

THE EUROPEAN COUNCIL

**HANOVER
27-28 JUNE 1988**

Documents in the dossier include:

Hanover European Council

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E.C. Summit Leaders Ask for Study of Monetary Union; Reappoint President Delors

European Community News No. 18/1988

EC Office of Press and Public Affairs

Washington DC

Press Conference by President Delors

Before the European Summit in Hanover

Brussels, 23 June 1988

4. Hanover European Council

Conclusions of the Presidency

3.4.1. At the end of the European Council in Hanover on 27 and 28 June, the Presidency presented the following conclusions:

Implementing the Single European Act

The European Council welcomes the constructive development of relations between the Community institutions in recent months and stresses the political importance of the interinstitutional agreement concluded between the Council, the Commission and the European Parliament.

It would appear necessary to associate the European Parliament more closely with the decisions of the Council at this stage of the full attainment of the internal market and the approach to European Union, not only in order to achieve a better institutional balance but also to enable Community decisions to be better understood by citizens of the Community.

1. Completion of the internal market

The European Council considers that this major objective set by the Single Act¹ has now reached the point where it is irreversible, a fact accepted by those engaged in economic and social life.

The outcome of the studies conducted to evaluate the benefits of the single market confirm that its achievement offers the Community considerable potential for growth and for an increase in employment.

The European Council notes that over one third of the measures programmed in the Commission's White Paper² have now been agreed. The Council considers it particularly encouraging that decisions have been taken or are under way in strategic areas such as: full liberalization of capital movements, the mutual recognition of diplomas, the opening up of public contracts, insurance matters and road and air transport. The European Council noted that this progress was made possible by the full use of the voting procedures in the Single European Act.

The European Council emphasizes that progress towards the realization of the single market must be made in a balanced way; it will discuss in depth at its meeting in Rhodes the report provided for in the Single Act on the progress made towards meeting the 31 December 1992 deadline. It notes that by the end of 1988 the Commission will have

submitted the bulk of the proposals provided for in its White Paper.

At its Brussels meeting in June 1987,³ the European Council agreed on a number of particularly important decisions to be taken in the course of the following 12 months. Those decisions have now been taken. The European Council has now agreed, in accordance with the schedule laid down in the White Paper, that decisions for the completion of the internal market should be taken as soon as possible, *inter alia* in the following fields: completion of the internal market in the areas of public contracts, banks and other financial services, the approximation of standards, and intellectual property.

The European Council agreed on the need to facilitate cooperation between enterprises throughout the Community and invites the Council to examine the Commission's memorandum on the European Company Statute and subsequent proposals to that effect (→ point 2.1.127).

As regards the extent to which harmonization in the area of taxation is necessary to ensure the establishment and functioning of the internal market in conformity with Article 99 of the Treaty, the European Council notes with satisfaction that the Council (Economics and Finance Ministers) is now engaged upon a serious examination of the Commission's proposals.

It also noted that the Commission would be reporting to the Council (Economics and Finance Ministers) on the problem encountered by Denmark regarding certain tax allowances.

In the context of the Directive on capital movements, the European Council stressed the importance of the decisions in the Council (Economics and Finance Ministers) on 13 June (→ point 2.1.8), that the Commission would transmit to that Council before 31 December 1988 proposals aimed at eliminating or attenuating risks of distortion, evasion and fiscal fraud linked to the diversity of national systems for the taxation of savings and for controlling the application of these systems; and that the Council (Economics and Finance Ministers) would take a position on these proposals before 30 June 1989, bearing in mind that any Community decision on fiscal matters must be adopted by unanimity.

The European Council considered the situation in the audiovisual media. It agreed that it is urgently important for the Community that European pro-

¹ OJ L 169, 29.6.1987; Supplement 2/86 — Bull. EC.

² Bull. EC 6-1985, point 1.3.1 *et seq.*

³ Bull. EC 6-1987, point 1.1.1 *et seq.*

duction of audiovisual programmes reflecting the richness and diversity of European culture should attain a level more in line with the broadcasting capacity in Europe. It calls on the Council (Cultural affairs) to pay special attention to this matter. It felt that urgent consideration should be given to the possibility of creating a project in the audiovisual sphere. Attention should also be paid to proper coordination with the activities of the Council of Europe.

The internal market should not close in on itself. In conformity with the provisions of GATT, the Community should be open to third countries, and must negotiate with those countries where necessary to ensure access to their markets for Community exports. It will seek to preserve the balance of advantages accorded, while respecting the unity and the identity of the internal market of the Community.

The European Council underlines the importance in the context of progress towards the single market of sustained economic growth, the pursuit of technological cooperation, and the successful implementation of the Single Act provisions on cohesion.

2. People's Europe

The European Council underlined the importance of removal of obstacles to the free movement of persons. It also emphasizes the need for intensifying and widening cooperation between national administrations in close collaboration with the Commission in order to ensure effective measures to combat terrorism, drug abuse, and organized crime.

3. Social aspects

The European Council stresses the importance of the social aspects of progress towards the 1992 objectives.

It notes that, by removing the obstacles to growth, the large single market offers the best prospect for promoting employment and increasing the general prosperity of the Community to the advantage of all its citizens.

The European Council considers that the internal market must be conceived in such a manner as to benefit all our people. To that end it is necessary, besides improving working conditions and the standard of living of wage earners, to provide better protection for the health and safety of workers at their workplace. It emphasizes that the measures to be taken will not diminish the level of protection already attained in the Member

States. It welcomes the initiatives already taken on the basis of provisions in the Treaty and in particular in Article 118a, and requests the Commission and the Council to continue in this direction.¹

The European Council considers that the achievement of the large market must go hand in hand with improved access to vocational training, including training linked with work, in all the Member States. In this connection it expressed the wish that the conditions be met for mutual recognition of qualifications. It emphasizes the importance of informing and consulting management and labour throughout the process of achieving the single market. With that in mind, the European Council requests the Commission to step up its dialogue with management and labour, paying special attention to the provisions of Article 118b of the Treaty. The Commission will make a comparative study about rules applied in the various Member States concerning working conditions.

4. Protection of the environment

The European Council expressed its concern about the danger to the environment in general and in particular that caused by the pollution of air and water. It noted the recent positive results of the work of the Council (Environment) and invited the Commission and the Council to intensify efforts to improve the means to combat and prevent air and water pollution. It welcomed the conclusions adopted at the Toronto World Economic Summit on 21 June (→ point 3.5.1). The concept that environmental considerations must be integrated into all areas of economic policy-making is in conformity with the environmental objective of the Single European Act. The European Council invited the Commission to prepare proposals for concrete measures to implement the Community's contribution to the international cooperation referred to in Toronto.

5. Monetary union

The European Council recalls that, in adopting the Single Act, the Member States confirmed the objective of progressive realization of economic and monetary union.

They therefore decided to examine at the European Council meeting in Madrid in June 1989 the means of achieving this union.

¹ Bull. EC 2-1988, point 1.2.1 *et seq.*

To that end they decided to entrust to a Committee the task of studying and proposing concrete stages leading towards this union.

The Committee will be chaired by Mr Jacques Delors, President of the European Commission.

The Heads of State or Government agreed to invite the Presidents or Governors of their Central Banks to take part in a personal capacity in the proceedings of the Committee, which will also include one other Member of the Commission and three personalities designated by common agreement by the Heads of State or Government. They have agreed to invite:

Mr Niels Thygesen, Professor of Economics, Copenhagen.

Mr Lamfalussy, Director-General of the Bank for International Settlements in Basle, Professor of Monetary Economics at the Catholic University of Louvain-la-Neuve.

Mr Miguel Boyer, President of Banco Exterior de España.

The Committee should have completed its proceedings in good time to enable the Ministers for Economic Affairs and for finance to examine its results before the European Council meeting in Madrid.

Presidency of the Commission

The European Council, after consultation of the President and the enlarged Bureau of the European Parliament, agreed to renew the mandate of Mr Jacques Delors as President of the Commission.

European political cooperation

1. East-West relations

The European Council noted that East-West relations had moved into a more dynamic phase. In this process the Twelve are determined to continue to play an active role. They welcomed the evidence of the Moscow Summit that a climate of increased confidence and cooperation has now been established in US-Soviet relations.

The Twelve are encouraged by the recent progress in arms control and disarmament. They stress their willingness to work for further progress in the current and future negotiations with a view to achieving stability at a lower level of arms. The principle of asymmetrical reductions and stringent verification provisions laid down in the INF Treaty establishes a valuable precedent.

The Twelve also look for continuing progress towards the peaceful resolution of regional conflicts, universal respect for fundamental human rights, and the free exchange of people and ideas.

The European Council welcomes the more outward-looking attitude now being shown by Eastern European countries in their economic contacts with the West, as witnessed by the establishment and development of relations with the Community. This should be encouraged as contributing to the wider opening up of their economies and societies. The East-West Economic Conference proposed by the Twelve at the Vienna CSCE follow-up meeting will also serve that purpose.

The European Council calls upon other CSCE participating States to join in an effort to conclude the Vienna meeting with a substantive and balanced document permitting significant progress in all areas, in particular in the human dimension. The draft concluding document proposed by the neutral and non-aligned States on 13 May offers a suitable basis to elaborate such a document. A successful conclusion of the Vienna meeting will make possible an early start of negotiations on conventional stability in Europe, the key issue of European security, aiming at the establishment of a stable and secure balance of conventional forces in Europe at a lower level, and on a further set of security and confidence-building measures, as well as other follow-up proposals supported by the Twelve.

2. Afghanistan

The European Council calls upon all concerned to implement fully the peace process set out by the Geneva agreements on Afghanistan. It expects the Soviet Union to complete the withdrawal of its troops in accordance with these agreements. It supports all efforts to establish a representative government formed in a process of self-determination in which the Resistance have a full part to play.

The European Council declares the readiness of the Community and its Member States to provide humanitarian assistance under the programme to be carried out by the UN Coordinator, NGOs and the ICRC in favour of the voluntary repatriation and resettlement of the refugees and displaced persons.

The Community and its Member States are also prepared to provide reconstruction assistance for Afghanistan after the formation of a representative government and the establishment of internal peace.

3. Middle East

The European Council expressed its concern at the increase in tension in the Middle East. The status quo in the Occupied Territories cannot be sustained. On the basis of their established positions the Twelve will continue to work towards the early convening, under UN auspices, of an International Peace Conference, which is the suitable framework for the necessary negotiations between the parties directly concerned, and is essential to bring about a comprehensive, just and lasting peace in the region. The Twelve will support all initiatives to this end.

The continuation of the war between Iraq and Iran endangers the security and stability of the entire region. The Twelve deplore that, nearly one year after its unanimous adoption by the UN Security Council, Resolution 598 has not yet been implemented. They will continue to support the efforts of the UN Secretary-General to secure its early and full implementation. The Twelve condemn the use of chemical weapons and renew their commitment to uphold the principle of freedom of navigation in the Gulf.

The Twelve remain deeply preoccupied by the situation in Lebanon. They confirmed the importance they attach to the orderly and legal conduct of the forthcoming presidential election. They also recalled their support for Unifil and reiterated their strong appeal for the immediate release of all hostages still being held in Lebanon.

The European Council welcomed the recent signature of the Cooperation Agreement with the Gulf Cooperation Council and the intensification of relations with its members. It also welcomed the recent 'troika' meeting in the Euro-Arab Dialogue and hoped this would lead to increased productive cooperation.

4. South Africa

The European Council noted with great concern that relations between the Twelve and South Africa run the risk of being worsened even further. In this respect it urged that all legal options available in South Africa, including, if necessary, the grant of clemency by President Botha, should be used to prevent the death penalty from being carried out against the Sharpeville Six.

On 18 July, Nelson Mandela will mark his 70th birthday. The European Council strongly appeals to the South African authorities to free him and all other political prisoners.

The European Council confirmed that the enactment of the proposed bill designed to deprive anti-apartheid organizations, striving for peaceful change, of financial support from abroad would place additional strain on the relations of the Twelve with South Africa.

5. Southern Africa

The Twelve recalled their established position concerning Namibia and supported the current efforts to secure peace for Angola and independence for Namibia on the basis of UN Security Council Resolution 435.

6. Latin America

The European Council discussed the situation in Latin America and underlined the fundamental importance of the rule of democracy and the normal functioning of democratic institutions as a key factor for stability in the subcontinent. The continuity of the peace process in Central America is essential for achieving peace, justice and the observance of human rights in the whole region. The Twelve remain determined to provide continued support for this process.

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**E.C. SUMMIT LEADERS ASK FOR STUDY OF MONETARY UNION;
REAPPOINT PRESIDENT DELORS**

European Community summit leaders this week appointed a committee to study ways to achieve a European economic and monetary union. Meeting in Hanover June 27 and 28, the 12 E.C. Heads of State or Government (the European Council) also reappointed Jacques Delors, President of the E.C. Commission since 1985, for another two years.

The leaders called the Community's campaign to remove all trade and other barriers between member states by 1992 "irreversible." They called for action "as soon as possible" to create a unified internal market in specific areas--public contracts, banks and other financial services, technical standards and intellectual property. They also called on the Community to develop production of audiovisual programs "reflecting the richness and diversity of European culture"; to provide better worker health and safety protection; and to intensify efforts to prevent air and water pollution.

On political matters, the European Council welcomed the "climate of increased confidence and cooperation" in U.S.-Soviet relations, and issued statements on Afghanistan, the Middle East, South Africa, southern Africa and Latin America.

The text of the summit conclusions follows.

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CONCLUSIONS OF THE EUROPEAN COUNCIL
HANOVER, JUNE 27-28, 1988

A) IMPLEMENTING THE SINGLE EUROPEAN ACT

The European Council welcomes the constructive development of relations between the Community institutions in recent months and stresses the political importance of the interinstitutional agreement concluded between the Council [of Ministers], the Commission and the European Parliament.

It would appear necessary to associate the European Parliament more closely with the decisions of the Council [of Ministers] at this stage of the full attainment of the Internal Market and the approach to European Union, not only in order to achieve a better institutional balance, but also to enable Community decisions to be better understood by citizens of the Community.

1. Completion of the internal market

The European Council considers that this major objective set by the Single Act has now reached the point where it is irreversible, a fact accepted by those engaged in economic and social life.

The outcome of the studies conducted to evaluate the benefits of the single market confirm that its achievement offers the Community considerable potential for growth and for an increase in employment.

The European Council notes that over one third of the measures programed in the Commission's White Paper have now been agreed. The Council considers it particularly encouraging that decisions have been taken or are under way in strategic areas such as: full liberalization of capital movements, the mutual recognition of diplomas, the opening up of public contracts, insurance matters and road and air transport. The European Council noted that this progress was made possible by the full use of the voting procedures in the Single European Act.

The European Council emphasizes that progress towards the realization of the single market must be made in a balanced way; it will discuss in depth at its meeting in Rhodes the report provided for in the Single Act on the progress made towards meeting the December 31, 1992, deadline. It notes that by the end of 1988 the Commission will have submitted the bulk of the proposals provided for in its White Paper.

At its Brussels meeting in June 1987, the European Council agreed on a number of particularly important decisions to be taken in the course of the following 12 months. Those decisions have now been taken. The European Council has now agreed, in accordance with the schedule laid down in the White Paper, that decisions for the completion of the internal market should be taken as soon as possible, inter alia in the following fields: completion of the internal market in the areas of public contracts, banks and other financial services, the approximation of standards, and intellectual property.

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The European Council agreed on the need to facilitate cooperation between enterprises throughout the Community and invites the Council [of Ministers] to examine the Commission's memorandum on the European Company statute and subsequent proposals to that effect.

As regards the extent to which harmonization in the area of taxation is necessary to ensure the establishment and functioning of the internal market in conformity with Article 99 of the [European Economic Community, EEC] Treaty, the European Council notes with satisfaction that the Council of Economics and Finance Ministers are now engaged upon a serious examination of the Commission's proposals. It also noted that the Commission would be reporting to the Council of Economics and Finance Ministers on the problem encountered by Denmark regarding certain tax allowances.

In the context of the Directive on Capital Movements, the European Council stressed the importance of the decisions in the Council of Economics and Finance Ministers on June 13 that the Commission would transmit to that Council before December 31, 1988, proposals aimed at eliminating or attenuating risks of distortion, evasion and fiscal fraud linked to the diversity of national systems for the taxation of savings and for controlling the application of these systems; and that the Council of Economics and Finance Ministers would take a position on these proposals before June 30, 1989, bearing in mind that any Community decision on fiscal matters must be adopted by unanimity.

The European Council considered the situation in the audiovisual media. It agreed that it is urgently important for the Community that European production of audiovisual programs reflecting the richness and diversity of European culture should attain a level more in line with the broadcasting capacity in Europe. It calls on the Cultural Affairs Council to pay special attention to this matter. It felt that urgent consideration should be given to the possibility of creating a EUREKA [multinational science and technology research and development] project in the audiovisual sphere. Attention should also be paid to proper coordination with the activities of the Council of Europe.

The Internal Market should not close in on itself. In conformity with the provisions of the General Agreement on Tariffs and Trade, the Community should be open to third countries, and must negotiate with those countries where necessary to ensure access to their markets for Community exports. It will seek to preserve the balance of advantages accorded, while respecting the unity and the identity of the Internal Market of the Community.

The European Council underlines the importance in the context of progress towards the Single Market of sustained economic growth, the pursuit of technological cooperation, and the successful implementation of the Single Act provisions on cohesion.

2. People's Europe

The European Council underlined the importance of removal of obstacles to the free movement of persons. It also emphasizes the need for intensifying and widening cooperation between national administrations in close collaboration with the Commission in order to ensure effective measures to combat terrorism, drug abuse, and organized crime.

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It notes that, by removing the obstacles to growth, the large Single Market offers the best prospect for promoting employment and increasing the general prosperity of the Community to the advantage of all its citizens.

The European Council considers that the Internal Market must be conceived in such a manner as to benefit all our people. To that end it is necessary, besides improving working conditions and the standard of living of wage earners, to provide better protection for the health and safety of workers at their workplace. It emphasizes that the measures to be taken will not diminish the level of protection already attained in the Member States. It welcomes the initiatives already taken on the basis of provisions in the [EEC] Treaty and in particular in Article 118a, and requests the Commission and the Council to continue in this direction.

The European Council considers that the achievement of the large market must go hand in hand with improved access to vocational training including training linked with work, in all the Member States. In this connection it expressed the wish that the conditions be met for mutual recognition of qualifications. It emphasizes the importance of informing and consulting management and labor throughout the process of achieving the Single Market. With that in mind, the European Council requests the Commission to step up its dialogues with management and labor, paying special attention to the provisions of Article 118b of the [EEC] Treaty. The Commission will make a comparative study about rules applied in the various Member States concerning working conditions.

4. Protection of the environment

The European Council expressed its concern about the danger to the environment in general and in particular that caused by the pollution of air and water. It noted the recent positive results of the work of the Environment Council and invited the Commission and the Council to intensify efforts to improve the means to combat and prevent air and water pollution. It welcomed the conclusions adopted at the Toronto World Economic Summit on June 21, 1988. The concept that environmental considerations must be integrated into all areas of economic policy-making is in conformity with the environmental objective of the Single European Act. The European Council invited the Commission to prepare proposals for concrete measures to implement the Community's contribution to the international cooperation referred to in Toronto.

5. Monetary union

The European Council recalls that, in adopting the Single Act, the Member States confirmed the objective of progressive realization of Economic and Monetary Union.

They therefore decided to examine at the European Council meeting in Madrid in June 1989 the means of achieving this Union.

To that end they decided to entrust to a Committee the task of studying and proposing concrete stages leading towards this Union.

The Committee will be chaired by Mr. Jacques Delors, President of the Commission.

The Heads of State or Government agreed to invite the President or Governor of their Central Banks to take part in a personal capacity in the proceedings of the Committee, which will also include one other member of the Commission and three personalities designated by common agreement by the Heads of State or Government. They have agreed to invite:

- Mr. Niels Thygesen, Professor of Economics, Copenhagen;
- Mr. Alexandre Lamfalussy, Director-General of the Bank for International Settlements in Basel, Professor of Monetary Economics at the Catholic University of Louvain-la-Neuve;
- Mr. Miguel Boyer, President of "Banco Exterior de Espana."

The Committee should have completed its proceedings in good time to enable the Ministers for Economic Affairs and for Finance to examine its results before the European Council meeting in Madrid.

B) PRESIDENCY OF THE COMMISSION

The European Council, after consultation of the President and the enlarged Bureau of the European Parliament, agreed to renew the mandate of Mr. Jacques Delors as President of the Commission.

C) EUROPEAN POLITICAL COOPERATION

1. East-West relations

The European Council noted that East-West relations had moved into a more dynamic phase. In this process the Twelve are determined to continue to play an active role. They welcomed the evidence of the Moscow Summit that a climate of increased confidence and cooperation has now been established in U.S.-Soviet relations.

The Twelve are encouraged by the recent progress in arms control and disarmament. They stress their willingness to work for further progress in the current and future negotiations with a view to achieving stability at a lower level of arms. The principle of asymmetrical reductions and stringent verification provisions laid down in the INF treaty establishes a valuable precedent.

The Twelve also look for continuing progress towards the peaceful resolution of regional conflicts, universal respect for fundamental human rights, and the free exchange of people and ideas.

The European Council welcomes the more outward-looking attitude now being shown by eastern European countries in their economic contacts with the West, as witnessed by the establishment and development of relations with the Community. This should be encouraged as contributing to the wider opening up of their economies and societies. The East-West Economic Conference proposed by the Twelve at the Vienna Conference on Security and Cooperation in Europe (CSCE) follow-up meeting will also serve that purpose.

The European Council calls upon other CSCE participating States to join in an effort to conclude the Vienna meeting with a substantive and balanced document permitting significant progress in all areas, in particular in the human dimension. The draft concluding document proposed by the neutral and nonaligned states on May 13 offers a suitable basis to elaborate such a document. A successful conclusion of the Vienna meeting will make possible an early start of negotiations on conventional stability in Europe, the key issue of European security, aiming at the establishment of a stable and secure balance of conventional forces in Europe at a lower level, and on a further set of security and confidence-building measures, as well as other follow-up proposals supported by the Twelve.

2. Afghanistan

The European Council calls upon all concerned to implement fully the peace process set out by the Geneva agreements on Afghanistan. It expects the Soviet Union to complete the withdrawal of its troops in accordance with these agreements. It supports all efforts to establish a representative government formed in a process of self-determination in which the Resistance have a full part to play.

The European Council declares the readiness of the Community and its Member States to provide humanitarian assistance under the program to be carried out by the UN Coordinator, nongovernmental organizations and the International Committee of the Red Cross, in favor of the voluntary repatriation and resettlement of the refugees and displaced persons.

The Community and its Member States are also prepared to provide reconstruction assistance for Afghanistan after the formation of a representative government and the establishment of internal peace.

3. Middle East

The European Council expressed its concern at the increase in tension in the Middle East. The status quo in the Occupied Territories cannot be sustained. On the basis of their established positions the Twelve will continue to work towards the early convening, under UN auspices, of an International Peace Conference, which is the suitable framework for the necessary negotiations between the parties directly concerned, and is essential to bring about a comprehensive, just and lasting peace in the region. The Twelve will support all initiatives to this end.

The continuation of the war between Iraq and Iran endangers the security and stability of the entire region. The Twelve deplore that, nearly one year after its unanimous adoption by the UN Security Council, Resolution 598 has not yet been implemented. They will continue to support the efforts of the UN Secretary General to secure its early and full implementation.

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