

THE EUROPEAN COUNCIL

**LISBON
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Documents in the dossier include:

Lisbon European Council

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I — Lisbon European Council

Lisbon, 26 and 27 June

1.1. The meeting of Heads of State or Government held in Lisbon on 26 and 27 June was chaired by Mr Cavaco Silva, President of the Council and Prime Minister of Portugal, and attended by Mr Delors and Mr Andriessen, President and Vice-President of the Commission respectively. It was preceded by an address by Mr Klepsch, President of the European Parliament, who proposed a resumption of the interinstitutional conferences to enable agreement to be reached on implementation of the Treaty, with particular reference to the co-decision procedure and the Conciliation Committee, before the next European Council. Mr Klepsch also informed the meeting that the majority of MEPs were in favour of the Community being enlarged to include the EFTA countries which had applied for membership and felt it was vital to convene an intergovernmental conference on institutional reform to proceed in parallel with the accession negotiations.

The summit provided the Heads of State or Government with the opportunity to reaffirm that, despite the 'no' vote in the Danish referendum — and they made it clear that the door was none the less still open to Denmark — the Community would continue to press ahead with the European venture. The Maastricht Treaty must be ratified as planned, with no renegotiation and no modification, to ensure entry into force on 1 January 1993.

After consulting the President and the enlarged Bureau of the European Parliament, the European Council also agreed to extend Mr Delors' term as President of the Commission. Mr Klepsch endorsed this decision, which will be confirmed at the next part-session of Parliament.

On the question of enlargement, a broad consensus was reached on the approach outlined by the Commission in its reports entitled 'Europe and the challenge of enlargement' produced at the request of the Maastricht European Council (Supplement

3/93 — Bull. EC). Most importantly it was agreed that official negotiations with the EFTA countries which had applied for membership could begin as soon as the Treaty on European Union had been ratified and an agreement had been concluded on the second package of structural and financial measures.

The European Council consequently called on the institutions to press on with the necessary preparations for negotiations with the EFTA countries concerned (Austria, Sweden, Finland and Switzerland) on the basis of the institutional provisions set out in the Treaty on European Union and in the declarations attached to it. It also examined the applications submitted by Turkey, Cyprus and Malta and stated that cooperation with these countries must be intensified on the basis of the relevant association agreements, with particular emphasis on political dialogue. Finally, it was agreed that the Community would intensify cooperation and political dialogue with the countries of Central and Eastern Europe within the framework of the Europe agreements in an effort to assist them in their preparations for accession to the Union.

The outcome of the deliberations on the second package of structural and financial measures was largely positive and this should enable the final decisions to be adopted by the Edinburgh European Council in December. The summit reaffirmed that economic and social cohesion remains one of the cornerstones of the Union and agreed that the Cohesion Fund provided for in the Union Treaty would be put in place in Ireland, Portugal and Greece early in 1993. The cumulative effect of the new Fund and the structural Funds will mean an increase on a scale commensurate with the commitments entered into at Maastricht. The European Council also confirmed that implementation of the reform of the common agricultural policy, which it welcomed, would keep within the existing agricultural guideline and announced that there would be a substantial

increase in the resources devoted to action under the common foreign policy. Finally, it agreed to the renewal of the interinstitutional agreement for the duration of the new financial perspective.

After hearing a report from President Delors on subsidiarity and discussing the issue in depth, the European Council stressed the need for this principle to be strictly applied, both in existing and in future legislation, and called on the Commission and the Council to look at the procedural and practical steps needed to implement it and to report back to the European Council in Edinburgh. The Commission undertook to include a reference to the principle of subsidiarity in the recitals of future proposals justifying the initiative; the Council will have to do the same if it decides to amend the original Commission proposal.

The European Council approved the report by the Foreign Ministers on the likely development of the common foreign and security policy, identifying the areas open to joint action *vis-à-vis* particular countries or groups of countries (→ point I.31).

On the internal policy front the progress achieved in the course of the year on completion of the internal market was stressed by the European Council, which also listed the priorities for the months ahead and emphasized the need for even more attention to be paid to ensuring that the single market works fairly and efficiently after 1992. On the free movement of persons the European Council urged that efforts to resolve the problem impeding signature of the Convention concerning the crossing of external frontiers be pursued and pressed for rapid ratification of the Dublin Convention. It welcomed the agreement reached on the establishment of a European Drugs Monitoring Centre and the progress achieved on the setting-up of Europol.

Moving on to external relations, the European Council welcomed the acceptance by the international community meeting in Rio within the framework of the UN Conference on Environment and Development of the objective of sustainable development

and agreed to implement an eight-point plan by way of follow-up.

The European Council committed itself to reactivating the Uruguay Round negotiations with a view to bringing them to a swift conclusion and called on the parties concerned to demonstrate the flexibility based on reciprocity which the Community is prepared to continue to show in all the key areas.

Confirming its support for the current democratic processes and economic reforms in the countries of Central and Eastern Europe, the European Council welcomed the new progress achieved in the establishment and deepening of the Community's relations with these countries and expressed its willingness to pursue joint international action within the framework of the G-24 to improve the balance of payments situation in Bulgaria, Romania and Albania. It also expressed its willingness to play its part in the efforts by the international community to assist Russia and the other republics in the Commonwealth of Independent States (CIS) and agreed to the mobilization of part of the ECU 1.25 billion loan to provide emergency medical assistance. The issue of nuclear safety in some power stations in Central and Eastern Europe and the CIS was also addressed and the setting-up of multilateral machinery for action not covered by bilateral measures was considered; the Commission was asked to increase funding for the programmes already operational in this field.

In a political environment dominated by the crisis in the former Yugoslavia, the European Council adopted a declaration in which it proposed that the UN Security Council take all the steps needed to ensure that humanitarian aid gets through without delay; it did not rule out support for the use of military means by the United Nations to achieve this objective. It also agreed in principle to substantial further financial aid for the displaced persons in the territory of the former Yugoslavia and expressed its readiness to recognize the former Yugoslav republic of Macedonia under a name which

does not include the term 'Macedonia'. A decision was also taken to suspend participation by the Yugoslav delegation in the proceedings of the CSCE and other international forums and organizations.

In a declaration on the Middle East peace process the European Council took note of the results of the recent elections in Israel and acknowledged that it was up to the parties concerned in the dispute to establish the terms of a settlement, which — to be effective — must be freely negotiated and agreed among them. It reiterated its belief that, for an agreement to be just and lasting, it must be based on UN Security Council Resolutions 242 and 338 and repeated the commitment of the Community and its Member States to play a constructive and active role in the peace process, both at bilateral and at multilateral level. It also reaffirmed its support for the independence, sovereignty, unity and territorial integrity of Lebanon.

The European Council also adopted a declaration on relations between Europe and the Maghreb, in which it expressed its determination to continue its overall policy of contributing to the stability and prosperity of the Mediterranean region, favouring a partnership approach capable of placing relations on a footing commensurate in scale and intensity with the links forged by geography and history.

The signing of the Agreement establishing the European Economic Area provided the European Council with an opportunity to press for rapid ratification with a view to entry into force on 1 January 1993. Reference was made to the importance attached to the deepening of relations with Latin America in general and the Mercosur Group in particular and to the major role played by the Community and its Member States in the area of development cooperation. The European Council also appealed to all parties in South Africa to resume negotiations within the framework of the Convention for a Democratic and Non-racial South Africa. Finally, it expressed the hope that the Helsinki Summit would take the

action needed to enable the CSCE to play its role of contributing to freedom, peace and stability in Europe more effectively.

Conclusions of the Presidency

1.2. The Treaty on European Union agreed at the European Council in Maastricht expressed the mutual commitment of the governments of the 12 Member States to create a Union capable of meeting the challenges with which Europe is confronted today. The realization of this commitment remains as important today as it was then as a means of ensuring peace and stability as well as economic and social progress in Europe and in the world.

Convinced that the political commitment undertaken in Maastricht represents a major positive step in the process of European unity, reinforcing democracy in European decision-making, the European Council in Lisbon expresses the determination to press ahead with European construction in this spirit. It agrees the following political guidelines reflecting its determination to maintain the impetus for developing the Community's work internally and externally over the coming decisive period.

The European Council heard a statement from Mr Klepsch, President of the European Parliament, on the main topics under discussion in the European Council.

Progress towards European Union

State of the ratification procedure on the Treaty on European Union

• **References:**

- Signing of the Treaty on European Union: Bull. EC 1/2-1992, point 1.1.1
- Conclusions of the Council on the outcome of the Danish referendum: point 1.1.1 of this Bulletin
- Commission statement on the outcome of the Irish referendum: point 1.1.6 of this Bulletin

1.3. The European Council underlines the importance of respecting the timetable laid down for ratification to ensure in any case the entry into force of the Treaty as of 1 January 1993.

The European Council welcomes the result of the Irish referendum. It notes that ratification in one other Member State is likely to be completed before the summer holidays and that ratification

procedures in most other Member States are well advanced.

It confirms the conclusions reached by the General Affairs Council in Oslo on 4 June.

Enlargement

- Reference: Commission report 'Europe and the challenge of enlargement': Supplement 3/92 — Bull. EC

I.4. The Treaty on European Union provides that any European State whose system of government is founded on the principle of democracy may apply to become a member of the Union. The principle of a Union open to European States that aspire to full participation and who fulfil the conditions for membership is a fundamental element of the European construction.

The European Council in Maastricht agreed that negotiations on accession to the Union on the basis of the Treaty agreed in Maastricht can start as soon as the Community has terminated its negotiations on own resources and related issues in 1992.

The European Council considers that the EEA Agreement has paved the way for opening enlargement negotiations with a view to an early conclusion with EFTA countries seeking membership of the European Union. It invites the institutions to speed up preparatory work needed to ensure rapid progress including the preparation before the European Council in Edinburgh of the Union's general negotiation framework. The official negotiation will be opened immediately after the Treaty on European Union is ratified and the agreement has been achieved on the Delors II package.

Negotiations with the candidate countries will, to the extent possible, be conducted in parallel, while dealing with each candidature on its own merit.

The European Council agrees that this enlargement is possible on the basis of the institutional provisions contained in the Treaty on the Union and attached declarations.

The European Council considers that, if the challenges of a European Union composed of a larger number of Member States are to be met successfully, parallel progress is needed as regards the internal development of the Union and in preparation for membership of other countries.

In this context the European Council discussed the applications which have been submitted by Turkey, Cyprus and Malta. The European Council agrees that each of these applications must be considered on its merits.

With regard to Turkey the European Council underlines that the Turkish role in the present European political situation is of the greatest importance and that there is every reason to intensify cooperation and develop relations with Turkey in line with the prospect laid down in the Association Agreement of 1964 including a political dialogue at the highest level. The European Council asks the Commission and the Council to work on this basis in the coming months.

Relations with Cyprus and Malta will be developed and strengthened by building on the association agreements and their application for membership and by developing the political dialogue.

As regards relations with Central and Eastern Europe, the European Council reaffirms the Community's will to develop its partnership with these countries within the framework of the Europe agreements in their efforts to restructure their economies and institutions. The political dialogue will be intensified and extended to include meetings at the highest political level. Cooperation will be focused systematically on assisting their efforts to prepare the accession to the Union which they seek. The Commission will evaluate progress made in this respect and report to the European Council in Edinburgh suggesting further steps as appropriate.

The Commission presented its report 'Europe and the challenge of enlargement'.

Future financing of the Community

- References:

Commission communication to the Council 'From the Single Act to Maastricht and beyond: The means to match our ambitions': COM(92) 2000; Bull. EC 1/2-1992, point 1.2.1; Supplement 1/92 — Bull. EC

Commission communication to the Council on the Community's finances between now and 1997: COM(92) 2001; Bull. EC 3-1992, point 1.1.2

Commission report on the system of own resources: COM(92) 81; Bull. EC 3-1992, point 1.1.3

Commission report on application of the Interinstitutional Agreement of 29 June 1988 on budgetary discipline and improvement of the budgetary procedure: COM(92) 82; Bull. EC 3-1992, point 1.1.4

Commission communication on structural policies — assessment and outlook: Bull. EC 3-1992, point 1.1.5

I.5. The European Council welcomes the agreement on the reform of the common agricultural policy which will control production while guaranteeing farmers' incomes.¹ It confirms that the

¹ At the request of Italy the European Council will ask the Agricultural Council to find, if possible, at its next meeting a balanced solution to the dispute regarding the milk quotas system taking account of the problem of its application in Italy.

financial means necessary for the execution of this policy will be provided within the existing agricultural guideline.

The European Council reaffirms that economic and social cohesion represent an essential dimension of the Community and that the principles laid down in 1988 should be maintained (programming, concentration, partnership and additionality) and that their application should be simplified.

It decides with reference to the dispositions in the Maastricht Treaty and the annexed protocols to put in place early in 1993 and in those Member States where the GNP per inhabitant is less than 90% of the Community average the Cohesion Fund provided for in the Treaty.

For the regions concerned in those four Member States, the cumulated effect of the structural Funds and the Cohesion Fund will be an increase appropriate to reflect the Maastricht commitments.

The European Council also agrees to apply equivalent treatment to the East German *Länder* and East Berlin to that in regions whose development is lagging behind (Objective 1 regions within the structural policies) without reducing the benefit which the cohesion countries can legitimately expect on the basis of the Maastricht decision.

The European Council confirms its attachment to reinforcement of the other structural policies, whether reconversion programmes in regions affected by industrial decline (Objective 2) or rural development (Objective 5). Actions should be developed under the Social Fund relating to occupational integration of young people, adapting to changes in systems of production and combating long-term unemployment by means of training and retraining.

The European Council asks the Council to examine further the suggestion contained in the Commission's proposed financial perspectives in relation to stimulating the competitiveness of European business by mutual cooperation and by adapting research and innovation actions; the practical application would be such as to encourage increased participation of small and medium-sized businesses in Community programmes.

The European Council, aware of its increased responsibilities in the new international context, decides to increase substantially resources devoted to actions in the context of the common external policy.

As requested by the Maastricht European Council the regressive nature of the current system will be corrected. The implementation of the correction will take particular account of the situation of the Member States with a GNP per inhabitant below

90% of the Community average. In addition the Commission will present in July its report on the application of the mechanisms for correcting budgetary imbalances.

There is agreement in principle on the renewal of the interinstitutional agreement for the period of validity of the new financial perspectives on terms ensuring strict budgetary discipline and a smooth passage of the annual budgetary discussions.

The European Council will reach decisions at its meeting in Edinburgh on the various components of the Delors II package.

A Union close to its citizens

1.6. The European Council agrees that specific steps must be taken to increase the transparency in the decision-making process of the Community and to reinforce the dialogue with the citizens of Europe on the Maastricht Treaty and its implementation.

The approach of the Maastricht Treaty of bringing the process of European unity closer to the citizens and reaffirming the importance of the identities of the nations that are part of the Union must be forcefully reflected in the Community's actions and behaviour. The European Council expresses the wish to see the dialogue between national parliaments and the European Parliament strengthened, including in the Conference of Parliaments.

The European Council recalls the important role that the subsidiarity principle has played in the drafting of the Treaty on the Union, both through the integration of this principle as a new legally binding ground rule in the Treaty (Article 3b) and through the introduction for the first time of precise delimitation of the type of Community action which can be carried out in the new areas of competence which the Treaty assigns to the Union.

The European Council is convinced that harmonious development of the Union over the coming years depends to a considerable degree on the strict application to existing and future legislation of the principle of subsidiarity by all the institutions. This will be essential to ensure a direction of the European construction which is in conformity with the common wish of Member States and of their citizens.

The European Council, having heard a first report by the President of the Commission on this subject, invited the Commission and the Council to undertake urgent work on the procedural and practical steps to implement the principle and to report to the European Council in Edinburgh.

The Commission undertook, for its part, to justify, in the recitals of future proposals, the relevance of its initiative with regard to the principle of subsidiarity. The Council will have to do the same if it decides to amend the original Commission proposal.

There will likewise be a re-examination of certain Community rules in order to adapt them to the principle of subsidiarity. A report will be prepared for the European Council in December 1993 on the results of that re-examination.

Internal market

1.7. The European Council reaffirms its firm commitment to the adoption of the necessary measures to complete the internal market by 31 December 1992 in accordance with Article 8a of the Treaty.

Free movement of goods, services and capital

1.8. The European Council notes with satisfaction the substantial progress which has been accomplished towards the completion of the internal market in these areas over the last six months. Over 90% of the measures needed to implement the single market without internal frontiers have now been adopted. It welcomes in particular the agreements reached on insurance and public purchasing, which virtually complete the White Paper programme in these sectors, as well as on the final phase of air transport liberalization and on maritime cabotage, and the very substantial progress on plant and animal health, and on medicine and drugs.

The European Council invites the Council (economic and financial affairs) meeting on 29 June to finalize its work on VAT rates and special regimes, on structures and rates for excise duties and on investment services. It also calls on the Council to complete rapidly the necessary legislation on company law (including the European Company Statute) and to complete its work on the protection of cultural goods on the basis of the considerable progress made recently. Priority should also be given in the following months to completing the single market in the fields of liberalization of road transport, intellectual property including the Community trade mark office and outstanding issues on energy.

The European Council reaffirms the importance of the trans-European networks for the effective functioning of the internal market and urges the

Council to pursue the work already carried out in this field.

The European Council also welcomes the progress made by Member States on removing existing national controls on goods, and in stepping up the pace and effectiveness of the transposition and implementation of Community legislation in the internal market. This process must continue.

Beyond this immediate horizon, the European Council recognizes that increased attention needs to be paid to ensuring that the single market will work fairly and effectively in the post-1992 era. It invites the relevant institutions to take the necessary steps, before 1 January 1993, to ensure this objective, building on the work already undertaken by the Commission and the Council in this area.

Free movement of persons

● **References:**

Convention setting out procedures and criteria for determining the Member State responsible for examining an application for asylum: Bull. EC 6-1990, point 2.2.2
Six-monthly meeting of Ministers responsible for immigration: point 1.5.13 of this Bulletin

1.9. The Council took note of the report drawn up by the Coordinators' Group on Free Movement of Persons and approved the recommendations contained in it. It wishes in particular to emphasize the following aspects thereof:

The European Council takes due note that the Presidency has devoted considerable effort with a view to settling the last problem impeding the signature of the Convention of the Member States of the European Community concerning the crossing of the external frontiers and has proposed a compromise solution.

In this connection, the European Council expresses its concern at the absence of a solution to this matter and urges that efforts should be pursued with a view to settling the last problem impeding the signature of the Convention.

The European Council calls for all ratifications of the Dublin Convention to be effected by the end of 1992. It welcomes the substantial progress achieved in preparing for its implementation as well as in other aspects of harmonization of asylum policy.

The European Council requests that the work on drafting an instrument setting up a European Information System be conducted in such a way as to allow the instrument to be signed during the second half of 1992, if possible.

It invites the competent authorities to adopt the other essential measures identified in the Palma

document and to implement the work programme on asylum and immigration which it approved at its Maastricht meeting.

Social affairs

I.10. The European Council welcomes the progress made recently in social matters and urges the Council to pursue the efforts in the social field as the necessary complement to the realization of the internal market.

Fight against drugs

- **References:**
Conclusions of the Rome II European Council: Bull. EC 12-1990, point I.17
Amended proposal for a Regulation on the establishment of a European Drugs Monitoring Centre and a European Information Network on Drugs and Drug Addiction: COM(92) 237; Bull. EC 5-1992, point 1.1.196

I.11. The European Council took note of the report drafted by the European Committee to Combat Drugs (ECCD).

It welcomed the political agreement which emerged on the Regulation establishing a European Drugs and Drug Addiction Monitoring Centre. That body will help give the Community and the Member States an overall view of this serious social phenomenon and will thus assist them in defining their action.

The European Council confirms its full support for the organization in the Member States, from 16 to 22 November 1992, of a European Week to promote the prevention of drug use. It calls for particular emphasis to be placed on the prime importance of education and prevention as regards young people.

It calls upon the ECCD to report to it, at its Edinburgh meeting, on the implementation of the European programme for the fight against drugs adopted by the Rome European Council on 14 December 1990. That report may be accompanied by proposals for further measures.

Europol

- **Reference:** Six-monthly meeting of Ministers responsible for immigration: point 1.5.13 of this Bulletin

I.12. The European Council took cognizance of the report prepared by the Trevi Ministers and signified its agreement on its conclusions.

It calls for the preparation of the Convention necessary for the establishment of Europol.

It endorses the setting-up of a project team to facilitate the early establishment of a European Drugs Intelligence Unit, which has been conceived as the first phase of Europol's development.

External relations

I.13. The European Council noted with satisfaction the initiatives developed in the last months in the field of the Community external relations, in line with the ever-increasing expectations of third countries with regard to the role to be played by the Community on the international scene.

The European Council confirmed the will of the Community to continue acting in this area in a spirit of solidarity and cooperation, fully assuming its international responsibilities.

Rio Conference on Environment and Development

- **Reference:** United Nations Conference on Environment and Development: point 1.3.127 of this Bulletin

I.14. The European Council welcomes the results of the United Nations Conference on Environment and Development (UnCED) held at Rio de Janeiro from 3 to 14 June 1992 and in particular the acceptance by the international community at the highest level of the aim of sustainable development worldwide. It also noted with satisfaction the role played by the Community and by its Member States in the Conference.

The European Council invites all the participating States to proceed rapidly to the implementation of the measures agreed at Rio.

The Community and its Member States, for their part, are prepared to commit themselves to the following eight-point plan:

- (i) to ratify the climate change convention and publish national plans for implementing it;
- (ii) to publish national plans for action on biodiversity, and to establish the basis for ratification of the convention;
- (iii) to publish national plans for the implementation of the forest principles;
- (iv) to publish national plans for the implementation of the Rio Declaration and Agenda 21;
- (v) to give financial support to developing countries for the implementation of Agenda 21 through Official Development Assistance (ODA) and for the replenishment of the Global Environment Facility (GEF);

(vi) to take the lead at the 1992 UN General Assembly in the establishment of the Sustainable Development Commission;

(vii) to put their weight behind establishing an international review process for the forest and desertification principles;

(viii) to take the lead in the restructuring of the GEF so that it can in time be established as the permanent financial mechanism for the climate change and biodiversity conventions.

The European Council invites the other States to make a similar commitment.

Uruguay Round

I.15. The European Council reaffirms its commitment to a swift conclusion of the Uruguay Round. An open multilateral trading system reinforced by rules and discipline accepted by all concerned is essential for world economic growth. Further liberalization of world trade will benefit both industrialized and developing countries.

The European Council underlines that these negotiations form a whole and that in order to be successful they must lead to a substantial and balanced result in all areas of the negotiations (agriculture, market access, rules and discipline and new subjects).

Particular responsibility lies with the major trading partners to ease the final multilateral process of the Uruguay Round by opening the way to a solution of the problems that remain. The Community has shown, and is prepared to continue to show, such flexibility based on reciprocity.

In the context of the Uruguay Round the Community has submitted substantial contributions and offers in key areas of the negotiations. In taking the initiative of reforming its common agricultural policy, the Community is basing its agricultural future on a better match between supply and demand, thus contributing to the stabilization of world markets while ensuring that the incomes of Community farmers are legitimately maintained.

The European Council calls on all parties to the negotiations to show similar flexibility so that realistic and balanced solutions can be achieved in agriculture and that in the area of access to markets and services, undertakings can be secured leading to genuine liberalization that is both tangible and mutually satisfactory.

The European Council invites the Community negotiators to pursue the dialogue with their partners and in particular with the United States to

resolve the remaining differences so that overall agreement can be concluded as soon as possible.

Common foreign and security policy

I.16. The European Council approved a report by Ministers for Foreign Affairs on the likely development of the common foreign and security policy (CFSP) with a view to identifying areas open to joint action *vis-à-vis* particular countries or groups of countries (Annex I).

Countries of Central and Eastern Europe

• References:

Interim Agreements relating to the Europe Agreements with Czechoslovakia, Hungary and Poland: Bull. EC 1/2-1992, points 1.4.9 and 1.4.10

Directives for the negotiation of Europe Agreements with Bulgaria and Romania: Bull. EC 5-1992, point 1.2.12

Cooperation agreements with Albania, Estonia, Latvia and Lithuania: Bull. EC 5-1992, point 1.2.11

Proposals for Council Decisions providing further medium-term financial assistance for Bulgaria and Romania: points 1.4.7 and 1.4.8 of this Bulletin

I.17. The European Council expresses its full support for the processes aimed at consolidating democratic institutions in the countries of Central and Eastern Europe, thereby guaranteeing the rule of law and respect for human rights. This includes the principles governing the rights of minorities, and the inviolability of borders, which can be altered only by peaceful means and through agreement, in accordance with the commitments accepted by the signatories to the UN Charter, the Helsinki Final Act and the Charter of Paris for a New Europe.

The European Council also supports the economic reforms undertaken by the governments of the countries of Central and Eastern Europe aimed at creating a climate conducive to modernization and the development of a market economy.

In the light of the results of the 5 and 6 June elections in Czechoslovakia and the Joint Public Declaration of Mr Klaus and Mr Meciar after their talks of 19 and 20 June, the European Council expresses the hope that the ongoing talks between the different political forces will continue in a peaceful and constructive manner and that the important steps in regional and international cooperation already achieved may be further developed without any major difficulty.

The European Council welcomes the progress made in the establishment and deepening of relations with the countries of Central and Eastern Europe and in particular the entry into force of the Intermediate Agreements to the European

