull. 6-1993, point I.26

Conclusions of the Corfu European Council: Bull. 6-1994, point I.13

Commission communications on preparing the countries of Central and Eastern Europe for accession: COM(94) 320; COM(94) 361; Bull. 7/8-1994, points 1.3.26 and 1.3.27

I.13. The European Council confirms the conclusions of the European Councils in Copenhagen and Corfu that the associated States of Central and Eastern Europe can become members of the European Union if they so desire and as soon as they are able to fulfil the necessary conditions.

The European Council has decided to boost and improve the process of further preparing the associated States of Central and Eastern Europe for accession. It is doing so in the knowledge that the institutional conditions for ensuring the proper functioning of the Union must be created at the 1996 Intergovernmental Conference, which for that reason must take place before accession negotiations begin. The European Council has decided on a comprehensive strategy submitted by the Council and the Commission at the request of the European Council in Corfu for preparing these countries for accession to the European Union (see Annex IV).

That strategy is tailored to the needs of the countries with which Europe Agreements were concluded and will be applied to other countries with which such Agreements are concluded in the future.

The European Council requests the Commission and the Council to do everything necessary to ensure that Europe Agreements can be concluded with the Baltic States and Slovenia under the French Presidency, so that these States can be included in the accession preparation strategy.

The strategy adopted by the European Council is being politically implemented by the creation, between the associated States and the Institutions of the European Union, of 'structured relations' which encourage mutual trust and will provide a framework for addressing topics of common interest.

The key element in the strategy to narrow the gap is preparation of the associated States for integration into the internal market of the Union.

The European Council requests the Commission to submit a White Paper on this subject in time for its next meeting and to report annually to the General Affairs Council on the progress of implementation of the accession preparation strategy that has been adopted, in particular on the gradual adoption of the internal market rules.

In addition, the European Council requests the Commission to submit as quickly as possible the detailed analysis desired by the Council of the effects of enlargement in the context of the Union's current policies and their future development.

The European Council further calls on the Commission to submit a study of means of developing relations between the EU and the associated countries of Central and Eastern Europe in the agricultural sector during 1995, with a view to future accession.

Preparation for the internal market is to be backed up by a variety of measures designed to promote integration through the development of infrastructure and of cooperation in fields having above all a trans-European dimension (including energy, environment, transport, science and technology, etc.), in the fields of common foreign and security policy and of justice and home affairs. The PHARE programme, appropriately funded within a multiannual financial framework in accordance with the preparatory strategy agreed upon, will provide financial support for the purpose.

Being aware of the role of regional cooperation within the Union, the Heads of State or Government emphasize the importance of similar cooperation between the associated countries for the promotion of economic development and good neighbourly relations. The Council has therefore approved a programme to promote such cooperation. That programme will also contribute to the objectives of the Stability Pact.

It is the European Council's belief that this strategy by the Union and the associated countries will help to prepare for accession and to make the associated countries better able to assume their responsibilities as future Member States.

The European Council regards the narrowing of the gap between the countries of Central and Eastern Europe and the EU and WEU as a contribution to security and stability in Europe. The European Council welcomes the intention of the WEU to initiate deliberations on the new security situation in Europe, including the suggestion that a White Paper on security in Europe should be prepared.

Mediterranean policy

References:

Conclusions of the Corfu European Council:
Bull. 6-1994, point I.10

Commission communication on strengthening the Mediterranean policy of the European Union: establishing a Euro-Mediterranean partnership: COM(94) 427; Bull. 10-1994, point 1.3.34

New draft agreement with Morocco: Bull. 12-1993, point 1.3.33

New draft agreement with Tunisia: Bull. 12-1993, point 1.3.38

Draft association agreement with Israel: Bull. 12-1993, point 1.3.31

Peace treaty between Israel and Jordan: Bull. 10-1994, point 1.3.42

Draft association agreement with Egypt: point 1.3.67 of this Bulletin

Council Decision providing macro-financial assistance to Algeria: point 1.3.64 of this Bulletin
EC-Turkey Association Council: point 1.3.62 of this Bulletin

Council conclusions on the Commission opinion on Cyprus's application for accession: Bull. 10-1993, point 1.3.7

Council conclusions on the Commission opinion on Malta's application for accession: Bull. 10-1993, point 1.3.8

I.14. The Mediterranean represents a priority area of strategic importance for the European Union.

The European Council therefore welcomes the report submitted by the Council (see Annex V), in response to its request at Corfu, drawn up on the basis of a communication from the Commission; it reiterates the European Union's willingness to support the Mediterranean countries in their efforts progressively to transform their region into a zone of peace, stability, prosperity and cooperation, and to this end its willingness to establish a Euro-Mediterranean partnership, develop appropriate agreements, progressively strengthen trade relations between the parties on the basis, *inter alia*, of the results of the Uruguay Round, and in the light of the Community's changing priorities maintain an appropriate balance in the geographical allocation of Community expenditure and commitments.

The European Council recalls its decision in Corfu to conclude the negotiations with Morocco, Tunisia and Israel by the end of the year.

□ With regard to the additional financial aid in support of future Mediterranean policy, it asks the Council and the Commission to put into effect the principles set out in paragraph 6 of the Council report (see Annex V);

□ it confirms the great importance it attaches:

— to opening similar negotiations in the near future with Egypt and other eligible Mediterranean countries which so wish;

— to continuing economic support to Algeria, as envisaged by the European Council at Corfu, while calling for a dialogue among all those who reject violence;

- to concluding the negotiations with Turkey on the completion and unrestricted implementation of the customs union and to reinforcing relations with this partner;
- it confirms that the next phase of enlargement of the Union will involve Cyprus and Malta and invites the Council to examine in early 1995 new reports to be presented by the Commission.

Furthermore, the European Council welcomes the intention of the future Spanish Presidency to convene in the second half of 1995 a Euro-Mediterranean Ministerial Conference with the participation of all Mediterranean countries concerned and the intention of the French Presidency to give high priority to its intensive preparation. This Conference should allow an in-depth discussion of future relations between the Union and the Mediterranean countries, addressing all relevant political, economic, social and cultural issues.

The Conference should reach an agreement on a series of economic and political guidelines for Euro-Mediterranean cooperation into the next century and will establish a permanent and regular dialogue on all subjects of common interest.

The European Council expresses concern at the emergence of extremist and fundamentalist forces in a number of North African States. European Union policy must take account of these developments.

The European Council considers that Israel, on account of its high level of economic development, should enjoy special status in its relations with the European Union on the basis of reciprocity and common interests. In the process, regional economic development in the Middle East including in the Palestinian areas, will also be boosted. The European Council requests the Council and the Commission to report to it at its next meeting on action taken.

The European Council agreed that, as the largest international donor, the European Union should continue to make a significant economic and political contribution in support of the Middle East peace process, in particular in the reconstruction of the Palestinian areas.

The European Council welcomes the conclusion of the Israel-Jordan Peace Agreement, which consolidates and strengthens the positive development in relations between the two countries.

Situation in the former Yugoslavia

I.15. The European Council has adopted a separate statement on this subject (→ point 1.3.11).

Human rights

I.16. The European Council made a statement to the press expressing its concern that freely elected Members of Parliament had been sentenced to imprison-

ment in Turkey and urging respect for human rights(→ point 1.3.10).

Conference on Security and Cooperation in Europe (CSCE)

References:

Fourth CSCE summit: point 1.3.97 of this Bulletin

Council Decision 94/367/CFSP on the continuation of the joint action on the inaugural conference on the stability pact: OJ L 165, 1.7.1994; Bull. 6-1994, point 1.3.4

I.17. The European Council regrets that no agreement was reached on the situation in the former Yugoslavia at the meeting of CSCE Heads of State or Government in Budapest on 5 and 6 December 1994. It expressly welcomes the call for humanitarian aid, made on the initiative of the President of the European Council, especially for the region of BiHac.

The European Council otherwise welcomes the results of the CSCE summit. In particular, the intention of providing, subject to appropriate conditions, a multinational peace force for Nagorno-Karabakh under the planned UN Security Council Resolution and the decision to discuss all aspects of a future European security model confirm the important role of the future Organization for Security and Cooperation in Europe (OSCE) as a part of a Europe-wide security structure.

The European Council furthermore confirms the great significance which it attaches to the success of the joint action for concluding the Stability Pact for Europe. It welcomes the results achieved hitherto in implementing this initiative.

Asia

Reference: Commission communication entitled 'Towards a new Asia strategy': COM(94) 314; Bull. 7/8-1994, point 1.3.55

I.18. The European Council emphasizes the economic and political significance of the countries of the Asia-Pacific region and reaffirms that the European Union and its Member States wish to strengthen cooperation and dialogue at all levels with the countries and regional organizations in the Asia-Pacific region, in particular ASEAN.

It welcomes the Council report on European Union strategy on Asia and urges the Council and the Commission to report to it as soon as possible on the practical measures taken in that respect.

Latin America

Reference: Joint solemn declaration by the Council and the Commission, on the one hand, and the Mercosur States on the other: point 1.3.80 of this Bulletin

I.19. The European Council reaffirms the resolve expressed in the European Union's 'basic paper' on its relations with the Latin American and Caribbean States to establish a new, comprehensive partnership between the two regions. It urges the Council and the Commission, working on the basis of the Council report, to create as quickly as possible the conditions for an early opening of negotiations with the Mercosur States on an inter-regional framework agreement, including a Memorandum of Understanding, and to put ideas on the future form of treaty relations with Mexico and on the extension of relations with Chile into concrete form without delay.

Africa

References:

Ministerial conference on the European Union and Southern Africa: Bull. 9-1994, point 1.3.26

Twentieth meeting of the ACP-EU Council of Ministers: point 1.3.90 of this Bulletin

I.20. The European Council reaffirms the European Union's link with the ACP States, which has found expression in the Lomé Conventions. It confirms that priority will be also accorded in the future to the further development of relations. In this connection, particular importance is attached to the negotiations for the mid-term review of Lomé IV begun in 1994.

The European Council welcomes the recent signing of an Angolan peace agreement in Lusaka, and strongly urges the parties to abide fully by the terms of that agreement.

The European Council welcomes the stepping-up of cooperation with southern Africa as a result of the first meeting of European Union Foreign Ministers and the Southern African Development Community (SADC) and advocates the continuation of this cooperation in all spheres. It also advocates an intensive political dialogue between the European Union and the Organization for African Unity (OAU) in particular regarding conflict prevention in Africa.

The European Council is concerned at the worsening situation of the refugees on Rwanda's borders and the associated risk of regional destabilization. It welcomes, while emphasizing their extreme urgency, the current initiatives of the international Community aimed at easing the return of the refugees, supporting the Government of Rwanda in restoring the rule of law, and encouraging national reconciliation.

Nuclear Non-proliferation Treaty

References:

Conclusions of the Corfu European Council: Bull. 6-1994, point I.21

Decision 94/509/CFSP concerning the joint action regarding preparation for the 1995 Conference of the States parties to the NPT: OJ L 205, 8.8.1994; Bull. 7/8-1994, point 1.3.4

I.21. The European Council reaffirms the European Union's firm and full commitment already expressed at the European Council in Corfu, to the goals of universality and indefinite and unconditional extension of the Treaty on the Non-proliferation of Nuclear Weapons (NPT). The European Union will continue its endeavours to further this objective within the context of its 'Joint Action on the Preparation of the 1995 NPT Conference'.

Nuclear smuggling

Reference: Commission communication on the illicit traffic in radioactive substances and other nuclear material: Bull. 9-1994, point 1.2.105

I.22. The European Council voiced its concern regarding nuclear smuggling and approved measures and guidelines to combat it. It calls on the Commission and Member States to step up their cooperation in this field and effectively to assist countries of origin and transit in taking action on the ground. It also calls on all States which have not yet done so to place their sensitive civilian materials (plutonium and highly enriched uranium) under international safeguards.

World summit on social development in Copenhagen

Reference: Commission communication on the European Union's priorities at the world summit on social development: point 1.3.148 of this Bulletin

I.23. The European Council is following the preparations for the world summit on social development in Copenhagen from 6 to 12 March 1995 with particular attention. The European Union is actively involved in the preparation process and is committed in favour of a successful conclusion.

Berlin Conference on the Framework Convention on Climate Change

Reference: Council conclusions on preparing the First Conference of States parties to the UN Framework Convention on Climate Change: point 1.2.214 of this Bulletin

I.24. The European Council confirms that, at the first Conference of States parties to the Framework Convention on Climate Change in Berlin in March 1995, in order to protect the climate from harmful changes, it intends to secure a stabilization of CO₂ emissions in the industrialized countries at 1990 levels up to the year 2000 and to consider how a similar commitment can be brought about beyond the year 2000.

Justice and home affairs cooperation

References:

Conclusions of the Brussels European Council: Bull. 12-1993, point 1.8

Council report to the European Council on the implementation of the 1993 action plan in the field of justice and home affairs: Bull. 11-1994, point 1.4.1

I.25. The European Council welcomes the progress which has been achieved hitherto in the implementation of the December 1993 action plan.

This applies in particular to the harmonization of formal asylum law and the conditions for admitting students and self-employed persons, as well as harmonization of visa policy. It notes with satisfaction that as a result of a German initiative, travel has been made easier for school parties.

It calls upon the Council to ensure that proceedings on Regulations concerning the list of third countries subject to visa requirements and the uniform visa are brought to a conclusion, if possible by the next meeting of the European Council.

Europol

I.26. The European Council emphasized the paramount importance of the common struggle against international organized crime, terrorism and the threat posed by drugs and has therefore decided that the convention establishing Europol is to be concluded at the latest by the European Council meeting in Cannes.

It welcomes the progress made under the German Presidency in preparing the Europol Convention. It regrets that, despite this progress, it has not been possible to bring the discussions to a conclusion.

It instructed the Council (Justice and Home Affairs), following on from the results already obtained on the basis of the existing draft, to achieve a balanced solution for the architecture of the system and the role of liaison officers, the inclusion of terrorism in Europol's remit, and also for the institutional aspects.

The European Council noted with satisfaction that the Europol Drugs Unit, as a forerunner to Europol, can already record some initial successes in combating drugs-related crime and associated illegal money-laundering operations. It agreed to extend the mandate of this institution to the fight against trade in radioactive and nuclear materials, the smuggling of persons, vehicle trafficking and associated money-laundering operations, and asks the Council to implement this as soon as possible by means of an appropriate legal instrument.

Drugs

Reference: Commission communication to the Council and Parliament on a European Union action plan to combat drugs (1995-99): COM(94) 234; Bull. 6-1994, point 1.4.6

I.27. The European Council recalls the importance it attaches to the continuation by the Ministers concerned of the examination of the Union's action plan to combat drugs, submitted by the Commission. It notes that work has begun in the appropriate fora and requests that the work be completed so that conclusions can be put before the next European Council in June 1995.

Motor vehicle immobilizers

I.28. The European Council welcomes the development of strategies for combating international organized motor vehicle related crime and particularly the Commission's intention of studying whether electronic immobilizers could be introduced on all new vehicles.

Fraud

Reference: Council resolution on the legal protection of the financial interests of the Communities: point 1.4.3 of this Bulletin

I.29. As taxpayers, the citizens of Europe rightly expect fraud, wastefulness and mismanagement to be combated with the greatest rigour. Accordingly, the Treaty on European Union gave the European Parliament, the Council, the Commission and the European Court of Auditors new powers which must be applied to the full. The European Council therefore calls for concerted action by these institutions and the Member States.

In this connection, the European Council has taken note of the report on the protection of the Communities' financial interests and the decision on penal sanctions upon which the Council (Justice and Home Affairs) reached agreement on 1 December 1994. The European Council asks the Council (Justice and Home Affairs) to pursue its deliberations actively so that during the first half of 1995 joint action can be decided upon or a convention concluded in this area. It further asks the Council (Economic and Financial Affairs) to adopt the Regulation on the protection of the Community's financial interests as soon as possible.

The European Council asks the Member States to submit reports on the measures they are implementing domestically to combat wastefulness and the misuse of Community resources; these reports will be examined at the meeting of the Council (Economic and Financial Affairs) in June 1995 so that they can be submitted to the European Council in December 1995. Additionally, the Council, the other institutions and the Member States should implement more thoroughgoing follow-up measures to the special reports of the European Court of Auditors.

Taking in refugees from war and civil war

I.30. The European Council pays tribute to the readiness shown by individual Member States to admit temporarily a large number of war and civil war refu-

gees and calls upon the Council (Justice and Home Affairs) to study the problems caused by the flood of refugees with a view to finding an effective arrangement for future sharing of the burden of humanitarian assistance.

Europe and its citizens

References:

Council Directive 93/109/EC laying down detailed arrangements for the exercise of the right to vote and to stand as a candidate in elections to the European Parliament for citizens of the European Union residing in a Member State of which they are not nationals: OJ L 329, 30.12.1993; Bull. 12-1993, point 1.2.254

Council Directive laying down detailed arrangements for the exercise of the right to vote and to stand as a candidate in municipal elections for citizens of the European Union residing in a Member State of which they are not nationals: point 1.1.2 of this Bulletin

I.31. The European Council believes that it is important to give a practical content to Union citizenship while respecting national particularities and the constitutional principles of the Member States of the European Union. It therefore welcomes the political agreement on the detailed arrangements concerning the right to vote and to stand for municipal elections, which will be in addition to Union citizens' existing right to vote and to stand in European Parliament elections. It assumes that the Directive will be adopted by the Council before the end of the year.

The European Council is agreed that the Union must become more transparent and closer to its citizens. The accession of new Member States should provide the opportunity to make progress along this road.

Freedom of movement in Europe

Reference: Proposal for a Council Decision establishing the Convention on the crossing of the external frontiers of the Member States: OJ C 11, 15.1.1994; COM(93) 684; Bull. 12-1993, point 1.5.3; Bull. 4-1994, point 1.4.1

I.32. The European Council is concerned that the Convention on controls on persons crossing external frontiers, which would create an area without internal frontiers in accordance with the provisions of the Treaty and with freedom of movement for persons has still not been concluded. It invites the Council (Justice and Home Affairs) to submit the draft agreement for signature before the next meeting of the European Council, provided the last outstanding problem has been resolved.

Bull. EU 12-1994

In this connection the European Council noted with satisfaction that controls on persons at the internal borders of the Schengen States will be abolished as from March 1995 and that the security of citizens in the Schengen area will be ensured through application of the compensatory measures in the Schengen Agreement.

Promoting tolerance and understanding

References:

Interim report to the European Council on progress made in the fight against racism and xenophobia: Bull. 11-1994, point 1.4.2

Contribution of the Youth Affairs Council to the interim report: Bull. 11-1994, point 1.2.210

I.33. The European Council emphasizes the great importance of the Union-wide fight against racism and xenophobia for the preservation of human dignity and the peaceful co-existence of all citizens in the European Union.

It approves the guidelines contained in the interim report of the Consultative Commission and calls upon the Consultative Commission to step up its discussions in particular in the various areas of education and training, information and media, and in the areas of police and justice.

The interim report of the Council (Justice and Home Affairs), together with the contributions of the Education and Youth Affairs Councils on this question, form a good basis for further progress with a view to elaborating an overall Union strategy against racism and xenophobia.

These discussions are receiving effective backup through the efforts of the Council of Europe.

The European Council calls on the Consultative Commission and the Justice and Home Affairs, Education and Youth Affairs Councils to continue their discussions to that end. The European Council in Cannes in June 1995 will adopt the overall strategy on the basis of those discussions.

Loss of the Estonia and natural disasters

I.34. The European Council expresses its total solidarity with those bereaved by the loss of the *Estonia* and with the people of the regions in Italy, France and Greece affected by the recent natural disasters.

Annex I

List of priority energy and transport projects

Transport projects

I.35. Work begun or to begin before the end of 1996.

Projects	Countries concerned
High-speed train/Combined transport North-South Nuremberg-Erfurt-Halle/ Leipzig-Berlin Brenner axis: Verona-Munich	Italy, Austria, Germany
High-speed train (Paris)-Brussels-Cologne-Amsterdam-London Belgium: F/B border-Brussels-Liège-B/D border United Kingdom: London-Channel Tunnel access Netherlands: B/NL border-Rotterdam-Amsterdam Germany: (Aachen-) ⁽¹⁾ G27 Cologne-Rhine/Main	Belgium United Kingdom Netherlands Germany
High-speed train South Madrid-Barcelona-Perpignan-Montpellier Madrid-Vitoria-Dax	Spain, France
High-speed train East Paris-Metz-Strasbourg-Appenweier-(Karlsruhe) with junctions to Metz-Saarbrücken-Mannheim and Metz-Luxembourg	France, Germany France, Germany France, Luxembourg
Conventional rail/Combined transport: Betuwe line Rotterdam-NL/D border-(Rhine/Ruhr)	Netherlands, Germany
High-speed train/Combined transport France-Italy Lyons-Turin Turin-Milan-Venice-Trieste	France, Italy

Projects	Countries concerned
Greek motorways: PATHE: Rio-Antirio, Patras-Athens-Thessaloniki-Promahon (Greek/Bulgarian border) and Via Egnatia: Igoumenitsa-Thessaloniki-Alexandroupolis-Ormenio (Greek/Bulgarian border)-Kipi (Greek-Turkish border)	Greece
Motorway Lisbon-Valladolid	Portugal, Spain
Conventional rail link Cork-Dublin-Belfast-Larne-Stranraer	Ireland, United Kingdom
Malpensa airport (Milan)	Italy
Fixed rail/road link between Denmark and Sweden (Øresund fixed link) including access routes for road, rail, air	Denmark, Sweden
Nordic triangle (rail/road)	Finland, Sweden
Ireland/United Kingdom/Benelux road link	United Kingdom (Ireland)
West Coast main line (rail)	United Kingdom

⁽¹⁾ Construction in progress, support already provided at Community level.

Energy projects

I.36. Projects on which work has already begun or may begin in the short term (up to 1997) and which are to be completed in the medium term (up to 1999).

Projects	Countries concerned
<i>Projects in the European Union</i>	
Electrical interconnection (underwater cable)	Italy, Greece
Electrical interconnection	France, Italy
Electrical interconnection	France, Spain

Projects	Countries concerned
Electrical interconnection	Spain, Portugal
East-West electrical interconnection (under-water cable)	Denmark
Natural gas network	Greece
Natural gas network	Portugal
Gas interconnection	Spain, Portugal

Projects with neighbouring countries

Gas delivery pipeline	Algeria-Morocco-European Union
Gas delivery pipeline	Russia-Belarus-Poland-European Union

Annex II

Christoffersen Group report

Main recommendations

I.37. The Group of Personal Representatives of Heads of State or Government invite the European Council to endorse the recommendations contained in the Group's report. These can be summarized as follows:

The European Council is asked to:

- endorse the priority nature of the projects in Annex 1, Part I, and Annex 2, list A, and invite:
 - the Council and the European Parliament, in setting up the guidelines identifying the projects of common interest, to include these priority projects;
 - the Member States and the Community to give all appropriate support to these projects and to implement them as soon as possible;
 - urge the European Parliament and the Council to adopt as soon as possible the guidelines and the accompanying financial regulation;
- take note of the potential relevance of a network approach in selected sectors of environmental protection, and invite the Commission, the Council and Member States to examine the possibility of establishing guidelines for environmental network infrastructure and the obstacles to environmental infrastructure,

stressing the use of existing financial instruments in support of possible future guidelines and priority projects;

□ acknowledge that obstacles of an administrative, legal and regulatory nature are a major brake on the implementation of priority projects, and invite Member States and the Commission to take all appropriate initiatives needed to eliminate such obstacles;

□ confirm the objective of strengthening cooperation with neighbouring countries to connect the trans-European networks with networks outside the Union, in particular in Central and Eastern Europe and the Mediterranean area;

□ confirm the objective of facilitating private/public partnerships, and invite Member States, the Commission, the EIB and the EIF to take appropriate measures to this effect;

□ confirm that measures will be taken if proven necessary in order that priority projects do not run into financial or other obstacles which would jeopardize their implementation;

□ acknowledge that the particular approach of the Christophersen Group, consisting in identifying and accelerating selected priority projects, gives added value to the implementation of trans-European networks, and that this effort should be continued in the future, and consequently to endorse the follow-up procedure recommended by the Group, namely that:

- The European Council should provide on a continuing basis the necessary impetus to the implementation of priority projects on the basis of an annual report to be submitted by the Commission to the European Council in accordance with the White Paper action plan adopted by the European Council in December 1993.
- If the achievement of individual priority projects is threatened, the Commission should report to the Council, which shall immediately consider appropriate responses together with, as appropriate, the Commission and the EIB.
- Member States and the Union should be asked to consider the creation of suitable vehicles ('project authorities'), open to public and private operators as appropriate, to ensure the promotion of priority projects; the Commission, the EIB and the EIF should support actively the coordination between parties potentially interested in priority projects, inter alia by project seminars arranged by the Commission; the Commission will examine how the abovementioned vehicles can be facilitated through Community legislation.
- The Commission and the EIB should, in consultation with Member States, monitor progress in the financing of individual priority projects, and if financial obstacles of a general nature and common to several priority projects occur, they will consider appropriate action.

Annex III

EIB financing of trans-European networks

I.38. The Council encourages the Bank to continue the work on which it is already well advanced in helping to finance the priority projects and, subject to its normal appraisal and lending criteria, to make an enhanced effort in the future. This effort should be undertaken in close association with the Member States and the promoters concerned, and should include the private sector in financing and risk-taking to the fullest extent possible.

To push this forward, the EIB is introducing a special window for the financing of infrastructure of Community interest, in particular the list of priority TEN projects. The purpose is to maintain or increase the momentum of EIB lending which was achieved under the Edinburgh facility. This will cover transport, telecommunications, and energy investment in the public sector, the private sector and partnerships between the two, as well as environmental lending for projects of a trans-European nature. The window will be available for lending not only within the Union but also in Central and Eastern Europe as well as in Scandinavia, the Mediterranean area and the trans-alpine crossings.

The main features are, in appropriate circumstances:

- where there is a sound financial case, the provision of longer maturities and longer capital grace periods so as better to match the debt repayment required to the cash-flow characteristics of the projects;
- provision of refinancing facilities to the banks at the outset of a project so that they can be assured that their loans can be refinanced in accordance with their normal maturities;
- involvement of the EIB in the earliest possible stages of the financial and contractual structuring of a project in cooperation with the Member States and the Commission so that the Bank's involvement and that of the EIF can facilitate the identification of suitable financial arrangements;
- an extension of the Bank's normal eligibility rules to provide for the more systematic inclusion of transport, energy and telecommunications network infrastructure irrespective of whether it is located inside or outside the assisted areas.

The Bank will also keep its Board of Directors regularly informed on the progress which has been made and will report annually to its Board of Governors.

Annex IV

Report from the Council to the Essen European Council on a strategy to prepare for the accession of the associated countries of Central and Eastern Europe

Introduction

I.39. The European Council meeting of Copenhagen in June 1993 agreed that the associated countries in

Central and Eastern Europe that so desire shall become members of the European Union. Accession will take place as soon as the associated country is able to assume the obligations of membership by satisfying the economic and political conditions required as set out in the conclusions of that meeting. The Union's capacity to absorb new members, while maintaining the momentum of European integration and respecting its internal cohesion and its fundamental principles is also an important consideration in the general interest of both the Union and the candidate countries.

The associated countries have made remarkable progress on the road to political and economic reform. Consistency in this reform course is the key to successful integration into the EU.

The associated countries need to prepare for membership and to strengthen their capacity to assume the responsibilities of a Member State. On the European Union side, the institutional conditions for ensuring the proper functioning of the Union must be created at the 1996 Intergovernmental Conference, which for that reason must take place before accession negotiations begin. In addition, the Council wishes to have at its disposal a detailed analysis carried out by the Commission on the impact of enlargement in the context of the current policies of the Union and their development.

The European Council in Corfu asked the Presidency and the Commission to report to it for its next meeting on progress made on the process of alignment since the Copenhagen European Council, and on the strategy to be followed with a view to preparing for accession.

The main instruments of this strategy already exist. They are the structured relations with the institutions of the Union, as decided upon in Copenhagen, and the Europe Agreements. These agreements build a flexible and dynamic framework for various forms of cooperation. As Europe Agreements with additional States are concluded by decision of the Council, those States will be brought into this strategy.

The goal of the strategy presented here is to provide a route plan for the associated countries as they prepare for accession. The essential element of the strategy is their progressive preparation for integration into the internal market of the European Union, through the phased adoption of the Union's internal market *acquis*. This strategy will be supported by the implementation of policies to promote integration through the development of infrastructure, cooperation in the framework of the trans-European networks, the promotion of intra-regional cooperation, environmental cooperation, as well as the common foreign and security policy, cooperation in the areas of judicial and home affairs, and in culture, education and training. This integration will be supported by the Union's

PHARE programme which will develop on an indicative basis into an enhanced medium-term financial instrument with improved possibilities to promote infrastructure development and intra-regional cooperation. It is recognized that the Community *acquis* and Community policies will themselves continue to develop.

Politically the strategy will be realized through the development of a structured relationship between the associated countries and the Union. This will promote an atmosphere of mutual confidence and allow for the consideration of issues of common interest in a specially created framework.

This strategy will be realized through the following measures.

Structured relationship

I.40. Of central importance to this strategy is the establishment of a 'structured relationship' between the associated partner countries of Central and Eastern Europe and the institutions of the European Union, in order that the associated countries can play a positive role in discussions on matters of common interest.

The creation of a multilateral framework for strengthened dialogue and consultations was decided by the Copenhagen Council, which foresaw the holding of meetings between, on the one hand, the Council of the Union and, on the other hand, the associated countries. These decisions are reaffirmed by this strategy.

The structured dialogue covers Community areas, especially those with a trans-European dimension (including energy, environment, transport, science and technology, etc.), Common foreign and security policy as well as home and judicial affairs. It will be effective in developing practical cooperation between the governments of the Member States and of the associated countries and should also be established at the level of the Parliaments of the participating countries and the European Parliament. Making such cooperation a normal part of the life of governments and parliaments will be an important preparation for accession.

There is agreement to hold — in addition to the meetings of the individual Association Councils agreed upon in the framework of the Europe Agreements — beginning in 1995 in principle, the following meetings with the associated partners on matters of common interest:

- Heads of State or Government: annual meeting on the margins of a European Council meeting.
- Foreign ministers: semi-annual meetings for discussion of the full scope of relations with the associated countries, in particular the status and progress of the integration process.
- Ministers responsible for internal market development, in particular finance, economics, and agricultural ministers: annual meeting.

- Transport, telecommunications, research, and environment ministers: annual meeting.
- Justice and/or home affairs: semi-annual meetings.
- Cultural affairs, education: annual meeting.

In general, the meetings should take place in connection with the corresponding Council meeting. When necessary, additional meetings of the Council with the associated countries can be scheduled.

Every member State which takes over the Presidency in the first half of a calendar year is invited, in agreement with the following Presidency, to arrange the meetings with the associated countries for that year according to the above schedule and to identify them in its workplan.

Careful preparation of these meetings with the associated countries is extremely important. It will be for Coreper to arrange this, and to ensure the horizontal coherence of the structured dialogue. Regarding preparation for meetings of the General Affairs Council with the Ministers for Foreign Affairs of the associated countries of the Central and Eastern Europe, insofar as they cover the full range of relations between the EU and the countries of Central and Eastern Europe, or in other special situations to be determined on a case-by-case basis, consideration could be given to holding preparatory talks in the form of joint meetings in Brussels, in particular at ambassadorial level.

Preparing to extend the internal market

I.41. On accession, the acceding countries will become part of the internal market. Therefore preparation for the internal market must be at the heart of the pre-accession strategy. It will assist the associated countries to take on the obligations of membership of the Union and to develop their capacity to cope with competitive pressure and market forces within the Union. In the coming years, integration into the internal market will involve a complex process of approximation of legislation, norms and standards. The strategy adopted today is therefore designed for the medium term but is accompanied by short term measures which will have immediate application.

Short-term measures

(a) Commercial defence instruments

The Commission, without prejudice to the position of the Council, in the exercise of its responsibilities for anti-dumping and safeguard measures and in the framework of the individual Europe Agreements, will offer information to any associated country before the initiation of proceedings and will give, on a case-by-case basis, where appropriate, a clear preference to price undertakings rather than duties in order to conclude anti-dumping cases where injury is found.

(b) Trade in textiles

The EU will improve further access to the Union's market in the area of textiles, by exempting from custom duties products concerned by outward processing operations, covered by Regulation No 636/82, extended and duly modified for this purpose.

(c) Cumulation of rules of origin

The core of the strategy on cumulation will be based on strengthening the effectiveness of the Europe Agreements. The aim is to ensure that existing cumulation provisions can be exploited fully by economic operators. The existing diagonal cumulation with the four associated countries shall be extended to Romania and Bulgaria. The successful implementation of such a system would be dependent on the associated countries all agreeing on one system and on concluding an agreement between themselves. The structure should be flexible and allow the future addition of further countries who become associated countries such as the Baltic States and Slovenia.

Secondly and to the greatest extent possible concurrently, diagonal cumulation should be introduced between the EC/EFTA countries, treated as one territory for the purposes of rules of origin and the associated countries. All EC, Central and East European and EFTA countries would then be involved in what could be called European cumulation. Consideration would have to be given to the need to avoid circumvention by means of introducing specific provisions in agreements.

Before the introduction of full cumulation into all Europe agreements as a third stage at the end of the process, whose difficulties should not be underestimated, the Council will take its decision on the basis of a thorough evaluation of the sectorial and regional consequences on European industry of introducing full cumulation, taking into account the effects of the first two stages. Focusing on harmonization of rules of origin and the extension of cumulation possibilities would strengthen the effectiveness of the Europe Agreements, improve market access for originating products and stimulate economic cooperation throughout Europe.

(d) Alignment Bulgaria/Romania

The timetables relating to duties and tariff quotas in industrial products, textiles, ECSC products and processed and non-processed agricultural products for Bulgaria and Romania will be aligned with those of the other associated countries in accordance with the arrangements agreed by the General Affairs Council on 31 October.

(e) Adjustment of the Association Agreements

The Association Agreements will be adapted in the light of enlargement of the Union at the beginning of

1995 in order not to disrupt traditional trade flows, and of the conclusion of the Uruguay Round and to further develop trade.

Medium-term measures

Internal market

In order to be ready to participate in the internal market on accession, the associated countries will need to align their legislation with that of the Union. To assist this process, the Commission, after consultations with the associated countries, will present to the Council a White Paper on the internal market outlining the measures which the associated countries will need to adopt.

The White Paper will identify the relevant *acquis* in the various sectors which will contribute to the creation of the conditions for establishing a single market.

The major tasks fall to the associated countries, which will have to put into place legislative and regulatory systems, standards and certification methods compatible with those of the EU.

The EU undertakes to assist the associated countries in their task. The White Paper will propose concrete methods of cooperation, making maximum use of the Association Agreements. To this end the Commission will make the necessary organizational arrangements for providing the specialized technical assistance needed, to associate Member States with such efforts wherever possible and to ensure coordination.

The efforts will require resources as well as technical and legal assistance, much of which will be channelled through the PHARE programme.

This White Paper will be an important guide to our partners in their preparation for accession and will be considered by the next meeting of the European Council in June 1995.

Competition and State aids

In the context of future accession, satisfactory implementation of competition policy and State aids control in the associated countries is of special importance. Work in this area is well advanced in most of the associated countries in terms of the adoption of competition policy legislation and the setting up of competition offices.

In the area of State aids, the Commission will assist the associated countries to draw up and thereafter update an inventory of their State aids, established on the same basis as in the Union. The Commission is requested to make an annual report to the Council on these inventories. In addition to the types of aid

allowed in the Union, the Commission can also provide guidance on the compatibility of aid designed to combat the specific problems of the associated countries as they undergo reform. The Commission will set up a competition policy training programme which will draw on the expertise and experience of Commission and Member State competition authorities.

Each associated country could empower a single authority to monitor and control all State aids. The aim is to ensure that the authority given the task of monitoring State aids carries out its tasks independently, on the basis of transparent legislation, and as uniformly as possible.

As satisfactory implementation of competition policy and control of State aids together with the application of those parts of Community law linked to the internal market are achieved, providing a guarantee against unfair competition comparable to that existing inside the internal market, so the Union should be ready to consider refraining from using commercial defence instruments for industrial products.

Agriculture

I.42. The agricultural sector and the related food-processing industry in the associated countries contribute significantly to the economic development of these countries. Therefore the Commission will examine the effects on agriculture in these countries of all subsidized exports. The Commission will conduct this examination in the light of the respective price levels in the EU and in the associated countries and will take account of these differences in fixing refunds. The Council takes note of the Commission's proposal to adjust the Association Agreements in the light *inter alia* of the results of the Uruguay Round and the enlargement of the Union. In order to bridge the possible gap after the accession on 1 January 1995 and the formal adaptation of the association agreements, autonomous measures should be taken only on a purely technical basis in order not to disrupt traditional trade flows.

Furthermore the Commission is requested to present a report on the reasons why only a few tariff quotas opened by the Union are fully utilized and to indicate during the first half of 1995 by what means the use of existing quotas could be improved.

As agriculture represents a key element of this strategy, the Commission is asked to present in the second half of 1995 a study on alternative strategies for the development of relations in the field of agriculture between the EU and the associated countries with a view to a future accession of these countries.

Promoting investment

I.43. Rapid growth in the associated countries and continuing structural reform in these countries are

essential elements for the eventual success of the process of economic transformation in the associated countries. While increasing savings will finance domestic investment, foreign investment is also needed in larger volumes. Therefore the European Union has adopted a programme to stimulate investment from the Union, while recognising that still the greatest effort has to come from the associated countries themselves.

In accordance with arrangements agreed by the General Affairs Council on 31 October, this programme will include continuing support for investment promotion agencies, the establishment of an Advisory Business Council as well as continuing support through PHARE for initiatives such as restructuring and modernization of productive capacity and small business development and for helping financing infrastructural investment.

Common foreign and security policy

I.44. The structured relationship covering common foreign and security policy is especially important as a means for overcoming the widespread sense of insecurity in Central and Eastern Europe. It can reinforce efforts in the framework of the Western European Union, NATO and the partnership for peace, the Conference on Security and Cooperation in Europe and the stability pact, to increase security and stability throughout Europe. The Union and the associated countries have a common interest in preventing conflicts related to issues such as borders and frontiers, and should consult frequently on foreign and security policy issues of mutual concern.

Achievements in this field of cooperation have been considerable. The multilateral political dialogue with the associated countries is being intensified starting with the conclusions of the Copenhagen European Council June 1993 and aiming now at acquainting the associated countries with procedures used within the EU and at the same time giving them an opportunity to be associated with Union actions.

The General Affairs Council in its 7 March 1994 meeting decided not only to further reinforce and broaden the dialogue at all levels but also to open the possibility for the associated countries to align themselves with certain CFSP activities of the Union: statements, demarches and joint actions. Practical guidelines on implementation of this were drawn up in consultation with the associated countries in October 1994.

This process can be built upon, and cooperation made more focused and substantive, by identifying priority themes at the beginning of each Presidency.

Justice and home affairs

I.45. The 'Berlin Declaration' agreed by the ministers for justice and home affairs participating in the Berlin

Conference of 8 September 1994 emphasizes that, in view of the prospect of accession of the associated countries to the EU, cooperation in combating all forms of organized crime takes on particular significance. Along the lines of the 'Berlin Declaration', the EU envisages cooperation with the associated countries, *inter alia*, in the following areas:

- illicit drug trade
- theft of and illegal trade in radioactive and nuclear material
- illegal immigration networks
- illegal transfer of motor vehicles.

The EU will identify those areas where cooperation with the associated countries is especially urgent or especially promising, either from their standpoint or that of the Union. A comprehensive package of measures with proposals for how cooperation in the individual areas named in the Berlin Declaration should proceed, should be submitted to the European Council under the French Presidency. Cooperation in the areas of asylum and immigration should also be taken forward, in particular by establishing links between the associated countries and CIREA and Cirefi (the asylum and immigration 'clearing houses').

Environment

I.46. Environmental issues are of vital importance to both the associated countries and the European Union. Many of these problems can only be solved at the continental level and therefore close cooperation is necessary.

To this end, the EU underlines the importance of attaining the objectives set out at the meeting of the Council (Environment) with the environment ministers of the associated countries on 5 October 1994 in Luxembourg.

The EU underlines the importance of the 'Environment for Europe' process and will cooperate closely in preparing the Sofia conference in 1995. An intensive exchange of information on environmental policy, strategies for sustainable development, the incorporation of environmental requirements into other policies, legislation at European Union and national level and initiatives taken in other international fora should be established within an appropriate framework. Priorities for a programme aiming at the convergence of environmental policies and the approximation of environmental legislation of the associated countries should be evaluated.

Close cooperation by the associated countries with the European Environment Agency in accordance with Article 19 of its regulation and in the future joining the agency will help to achieve the objectives set out in Luxembourg.

It is of special importance to ratify and implement the UN Framework Convention on Climate Change as

rapidly as possible in particular with the aim of stabilizing, limiting, or reducing CO₂ emissions in accordance with the provisions of the Convention, and to cooperate closely in order to pave the way for a possible extension of the commitments under the Convention at the first Conference of the Parties to the Convention in Berlin in 1995.

Furthermore the EU underlines the need to integrate environmental requirements into national and European transport policies in the light of the recommendations and goals set out by the Luxembourg 5 October ministerial meeting. The EU agrees to cooperate closely in the context of the preparations under way for the 1996 UNECE Conference on transport and environment, with a view to a positive outcome to the conference in terms of the conclusions reached in the 5 October ministerial meeting.

Assistance from the PHARE programme can be provided in order to help meet the objectives established jointly between the European Union and its partners. The European Union will encourage other donors and the international financial institutions to provide their support for this programme and to improve their cooperation in order to achieve synergy effects.

Transport/TEN

I.47. The integration of the associated countries into the trans-European networks is a key element in strengthening their economic and political ties to the Union.

In light of this, the group of personal Representatives of the Heads of State or Government in the areas of transport and energy has addressed the question of the expansion of the TEN to neighbouring States, taking into account the relevant guidelines for the community area and the priorities of the neighbouring States. Their recommendation to intensify coordination procedures is an important step toward establishing the trans-European networks beyond the Union.

The group recommended further work on the following projects:

- Berlin–Warsaw–Minsk–Moscow (rail and road)
- Dresden–Prague (rail and road)
- Nuremberg–Prague (road)
- permanent connection over the Danube between Bulgaria and Romania (rail and road)
- Helsinki–St Petersburg–Moscow (rail and road)
- Trieste–Ljubljana–Budapest–Lvov–Kiev (rail)
- Russia–Belarus–Poland–EU (natural gas pipeline)
- Baltic Sea telematic platform and Baltic ring electricity network.

The Commission and the Member States will, in accordance with the conclusions of the group, continue

to examine intensively which corridors and projects shall be given priority and how they can be completed. For this the available financial instruments are to be used in the most efficient way possible. This applies to European Investment Bank loans, the PHARE programme and cross-border cooperation in connection with the Interreg II Community initiative.

Particular attention should be given to the special TEN window announced by the EIB, which is also relevant for projects in the associated countries. Plans in the areas of transport, telecommunication and energy, as well as trans-European plans in the environmental area, would come under this facility.

Culture, education and training

General

I.48. The fundamental goal of not only expanding cooperation with the associated countries economically and politically but developing it also in the areas of education, youth and cultural affairs, is supported by the Member States of the Community, the European Parliament, and the Commission. While adequate contributions by the Community are called for, it is for the Member States to decide to pursue the deepening of their relationship with the associated countries in accordance with their goals and perceptions of the possibilities for doing so. All activities must take under full consideration the linguistic and cultural diversity of the Union.

Culture

I.49. The Commission has been requested to identify all current and planned programmes of the Community and its Member States as well as international organizations with the associated countries in the area of cultural affairs with a view to creating greater transparency and coordination.

The new cultural programmes presented by the Commission and still under discussion could be opened for third countries, and appropriate participation by the associated countries should be possible in accordance with the Council Decision of 27 July 1994.

The Europe Agreements as well as bilateral agreements are setting out a wide range of possibilities to intensify cultural cooperation including *inter alia*: conservation of cultural and architectural heritage, training, translation of literary works, exchange of non commercial works of art, film production and cooperation in the audiovisual sector, and cooperation to prevent illegal trading of cultural goods.

Education

I.50. The Community programmes Leonardo and Socrates and the Youth for Europe programme should be opened to the associated countries on the basis of

the Council decision of 27 July 1994. Equally important is the Tempus programme to support the restructuring of higher education, and vocational training.

European academic institutions should draw the associated countries step by step into their work, and increasing cooperation with Europe-focused institutions in the associated countries should be considered.

Bilateral cooperation in areas concerned — for example the structural reform of vocational training and the development of new qualifications required by the reform of the economic system — is of special importance. Furthermore bilateral efforts to promote the exchange of university students and professors and the joint development of curricula could be intensified as well as the creation of school partnerships and the promotion of European language learning.

Training of administrators

I.51. The training activities of the Commission as well as significant national efforts to provide diplomats and other government officials from the associated countries with the necessary political, legal and related training in European affairs should be strengthened and expanded.

Information

I.52. There is a need among Member States of the EU and the associated countries to have a better knowledge of each others' societies. Therefore expansion and deepening of information efforts are necessary, as of course are full respect of free broadcasting, freedom of the press and free circulation of ideas.

Financial cooperation

I.53. The main role of EU financial assistance under the PHARE programme will be to:

- help the associated countries to absorb the *acquis communautaire*;
- complete market reforms and the medium-term restructuring of their economies and societies so as to create the conditions required for future membership.

PHARE needs to be endowed appropriately, taking into account the restructuring of priorities foreseen in this strategy. Flexible and indicative multiannual planning will be introduced both in general and country by country. The focus will be on a comprehensive framework for the next five years. The Edinburgh financial perspectives, including the planned rates of increase and the increases resulting from EU expansion, will continue to apply for the PHARE programme.

The 1995 budgetary estimates for the PHARE programme will serve as minimum level also for the next years until 1999. The Council will review the rates of

increase which it views in principle as desirable — after the Essen European Council. This will increase the effectiveness of the PHARE programme to assist the integration process leading to accession taking account of the views of the associated countries. The PHARE programme will support measures to promote the approximation of laws and standards as well as the economic reform process and the development of adequate infrastructure. In order to assist infrastructure development, the European Union will increase the 15% limit on PHARE financing agreed at Copenhagen to 25%.

The EIB is invited to develop its lending operations within its present guaranteed loans ceiling, especially in the area of infrastructure investment, as a contribution to the preparation of accession. It should, wherever feasible, explore the possibilities of a close cooperation with PHARE and the international financial institutions.

Intra-regional cooperation and promotion of bon voisinage

I.54. For the success of this strategy, intra-regional cooperation between the associated countries themselves and their immediate neighbours is of particular importance. The Pact for Stability emphasizes these aspects from the political and security angles and many practical examples of cooperation between neighbouring countries are funded with the PHARE programme. Such cooperation is also important for promoting regional economic development.

The EU encourages the associated countries to expand the bilateral free trade relationship they each have with the Union to their relations with one another. In this context moves to create a Central European Free Trade Area point in the right direction.

To further promote intra-regional cooperation which will contribute to the realization of the Pact for Stability, the EU will:

□ launch a new initiative to promote trade in the region. This will include support for the introduction of modern trade legislation where necessary, transfer of European Union know-how in export promotion and marketing, support for spreading European Union norms and technical assistance for the development of export insurance and guarantee schemes;

□ establish a programme of regional cooperation and *bon voisinage*, in accordance with the arrangements agreed by the General Affairs Council on 31 October, to promote multiannual, multi-country cooperation in land and maritime border regions encompassing European Union-CEEC, CEEC-CEEC and CEEC-CIS countries in areas such as transport, utilities, environment, economic development, human resources and agriculture. It will be used to cofinance actions with Interreg along EU-CEEC borders. In the alloca-

tions between the eligible countries due account will be taken of the need not to reduce the efforts already envisaged for regions bordering the present Community. In appropriate circumstances, grants from this fund can be combined, in a coherent and effective way, with funds from EIB, EBRD and the World Bank to provide substantial, coordinated and rapid disbursing support for projects related to regional cooperation and *bon voisinage*. The Council invites the Commission to present a report on this issue in due time before the Pact for Stability meeting;

□ develop a programme to eliminate delays at frontiers.

The European Union, in deciding this strategy, re-emphasizes the commitment of the Union to the accession of the associated countries while recognizing the scale of the effort required for the necessary adjustments to developing Union policies. This strategy is designed to help them meet this challenge of implementing the route plan to accession.

Annex V

Council report for the European Council in Essen concerning the future Mediterranean Policy

I.55. The Council examined the communication to the Council and the European Parliament on the strengthening of the Mediterranean policy of the European Union through the establishment of a Euro-Mediterranean Partnership, which the European Commission presented on 25 October 1994 at the request of the European Council of Corfu. The Council, at its meeting of 31 October 1994, took note with great interest of the communication of the Commission.

The Council fully shares the view of the European Commission that the Mediterranean basin constitutes an area of strategic importance for the Community. Peace, stability and prosperity in the region are amongst the highest priorities of Europe.

Having this in mind, the Council endorses the general concept and the objectives of a Euro-Mediterranean Partnership based on the reinforcement of the cooperation in a wide range of areas as developed in the Commission's communication. Such a partnership would have to build on the already close relations with the countries of the region and the structures of the existing global Mediterranean Policy of the European Union. It would also have to take into account the specific needs and capacities of each country concerned.

The Council supports the establishment of an Euro-Mediterranean area of political stability and security. The reinforcement of the political dialogue must be based on respect for democracy, good governance and human rights.

The Council agrees that an important element of a future Euro-Mediterranean Partnership would be to start with a process of progressive establishment of free trade between the Mediterranean countries themselves and between the region as a whole and the European Union as proposed by the Commission in its communication. In fostering such a zone, regional cooperation will be a key factor.

The Council agrees that such a progressive development should be supported by substantial additional financial aid.

The Council will examine this subject rapidly after the European Council in Essen taking into consideration the following elements:

- the basis for this work is the own resource decisions of the Edinburgh European Council, including the financial perspective concerning the category 'external policies';
- in accordance with the conclusions of the Edinburgh European Council and bearing in mind the Community's changing priorities, an appropriate balance should be maintained in the geographical distribution of the Community's commitments;
- as to the future structure of financial assistance to the Mediterranean region, the Council is of the opinion that this question requires further elaboration by the Commission and thorough discussion within the Council.

The Council endorses the concept of the Commission that the European Union should embark on developing other areas of cooperation to be jointly defined with the Mediterranean partners. These could cover industrial and development cooperation, social and cultural cooperation, energy, environment, information and communication technology, services, capital, science and technology, drug trafficking, illegal immigration, tourism as well as transport and networks.

The Council notes that European Union assistance to the Mediterranean region cannot replace major efforts by the countries concerned to improve their own situation and their economic and social development.

The Council, therefore, submits the following elements for actions which could be endorsed by the European Council in Essen:

- to reiterate the European Union's willingness to support the Mediterranean countries in their efforts to

transform their region progressively into a zone of peace, stability, prosperity and cooperation by establishing a Euro-Mediterranean partnership and to strengthen progressively trade relations between the parties on the basis *inter alia* of the results of the Uruguay Round;

- to conclude, by the end of this year, the negotiations with Morocco, Tunisia and Israel as requested by the European Council at Corfu;
- to open similar negotiations in the near future with Egypt and other eligible Mediterranean countries wishing to do so;
- to continue economic support to Algeria, as envisaged by the European Council at Corfu, while calling for dialogue among all those who reject violence;
- to invite the Commission and the Council to implement the principles referred to in paragraph 6;
- to conclude the negotiations with Turkey on the completion and full implementation of the Customs Union and to reinforce the relations with this partner;
- to reconfirm that the next phase of enlargement of the Union will involve Cyprus and Malta and to invite the Council to examine in early 1995 new reports to be presented by the Commission as well as a report by the European observer for Cyprus.

The Council recommends that the European Council agree that the European Union should convoke in the second half of 1995 a Euro-Mediterranean Ministerial Conference. All Mediterranean countries concerned should be invited to that Conference. The Conference, which will require intensive preparation in cooperation with the countries concerned, should allow an in-depth discussion of future Euro-Mediterranean relations, addressing all relevant political, economic, social and cultural issues.

The Conference should reach agreement on a series of economic and political guidelines for Euro-Mediterranean cooperation into the next century. The Conference will establish a permanent and regular dialogue on all subjects of common interest.

The Council invites the Commission to forward in early 1995 specific proposals for the implementation of all the aspects of its communication in order to allow the Council to take the necessary decisions and to prepare the Conference.