

**THE EUROPEAN COUNCIL**

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*European Council Dublin, 25 and 26 June*

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*EC Summit Leaders Set Intergovernmental Conferences on Monetary and Political Union*

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# 1. European Council

## Dublin, 25 and 26 June

*I.1.* This meeting of the Heads of State or Government of the Member States, at which the Commission was represented by Mr Delors and Mr Andriessen, was chaired by the Irish Taoiseach, Mr Charles J. Haughey. It first heard a statement by Mr E. Barón Crespo, President of the European Parliament, setting out Parliament's position and priorities with regard to the main Community topics, in particular the two forthcoming intergovernmental conferences. The meeting was another success for the Community, and significant progress was made on several fronts.

With respect to economic and monetary union, the first stage of which is to come into effect on 1 July, the European Council unanimously decided that the intergovernmental conference should open on 13 December, since sufficient progress had been made in preparation for it. The purpose of the conference is to determine the final stages of EMU, and it should conclude its work rapidly with a view to ratification of the results by Member States before the end of 1992. On the basis of an examination conducted by Foreign Ministers, the European Council agreed — again unanimously — that a second intergovernmental conference on political union should open on 14 December. It too should conclude its work rapidly so that the results, like those of the first conference, could be ratified by the end of 1992.

The European Council had an extensive exchange of views on possible assistance to the Soviet Union in support of the political and economic reforms it had undertaken. The European Council asked the Commission to assess the situation and prepare proposals for action in liaison with international financial agencies and in consultation with the Soviet Union. This would seem to be further confirmation of the Commission's international role, after the coordinating function in the Group of 24 entrusted to it by the Western Economic Summit in July 1989. Looking ahead to

the CSCE's autumn summit, the European Council agreed that the Community and the Member States should step up coordination with a view to determining and expressing a common position on all CSCE matters, in which they shared vital common interests. A cautious declaration on southern Africa was adopted, the European Council affirming its willingness to consider a gradual easing of the pressure exerted on the South African authorities once it was clear that the process of change begun earlier was continuing in the direction called for in Strasbourg.

The European Council noted that fulfilment of the commitments contained in the Single European Act is fundamental to the process of integration and the establishment of a European Union. It took stock of progress made in implementation of its provisions, identifying sectors where further efforts were needed. With respect to the protection of the environment, the European Council adopted a general declaration and asked the Commission to present a new action programme in 1991. The Commission was also given the task of preparing a Community programme to combat threats to the tropical rainforests in consultation with the countries concerned, especially Brazil. The European Council was convinced of the need to reinforce the campaign against drugs and organized crime, and asked the Council to reach agreement before the end of the year on the basis of the Commission's proposals on trade in precursors and on an integrated programme for cooperation with Colombia; it hoped that the adequate measures to combat money laundering would be adopted before July 1991. The Member States were invited to develop programmes to reduce drug demand, and Celad (the Coordinators Group on Drugs) was asked to prepare for the Rome European Council, in close consultation with the Commission, a European plan to combat drugs, including a wide range of measures.

The European Council also agreed to extend for two years the term of office of

Mr Delors as President of the Commission, and the terms of the present Vice-Presidents.

## Conclusions of the Presidency

### Introduction

I.2. The European Council, determined to ensure the continued dynamic development of the Community at a time of great challenge for Europe and the world, agreed to intensify the process of transforming relations as a whole among Member States into a European union invested with the necessary means of action. To this end it reviewed progress and laid down guidelines with regard to the full implementation of the Single European Act; it agreed to convene an intergovernmental conference on political union; it reviewed the preparatory work for the intergovernmental conference, already agreed, on economic and monetary union; and it fixed the opening dates for these two intergovernmental conferences.

I.3. With a view to enhancing the benefits which our peoples derive from belonging to a Community which has as its *raison d'être* the promotion of their rights, their freedoms and their welfare, the European Council dealt with a number of themes of particular relevance to the individual citizen, including the free movement of persons, the environment, drugs and their links with organized crime, and anti-Semitism. The European Council sees action in these areas as essential to the Union it wishes to achieve over the coming years.

I.4. The European Council, determined to strengthen the role of the Community in the world in order to meet its international responsibilities, reviewed progress in the Community's external relations and laid down guidelines for future action in a number of areas. The discussion reflected the increased coherence between the economic and political aspects of the Community's international action.

### Progress towards European union

#### *Implementation of the Single European Act*

- **References:**

Council common position on the proposal for a Directive on the procurement procedures of entities in the water, energy, transport and

telecommunications sectors: Bull. EC 3-1990, point 1.1.21

Political agreement reached by the Council on proposals for Directives on direct taxation of firms (→ point 1.3.132 to 1.3.135)

Proposals for a Regulation and Directives on the abolition of tax frontiers: COM(90) 117, 182 and 183; Bull. EC 5-1990, points 1.2.2 to 1.2.5

Council agreement on the substance of proposals for Regulations on the second phase of liberalization of civil aviation (→ points 1.3.33 and 1.3.241 to 1.3.243)

Strasbourg European Council conclusions on the development and interconnection of trans-European networks: Bull. EC 12-1989, point 1.1.4.

Council Decision 90/221/Euratom/EEC concerning the framework programme of Community activities in the field of research and technological development (1990-94): OJ L 117, 8.5.1990; Bull. EC 4-1990, point 1.1.54

Commission communication on its action programme for the implementation of the Community Charter of Fundamental Social Rights for Workers: COM(89) 568; Bull. EC 11-1989, point 2.1.80

Council resolution on action to assist the long-term unemployed: Bull. EC 5-1990, point 1.2.64

Council Decision 90/267/EEC establishing an action programme for the development of continuing vocational training in the European Community (Force): OJ C 156, 21.6.1990; Bull. EC 5-1990, point 1.2.62

Council Directives 90/269/EEC and 90/270/EEC on the minimum health and safety regulations for the manual handling of loads where there is a risk particularly of back injury to workers, and for work with display screen equipment: OJ L 156, 21.6.1990; Bull. EC 5-1990, points 1.2.69 and 1.2.70

I.5. The fulfilment of the commitments contained in the Single European Act is fundamental to the process of integration and to the creation of a European union. Economic and monetary union and political union must be built on an area without internal frontiers in which the free movement of persons, goods, services and capital is ensured in accordance with the provisions of the Treaty, where economic and social cohesion is assured, and where the necessary accompanying policies to the internal market are developed.

The European Council took stock of progress towards the implementation of the Single European Act.

## Internal market

1.6. The European Council welcomed the good progress which has been made in a number of fields in recent months, and noted that two thirds of the measures had now been agreed.

In the area of public procurement it noted the important agreement on the opening-up of the previously excluded sectors of water, energy, transport and telecommunications. The European Council looked forward to further progress being made in the area of public procurement, including the procurement of services.

Important progress has been made in the financial services sector. The European Council asked for rapid progress in the areas of investment services and of insurance. It also asked for rapid completion of work on intellectual property, and effective action in relation to takeovers within the Community.

As regards animal and plant health, the European Council called for rapid completion of the internal market in agriculture and foodstuffs, building on recent progress.

In the fiscal area, the recent agreement on the package of three cooperation measures on company tax is an important step forward. On indirect taxes, the European Council called for adoption before the end of the year of the new VAT and excise duties arrangements which are to apply from 1 January 1993.

The European Council welcomed the adoption of the second phase of the liberalization of air transport and other important recent advances in the transport sector. It stressed the importance of sustained progress in all areas of transport policy (in particular cabotage, fiscal harmonization in the road transport sector as early as possible and not later than 31 December 1990 and in accordance with the provisions of the Single European Act, and transit). In this connection it noted with particular interest the memorandum submitted by the Netherlands on this subject, which it asked the Transport Council to consider with a view to a report to the next European Council.

Recalling its conclusions at Strasbourg on development and interconnection of trans-European networks, the European Council asked that guidelines on this matter be agreed before the end of this year.

At its December meeting the European Council will undertake a general examination of the progress made towards achieving the internal market within the time limit fixed, on the basis of the Commission's report required by the Single European Act.

The European Council emphasized the vital importance of implementation of Community legislation at national level within the required time limits. It asked the Commission to strengthen its supervisory procedures in this context. It agreed to review the situation at its next meeting.

## Research

1.7. The European Council welcomed the adoption of the third framework programme for the period 1990-94, which provides for ECU 5.7 billion to finance the Community research and development programme over that period. It called for early decisions on the specific programmes to be established under the framework programme.

## Social dimension

1.8. The European Council recalled the particular importance which it attaches to the development of the social dimension in all its aspects with a view to ensuring that the opportunities offered by the completion of the internal market are fully exploited to the benefit of all of the peoples of the Community.

Despite the recent significant improvement in general economic conditions, long-term unemployment among adults and young people remains a major problem. It welcomed the measures adopted recently by the Council of Social Affairs on action to assist the long-term unemployed, on vocational training and on health and safety of workers.

The European Council welcomed the timetable established by the troika of Social Affairs Ministers and the Commission for the presentation and examination of proposals under the Commission action programme in application of the Community Charter of the Fundamental Social Rights of Workers.

## EMS

1.9. The European Council noted the satisfactory functioning and recent development of the EMS.

## *Economic and monetary union*

### • References:

Report of the Committee chaired by Mr Delors on economic and monetary integration in the Community: Bull. EC 4-1989, points 1.1.1 to 1.1.5

Conclusions of the Madrid European Council: Bull. EC 6-1989, point 1.1.11

Conclusions of the Strasbourg European Council: Bull EC 12-1989, point 1.1.11

*I.10.* The first stage of economic and monetary union will come into effect on 1 July 1990. The European Council considered that this stage should be used to ensure convergence in the economic performance of Member States, to advance cohesion and to further the use of the ecu, all of which are of importance for further progress towards EMU.

The European Council reviewed the preparation of the forthcoming intergovernmental conference. It noted that all the relevant issues are now being fully and thoroughly clarified, with the constructive contribution of all Member States, and that common ground is emerging in a number of fields. In these circumstances the European Council decided that the intergovernmental conference will open on 13 December 1990 with a view to establishing the final stages of economic and monetary union in the perspective of the completion of the internal market and in the context of economic and social cohesion. The conference should conclude its work rapidly with the objective of ratification of the results by Member States before the end of 1992.

The European Council asked the Economic and Social Affairs Council and the General Affairs Council, assisted by the competent bodies, to carry out their work in such a way that negotiations on a concrete basis can be entered into as soon as the conference opens.

### *Political union*

- **Reference:** Conclusion of the special meeting of the European Council, Dublin: Bull EC 4-1990, point I.12

*I.11.* The European Council had an extensive exchange of views on the basis of the examination and analysis conducted by the Foreign Ministers and the ideas and proposals put forward by the Member States and the Commission.

On this basis, and following a discussion on the calling of an intergovernmental conference on political union, the President of the European Council noted the agreement to convene such a conference under Article 236 of the Treaty. The conference will open on 14 December 1990. It will adopt its own agenda, and conclude its work rapidly with the objective of ratification by Member States before the end of 1992.

Foreign Ministers will prepare the conference. Preparatory work will be based on the results of the deliberations of Foreign Ministers (Annex I)

and on contributions from national governments and the Commission, and will be conducted in such a way as to permit negotiations on a concrete basis to begin from the start of the conference.

Close dialogue will be maintained with the European Parliament, both in the preparatory phase and in the conference phase on political union as well as on economic and monetary union.

The European Council considered that the necessary coherence in the work of the two conferences should be ensured by the General Affairs Council.

### *German unification*

- **Reference:** Conclusions of the special meeting of the European Council, Dublin: Bull. EC 4-1990, points I.5 and I.6

*I.12.* The European Council heard a report from the German Federal Chancellor on the progress towards German unification. It welcomed the conclusion of the inter-German State Treaty, which will promote and accelerate the integration of the territory of the German Democratic Republic into the Community.

The European Council expressed its satisfaction that the Commission has accelerated its preparatory work and intends to submit proposals for the necessary transitional arrangements in September. It asked the Council to reach early agreement in conformity with the guidelines laid down by the European Council in April.

The Members of the European Council also heard a report from the Prime Minister of the German Democratic Republic, who was accompanied by his Minister for Foreign Affairs, at the luncheon offered by the President of Ireland.

### **Progress in fields relating to a people's Europe**

*I.13.* The European Council emphasized that a fundamental objective of European integration is the promotion of the rights, freedoms and welfare of the individual citizen. It emphasized the importance of a people's Europe which seeks to ensure and bring home in a direct and practical way the benefits of the Community to all its citizens.

### *Environment*

- **References:**  
Commission communication concerning a fourth environment action programme for the

Community: COM(86) 485; Bull. EC 9-1986, points 1.1.1 to 1.1.8

Council resolution on the strengthening of Community action in favour of the environment: OJ C 3, 7.1.1987; Bull. EC 12-1986, point 2.1.178

1.14. The European Council considered the role of the Community and its Member States in the protection of the environment within the Community and at global level. It agreed that a more enlightened and more systematic approach to environmental management is urgently required. It emphasized that research and environmental monitoring must be intensified to achieve a better understanding of the phenomena involved in global change and the implications of different courses of action. But the European Council stressed that research must not be used to justify procrastination; the areas of scientific uncertainty have been narrowed down, and the implementation of response measures can no longer be delayed.

Following its discussion, the European Council adopted the declaration in Annex II setting out guidelines for future action. It requested the Commission to use the objectives and the principles contained in the declaration as the basis of the Community's fifth action programme for the environment and to present in 1991 a draft of this programme. The European Council agreed to ask the Commission to analyse and prepare proposals for an appropriate Community programme to deal with the threat to the tropical rainforests in consultation with the countries concerned and in particular Brazil. It also agreed that the Community would consult other industrialized countries on concerted action on this question.

### *Free movement of persons*

#### • References:

Council Directives 90/366/EEC, 90/365/EEC and 90/364/EEC on the right of residence for students, on the right of residence for employees and self-employed persons who have ceased their occupational activity, and on the right of residence for nationals of Member States for whom rules governing the right of residence have not yet been issued (→ points 1.3.262 to 1.3.265)

Six-monthly meeting of the Ministers for Immigration and the signature by 11 Member States of the Convention determining the State responsible for examining applications for asylum (→ point 1.5.7)

Conclusions of the Strasbourg European Council on the free movement of persons and a people's Europe: Bull. EC 12-1989, point 1.1.9

The Palma Document drawn up by the Coordinators Group on the free movement of persons: Bull. EC 6-1989, point 1.1.7

1.15. The European Council noted with satisfaction that there was now agreement on the three Directives on the right of residence.

It took note of the developments as set out in the Coordinators' Report on the free movement of persons. It welcomed the conclusion and signature by 11 Member States of the Convention determining the State responsible for examining applications for asylum, which is the first major legal instrument in the series necessary to ensure the free movement of people. It expressed the hope that this Convention will be signed by all Member States before the end of the year. It noted progress on the Convention on the crossing of the external borders of the Community and urged the competent bodies to take the necessary steps to ensure that this Convention would be signed by the end of this year in accordance with the conclusions reached by the European Council in Strasbourg. The European Council urged the Coordinators Group to speed up work on implementation of the measures contained in the Palma Document with a view to creating a Europe without frontiers.

### *Drugs and organized crime*

#### • References:

Meeting of the Coordinators Group on Drugs (Celad) in Brussels on 29 and 30 May, and preparation of guidelines for a European campaign to combat drugs: Bull. EC 5-1990, point 1.2.250

Proposal for a Council Regulation laying down measures to be taken to discourage the diversion of certain substances to the illicit manufacture of narcotic drugs and psychotropic substances: COM(90) 215; Bull. EC 5-1990, point 1.2.6

Commission communication concerning the Community response to Colombia's special cooperation plan (→ points 1.4.23 to 1.4.26)

Proposal for a Directive on prevention of use of the financial system for the purpose of money laundering: OJ C 106, 28.4.1990; COM(90) 106; Bull. EC 3-1990, point 1.1.24

Economic declaration adopted by the Heads of State or Government of seven major industrial nations and the President of the Commission, Paris, 14 to 16 July 1989 (drug issues): Bull. EC 7/8-1989, point 3.2.2

1.16. The European Council held a thorough debate on the basis of reports from the High-level Coordinators Group, Celad, and from the Trevi Group. It agreed that drug addiction and traffic in

drugs are sources of great damage to individuals and society as well as to States and constitute a major menace to Europe and the rest of the world. In view of the extent of this scourge and in the perspective of a Europe without internal frontiers, the European Council agreed on the need for a coherent and effective policy at European level. In this context the European Council suggested the early convening of a conference of Western and Eastern European countries under the auspices of the Pompidou Group.

The European Council endorsed the conclusions of the two reports and asked the Council to reach agreement before the end of the year on the basis of the Commission's proposals on trade in precursors with non-Community countries and on an integrated programme for cooperation with Colombia, with particular regard to the sale and price of coffee and other substitute products. It welcomed the Commission proposal to combat money laundering and asked for final adoption of adequate measures before July 1991, drawing on the work of the GAFI set up in Paris in July 1989. It invited the Member States to adopt legislation which provides for seizure of the assets of persons involved in drug trafficking.

It stressed the responsibility of each Member State to develop an appropriate drug demand reduction programme. It also invited the Commission to present on a regular basis to the Council and Ministers for Health a report on work done in this area.

The European Council considered that effective action by each Member State, supported by joint action of the Twelve and the Community, should be a main priority over the coming years. The necessary human and material resources, both at national and Community level, would be provided for an effective fight against drugs and organized crime.

The European Council asked Celad, in close consultation with the Commission, to prepare for the meeting of the European Council in Rome a European plan to combat drugs covering measures on prevention, on demand reduction programmes, on health and social policy with regard to drug addicts, and on the suppression of drugs trafficking, and providing for an active European role in international action, bilaterally and in multilateral forums. It asked the Trevi Group to speed up work on the creation of a common information system, a European programme of training for law enforcement officers from drug-producing and transit countries, coordination of Member States' programmes of technical police cooperation with those countries, and the establishment of a European central drugs intelligence unit, if possible before the end of 1990. It urged the Group to

proceed with expanding the network of liaison officers in producer and transit countries and with improving controls at external frontiers, with particular regard to the infrastructure problems faced by Member States with a long coastline.

### *Anti-Semitism, racism and xenophobia*

I.17. The European Council adopted the Declaration in Annex III.

### External relations

#### • References:

Conclusions of the special meeting of the European Council, Dublin: Bull. EC 4-1990, points I.1 to I.16

Commission communication on redirecting the Community's Mediterranean policy (1992-96): Bull. EC 5-1990, point 1.3.24

Council Decision concerning the negotiating directives for an agreement with the EFTA countries on the establishment of a European economic area (→ point 1.4.6)

I.18. The European Council noted with satisfaction that the guidelines laid down at its special session in April for the Community's external policy are being translated into concrete action, notably:

- (i) the preparatory work for the CSCE Summit;
- (ii) the exploratory talks, soon to be opened, on Association Agreements with certain Central and Eastern European countries;
- (iii) the proposals submitted by the Commission on the renewal of the Community's Mediterranean policy;
- (iv) the agreement on a mandate for negotiations with the EFTA countries, which have now commenced with the objective of completion as soon as possible, with a view to creating a European economic area.

The European Council confirmed the will of the Community to act in a spirit of solidarity and cooperation with respect to those areas which, due to inadequate levels of development, necessitate an increased level of coordinated and multifaceted intervention by the Community and the Member States.

The European Council furthermore dealt with the following subjects:

### *The economic situation in the USSR*

I.19. The European Council had a substantial discussion on the situation in the Soviet Union. It underlined the interest of the Community in the success of the political and economic reform initiated by President Gorbachev and its support for the efforts of the Soviet Union to make progress towards a democratic system and a market-oriented economy.

The European Council asked the Commission, in consultation as necessary with the International Monetary Fund, the World Bank, the European Investment Bank, the Organization for Economic Cooperation and Development, and the designated President of the European Bank for Reconstruction and Development, to consult the Government of the Soviet Union with a view to preparing urgently proposals covering short-term credits and longer-term support for structural reform. In this connection the Commission will examine the proposal of the Netherlands Government for the establishment of a European Energy Network.

The proposals thus established will be submitted in due course to the Council.

### *Central and Eastern Europe*

I.20. The European Council welcomed the continuing progress being made in Central and Eastern European countries in establishing pluralist democracy founded on the rule of law, full respect for human rights, and the principles of the market-oriented economy. The European Council reaffirmed the right of individual citizens to participate fully in this process and called on all States to observe this principle without reservation. The European Council welcomed in particular the holding of free elections in Central and Eastern Europe and expressed the hope that these will lead to a fuller realization of democratic ideals, which of course entail full respect for the rights of the opposition parties. The European Council expressed its deep satisfaction at the progress already made and in prospect towards overcoming the divisions of Europe and restoring the unity of the continent, whose peoples share a common heritage and culture. The European Council recalled the contribution already made by the Community and the Member States to supporting the process of political and economic reform, notably through the Group of 24, and affirmed its intention to broaden and intensify that approach.

### *CSCE*

I.21. The European Council reaffirms the important role played by the CSCE in the process

of change in Europe. At a time when our continent is actively engaged in surmounting its divisions, the CSCE provides a necessary framework for maintaining stability and promoting cooperation in Europe and for deepening the reforms that are under way.

It attaches great importance to the comprehensive nature of the CSCE process, which brings together the peoples and governments of Europe, the United States of America and Canada.

It welcomes the decision taken by the Member States of the CSCE to convene in Paris a summit of Heads of State or Government. The European Council proposes the date of 19 November 1990 for this meeting.

For the European Council, this summit has an exceptional importance. It should be an opportunity to define the crucial role which the CSCE will play in the future architecture of Europe and in establishing a new set of relations between participating States, based on the Helsinki principles, to be further expanded by new commitments and involving a balanced development of the CSCE, encompassing notably the development of pluralist democracy, the rule of law, human rights, better protection of minorities, human contacts, security, economic cooperation, the environment, further cooperation in the Mediterranean, and cooperation in the field of culture.

The European Council expects that the summit, among other things, will:

- (i) make a decisive contribution to strengthening stability and cooperation in Europe, and to disarmament;
- (ii) take note of the results obtained in talks relating to German unity, in particular its final settlement under international law;
- (iii) provide a basic orientation for future economic relations and cooperation in Europe. A closer association between the Community and other States member of the CSCE is an example of such relations and cooperation;
- (iv) set out guidelines for a democratic Europe and consolidate the principles of a State based on the rule of law.

The European Council proposes agreement on regular meetings of Heads of State or Government of the CSCE, as well as of Ministers for Foreign Affairs, and the establishment of a small administrative secretariat, as well as the holding of more frequent follow-up meetings. The summit will also provide the opportunity to consider the relationship between the CSCE process and other relevant institutions, such as the Council of Europe. Furthermore, the summit could take decisions on new



mechanisms in the field of security and cooperation in Europe, including suitable means to avoid conflict and disputes, and the active participation of parliamentary bodies.

The European Community and its Member States intend to assume a leading role in this enterprise and to contribute actively to all discussion within the CSCE process.

Considering the importance of the Paris Summit, the European Council has agreed that the Community and its Member States will strengthen their coordination with a view to defining and expressing a common position on all questions, in the various sectors of the CSCE, in which they have an essential common interest, and taking into account the importance of coordination with the participating States and organizations.

### *Transatlantic relations*

- **Reference:** Conclusions of the special meeting of the European Council, Dublin: Bull. EC 4-1990, point I.10

I.22. The European Council expressed its satisfaction with the developments in the Community's relations with the United States of America, based on the structure laid down by the European Council in April and characterized by ever closer cooperation. They wish to take this cooperation further. Their commitment to this further cooperation could take the form of a joint transatlantic declaration on relations between the Twelve and the USA and Canada.

### *Uruguay Round*

I.23. The European Council stressed that the successful conclusions of the Uruguay Round by December 1990 was a major priority for the Community. It emphasized the benefits for the peoples of the world by way of improved living standards that would flow from the gradual removal of barriers to multilateral free trade within the framework of strengthening the rules of the GATT. It reaffirmed the Community's determination to play a full and active part in the negotiations.

### *Africa*

#### *Southern Africa*

I.24. The European Council adopted the Declaration in Annex IV.

### *Sub-Saharan Africa*

I.25. The European Council expressed its serious concern about sub-Saharan Africa. The economic situation in these countries, including debt, is worrying. The European Council, emphasizing the commitment of the Community and its Member States to the development of Africa, in particular through the Lomé Convention, declared its determination to pursue this further and also its support for progress in the observance of human rights and in sound government management in sub-Saharan Africa.

### *Middle East*

I.26. The European Council adopted the Declaration in Annex V.

### *Nuclear non-proliferation*

I.27. The European Council adopted the Declaration in Annex VI.

### *Iranian earthquake*

I.28. The European Council adopted the Declaration in Annex VII.

### *Cyprus*

I.29. The European Council adopted the Declaration in Annex VIII.

### *Kashmir*

I.30. The European Council discussed the current tension between India and Pakistan over the question of Kashmir. The European Community and its Member States enjoy excellent relations with India and Pakistan. They welcome and encourage recent efforts to de-escalate the state of tension between the two countries. They hope that such initial positive steps will lead to a fuller dialogue and a resolution of this problem in order that India and Pakistan can resume full and fruitful relations.

### *Greek economy*

I.31. The European Council expresses its satisfaction with the initial measures adopted by the Greek Government for the stabilization, modernization and development of the Greek economy, and invites the Commission to examine, in close

