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Documents in the dossier include:

*Brussels European Council*

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# I — Brussels European Council

## Brussels, 10 and 11 December

*1.1.* The meeting of Heads of State or Government held in Brussels on 10 and 11 December was chaired by Mr Dehaene, President of the Council and Prime Minister of Belgium, and attended by Mr Delors, President of the Commission. It was preceded by an exchange of views with Mr Klepsch, President of the European Parliament, on the main items on the agenda.

## Conclusions of the Presidency

### Introduction

*1.2.* Meeting for the first time following the entry into force of the Treaty on European Union, the Heads of State or Government expressed their resolve to use to the full, immediately, the new possibilities offered by the Treaty to confront current problems and impart a further impetus to the Union.

The European Council focused above all on examination of the economic situation and measures to combat unemployment. In the light of the White Paper presented by Mr Delors, it adopted a short and medium-term action plan whose implementation it will itself monitor.

Subsequently, as regards justice and home affairs the European Council adopted a first action plan which, given the major importance of cooperation in this sphere to ensure the security of citizens, will need to be reinforced in future.

As regards foreign and security policy, the European Council undertook in particular an initial preventive-diplomacy step in deciding that the European Union will convene an inaugural conference on a

stability pact with respect to the countries of Central and Eastern Europe in spring 1994.

Lastly, the European Council took a number of decisions linked with the implementation of the Union Treaty and the conclusions of its October meeting.

The European Council's discussions were preceded by an exchange of views with Mr Klepsch, President of the European Parliament, on the main topics on the agenda.

## Growth, competitiveness and employment

### References:

Commission White Paper on growth, competitiveness and employment — The challenges and ways forward into the 21st century: COM(93) 700; point 1.2.44 of this Bulletin; Supplement 6/93 — Bull. EC

Council Recommendation 94/7/EC concerning the broad guidelines of the economic policies of the Member States and of the Community: OJ L 7, 11.1.1994; point 1.2.45 of this Bulletin

Final Act concluding the Uruguay Round negotiations: point 1.3.99 of this Bulletin

Proposal for a Council Decision on the provision of Community interest subsidies on loans for SMEs extended by the EIB under its temporary lending facility: point 1.2.48 of this Bulletin

Commission communication 'Making the most of the internal market: strategic programme': point 1.2.1 of this Bulletin

Commission communication on the development of guidelines for the trans-European transport network: point 1.2.116 of this Bulletin

Proposal for a Decision of the European Parliament and the Council concerning the fourth framework programme of activities in the field of research, technological development and demonstration (1994-98): point 1.2.103 of this Bulletin

## *The fight against unemployment — The action plan*

*1.3.* Today's level of unemployment, with all its direct and indirect effects, is endangering our society's cohesion.

There is no miracle cure for unemployment. Nor can we simply resign ourselves to it. We must act and our response will be all the more effective for being a joint one. Energy must be mobilized as it was when the Single Act was adopted if a new period of prosperity is to be ensured for the Community.

The subject of growth, competitiveness and the fight against unemployment has been on the agenda of every recent European Council meeting. In Edinburgh it resulted in the adoption of a European growth initiative, which was strengthened in Copenhagen and in Brussels.

The seriousness of the crisis and the difficulties faced by all Member States in improving the employment situation dictate that the effort undertaken hitherto be amplified and directed to a greater extent towards structural aspects.

President Delors was the first to emphasize forcefully, in Copenhagen, the urgent need for overall consideration of the causes of the present crisis and of possible solutions. The result of this exercise is now the subject of the White Paper on the medium-term strategy for growth, competitiveness and employment, prepared by the Commission. The European Council considers that the White Paper, whose quality it stressed and which served as a basis for its discussions, contains a lucid analysis of the present economic and social situation of the Union and constitutes a reference point for future work.

The European Council decided on this basis to implement an action plan based on specific measures at the levels of the Union and of the Member States directed at, in the short term, reversing the trend and then, by the end of the century, significantly reducing the number of unemployed, at present standing at the unacceptable level of 17 million.

The action plan consists of:

- a general framework for the policies to be pursued at Member State level to promote employment;
- specific accompanying measures to be conducted at Community level;
- a monitoring procedure.

The primary purpose of the action plan is to reinforce the competitiveness of the European economy. The economy must respond to new requirements. It must also adapt to a world undergoing unprecedented change in production systems, organization of work and modes of consumption. The action plan rests on four prerequisites:

(i) *A healthy economy.* Only stable and coherent economic and monetary policies with the objective

of a low rate of inflation and controlled public expenditure trends can lead to the progressive lowering of interest rates which is necessary to provide effective support for recovery and investment. Furthermore, exchange-rate stability is essential if the potential of the single market is to be fully exploited. In this context, the European Council approved, in accordance with Article 103 of the Treaty, the outline of the draft for the broad economic policy guidelines drawn up by the Ecofin Council. It called upon the Ecofin Council to finalize the text at its meeting on 13 December 1993 in the light of the discussions it held on this subject and the relevant conclusions on the White Paper.

(ii) *An open economy.* Only an open system of world trade based on the principle and practice of multilateralism can provide effective support for recovery. This implies the creation of a world trade organization capable of watching over rules drawn up jointly, making it possible, *inter alia*, to prevent certain unfair competition practices.

The conclusion of the GATT negotiations under the conditions laid down by the European Council in Copenhagen and in Brussels will constitute a decisive step forward in this respect.<sup>1</sup> This general spirit of openness will be particularly noticeable in relation to the Community's neighbouring countries to the east and south. At the same time advantage should be taken of expanding markets in other parts of the world.

(iii) *An economy geared to solidarity.* The necessary adjustments must not call into question the model of our society, which is founded on economic and social progress, a high level of social protection and continuous improvement in the quality of life. Solidarity must first be shown between those with jobs and those without; one expression of such solidarity is to allocate part of productivity gains on a priority basis to investment and job creation, in particular through a policy of wage moderation. In addition, solidarity must contribute, by means of a comprehensive policy covering both prevention and reintegration, to the fight against social exclusion. Solidarity must also be shown between regions in the context of economic and social cohesion.

(iv) *A more decentralized economy.* Given the growing importance of the local level, the economy needs to be geared to the possibilities offered by the new technologies and to mobilize to a greater extent than hitherto the job-creation potential available within small and medium-sized enterprises.

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<sup>1</sup> See also Annex IV.

### *Action to be undertaken at national level — General framework*

Because of the institutional, legislative and contractual peculiarities of each Member State, the Community's action must focus on defining objectives, while leaving Member States free to choose the means appropriate to their situation within a general framework defined in common. With this in mind, the European Council considers that, in order to strengthen the capacity of the European economy to create jobs, Member States should draw on suggestions from the Commission White Paper. Member States should pay particular attention to the following measures:

- improving education and training systems. Continuing training is, in particular, to be facilitated so as to ensure ongoing adjustment of skills to the needs of competitiveness and to combating unemployment;
- improving flexibility within enterprises and on the labour market by removing excessive rigidities resulting from regulation as well as through greater mobility;
- examination, at enterprise level, of economically sound formulas for the reorganization of work; such measures must not be directed towards a general redistribution of work, but towards internal adjustments compatible with improved productivity;
- targeted reductions in the indirect cost of labour (statutory contributions), and particularly of less-skilled work, in order to achieve a better balance between the costs of the various factors of production; fiscal measures possibly relating, *inter alia*, to the environment could be one of the means of offsetting a drop in social contributions, within a general context of stabilizing all statutory contributions and reducing the tax burden;
- better use of public funds set aside for combating unemployment by means of a more active policy of information, motivation and guidance of job-seekers through specialized agencies, whether public or private;
- specific measures concerning young people who leave the education system without adequate training;
- developing employment in connection with meeting new requirements linked to the quality of life and protection of the environment.

The common framework thus defined will serve as a reference for Member States' policies. These policies will be periodically reviewed within the

Council in order to analyse the results and learn from experience how future action should be conducted.

### *Specific action at Community level*

#### **Full use of the single market**

The existence of a large export-oriented internal market is a major asset of the European economy, and this must be fully exploited. In order to do so, an effort must be made on four fronts:

- full incorporation of Community legislation into national law must be achieved as soon as possible;
- legislation must be simplified and reduced in accordance with the principle of subsidiarity, and consistency between national and Community legislation must be ensured;
- the trend towards a decentralized economy, which has been made possible by new information technologies, must be encouraged, particularly by creating a fiscal, administrative and financial environment favourable to small and medium-sized enterprises, which constitute one of the most dynamic factors in the Community economy. The European Council asks the Commission to examine ways of achieving this objective, for example by providing for an audit of Community and national regulations in terms of their consequences for employment. Furthermore, the European Council asks the Ecofin Council to adopt before the end of the year the system of interest-rate subsidies for SMEs decided upon at the Copenhagen and Brussels European Councils;
- the rules on competition and control of State aid must be applied rigorously;
- the capital market must be made more efficient in order to encourage a flow of savings into productive job-creating investments.

The European Council invites the Council and the Commission to continue their work in the light of these guidelines and of the Commission document on a strategic programme for the internal market. An examination of the Commission's annual report on the operation of the internal market will be part of the follow-up to the action plan for employment.

#### **Trans-European networks in transport and energy**

Speedy completion of the trans-European networks (as described in development theme II of the White

Paper) will enable several objectives essential to Community development to be pursued: effective operation of the single market, reinforcement of economic competitiveness, regional planning, stepping up relations with the countries of Eastern Europe and the Mediterranean, and the welfare of citizens, who will benefit from faster and safer means of communication.

For this reason the European Council invites the Council to make full and rapid use of the possibilities offered by the Treaty (Article 129b), which defines the Community's tasks and the instruments available to it in this area.

The first stage is to define guidelines; these already exist for high-speed trains, combined transport, roads and inland waterways. The European Council asks the European Parliament and the Council to speed up procedures so that the guidelines still outstanding (conventional rail infrastructures, airport infrastructures, port infrastructures, electricity, gas) can be adopted before 1 July 1994 with a view to identifying projects of common interest. The performance of transport networks will be optimized by improving the cabotage system.

The networks will, moreover, contribute to environmental protection by virtue, for example, of the use of combined transport, which will make it possible to eliminate road traffic congestion to the benefit of the railways, which cause less pollution.

It is also necessary to carry out work to ensure the safety of nuclear power stations in the countries of Eastern Europe.

At the same time, the European Council invites the Member States to prepare as quickly as possible the investment programmes to be integrated with the networks. These programmes should grant facilities to structures which call on private capital and should highlight those priority projects which can be implemented speedily.

Generally speaking, selection and decision-making procedures should be carried out swiftly and efficiently so as to permit prompt and effective implementation in the field.

In order to implement the infrastructure programmes efficiently, consistently and as soon as possible, the Commission, assisted by a group of personal representatives of the Heads of State or Government, will be responsible for leadership and coordination. The Ecofin Council will assist the Commission in this task, as regards the aspects which concern it.

### **Infrastructures in the sphere of information**

The new information and communication technologies (as described in development theme I of the White Paper) have brought about fundamental changes in the structures and methods of production. Europe must adapt itself quickly to these developments and must control their consequences. Those economies which are the first to complete this transformation will have a significant competitive edge.

As a result, the European Council requests that a report be prepared for its next meeting by a group of prominent persons fully representative of all relevant industries in the Union and of users and consumers, designated by the Council and the Commission, on the specific measures to be taken into consideration by the Community and the Member States in this sphere. The report should cover the following aspects:

- development and interoperability of networks for facilitating the dissemination of information;
- trans-European basic services (databanks, electronic mail, interactive video, etc.);
- new applications.

On the basis of this report, the Council will adopt an operational programme defining the precise procedures for action and the necessary means.

### **Funding of the energy, transport and environment networks and infrastructures in the sphere of information**

*1.4.* With respect to funding, the Community's principal task is to ensure, by reducing the financial risks, that private investors are involved to a greater extent in projects of European interest, i.e. viable and profitable projects. The decisive role played by private investors will be supported by the Community in accordance with the procedures set out below. Over the next six years and within the financial perspective defined in Edinburgh:

- the Community budget will supply some ECU 5 billion per annum from the 'networks' budget heading, from the Structural Funds, the Cohesion Fund and research and development appropriations;
- the European Investment Bank, as part of its normal activities, and the European Investment Fund will contribute ECU 7 billion per annum in the form of loans and guarantees;

additional funding will be provided, as far as is necessary, to ensure that priority projects do not run into financial obstacles which would jeopardize their implementation. With this in mind, the European Council called upon the Ecofin Council to study, together with the Commission and the EIB, procedures which would enable the Community to mobilize up to an additional ECU 8 billion per annum in loans for operators involved in setting up networks. The possibility thus provided should not run counter to the efforts undertaken by the Member States to reduce public debt, nor to the stability of financial markets.

### Research framework programme for 1994-98

*I.5.* The implementation of an ambitious, well-targeted research programme constitutes a significant contribution to efforts towards recovery, particularly in areas such as information technology, the importance of which has been stressed elsewhere. The European Council considers that the total budget for the research framework programme should be not less than ECU 12 billion, to which might be added a reserve of ECU 1 billion, to be released at a later date.

### Social dialogue

*I.6.* The success of the action plan presupposes the commitment of all those involved to preserving social cohesion; this will be easier to achieve if a dialogue is established at all appropriate levels on the objectives to be pursued and the means to be employed. In this connection the European Council invites the Commission to continue its efforts to lead the social dialogue and to make full use, subject to the provisions of the Protocol annexed to the Treaty, of the new possibilities available under the Treaty on European Union, and calls upon both sides of industry to respond constructively.

### Follow-up procedure

*I.7.* Each year, beginning in December 1994, the European Council will take stock of the results of the action plan and will at the same time take any measure it deems necessary to achieve the objectives it has set itself.

The European Council's discussions will be based on:

a summary report from the Commission, accompanied by any new suggestions; in this context the European Council in particular requests the Commission to study the question of new sources of jobs;

a report from the Council on the lessons to be drawn from national employment policies in accordance with the procedure provided for in B above, possibly accompanied by proposals for new guidelines;

the annual report from the Ecofin Council on the implementation of the broad economic-policy guidelines;

the Commission's annual report on the operation of the internal market;

a statement established by the Commission on the progress of the trans-European infrastructure networks in the spheres of transport and energy and on the implementation of the operational programme in the area of information infrastructures.

### Cooperation in the field of justice and home affairs

**Reference:** Council report to the European Council — Action plan in the field of justice and home affairs: Bull. EC 11-1993, point 1.5.1

*I.8.* The European Council is determined to use to the full the new possibilities available under the Union Treaty in this sphere, which is a particularly sensitive one for the day-to-day life of citizens, involving as it does both the free movement of persons and the security of citizens.

It took note of the initial work done on the matter and recorded its agreement on the plan of action drawn up by the Council, while bearing in mind one Member State's reservation on the implementation of common action regarding asylum.

That agreement covers the following areas:

the immediate start-up of the Europol Drugs Unit and the completion of the Europol Convention before October 1994. Particular attention is to be paid to the provisions on the protection of data;

the application of a comprehensive anti-drugs strategy, including effective measures against the laundering of illicit profits and cooperation with non-member countries engaged in combating producers of illegal drugs and international trade in them. In this connection the Council will consider

the possibility of renewing the existing tariff preferences for the Andean countries;

□ the establishment of a common list of non-member countries whose nationals require visas;

□ the stepping-up of judicial cooperation, particularly on extradition and action against international organized crime;

□ the exploitation of the possibilities offered by better coordination between policies in the field of justice and home affairs and the common foreign and security policy, particularly as regards re-admission of illegal immigrants by non-member countries.

With regard to asylum policy, the European Council considers it necessary for there to be close cooperation based on mutual confidence between Member States. It requests the Council to consider the conclusions to be drawn in each Member State as regards nationals of other Member States. It notes that the implementation of common action in the field of asylum — conducive to further alignment of Member States' policies, particularly as regards the procedure for examining applications for asylum — is closely bound up with this issue.

The European Council stresses that the action plan is only a first step. It trusts, now that the Treaty on European Union is in force, that the Council will rapidly take practical steps, particularly in the fight against drug-trafficking and organized crime, so as to respond to the wishes of society and of our citizens. It calls on the Justice and Home Affairs Council to draw up a report on such steps each year, starting in late 1994.

## Foreign and security policy

### *Stability pact*

**Reference:** Council Decision 93/728/CFSP concerning the joint action on the inaugural Conference on the Stability Pact: OJ L 339, 31.12.1993; point 1.4.9 of this Bulletin

1.9. In the CFSP framework, the draft pact on stability in Europe is intended to promote preventive diplomacy and therefore is not concerned with countries in conflict. Initially, it will be directed at those countries of Central and Eastern Europe which have the prospect of becoming members of the European Union and with which the Union has concluded or negotiated agreements. The aim of the initiative is to contribute to stability by averting tension and potential conflicts in Europe, fostering

neighbourly relations and encouraging countries to consolidate their borders and to resolve problems of national minorities.

The European Council took note of the Council's report spelling out the objectives of and procedures for the planned initiative (see Annex I). It decided to launch the diplomatic process which should result in the conclusion of a pact for stability in Europe. It called upon the Council to implement this initiative as a joint action in accordance with the Treaty on European Union.

The European Union will convene an inaugural conference in Paris in April 1994, to which will be invited to attend, as participants, the countries mainly concerned by the initiative, the countries immediately bordering on the countries principally concerned, the States able to make a particular contribution to the initiative, countries with an interest in stability in Europe by virtue of their defence commitments and countries having association agreements with the Union (Albania, Austria, Belarus, Bulgaria, Canada, Cyprus, the Czech Republic, Estonia, Finland, the Holy See, Hungary, Iceland, Latvia, Lithuania, Malta, Moldova, Norway, Poland, Romania, Russia, Slovakia, Slovenia, Sweden, Switzerland, Turkey, Ukraine, and the USA) and representatives of international organizations concerned by the initiative (CSCE, Council of Europe, WEU, NATO and the United Nations). Those countries and organizations would be prepared to support the idea of and arrangements for the conference as decided on by the Union following its formal consultations. Other CSCE participating States agreeing to that idea and those arrangements would also be invited as observers. The conference will be preceded by consultations with all the countries concerned by way of preparation.

### *Former Yugoslavia*

1.10. The European Council adopted the declaration set out in Annex II.

### *Middle-East peace process — Framework for joint action*

1.11. The European Union will continue to support the Middle-East peace process with a view to achieving a just, lasting and comprehensive peace in the region. The PLO-Israeli mutual recognition and Declaration of Principles constitute a first important step.

To this end, the Union confirms its intention, announced at the extraordinary European Council of 29 October, to support the peace process by mobilizing political, economic and financial means of the Union through joint action and examination of relevant Commission proposals in this context. The European Council identified the following areas as suitable for initiatives to be implemented according to appropriate procedures:

- participating in international arrangements in support of a peace settlement in the framework of the process initiated in Madrid;
- strengthening the democratic process, including through assistance, if requested, with the preparation and monitoring of the elections to be held in the autonomous Palestinian Territories;
- consolidating peace through building regional cooperation. The Union's efforts will be channelled in particular through the multilateral working groups on regional economic development and arms control and regional security with a view to contributing to economic development and regional security in the Middle East;
- supporting the Palestinian Interim Self-Government Authority to be established under the Israeli-PLO Agreement through the rapid, efficient and transparent implementation of European Union aid programmes for the development of the Occupied Territories, in close consultation with the Palestinians. As the largest donor of aid to the Occupied Territories, the European Union will play an important role in the *Ad Hoc* Liaison Committee in order to coordinate its aid programmes as closely as possible with the programmes of other donors active in the region;
- providing aid in the framework of existing guidelines to the other parties to the bilateral negotiations as they progress substantially towards peace;
- assuring follow-up to action under way on confidence-building measures submitted to the regional parties;
- using the European Union's influence to encourage full support on all sides for the peace process.

The European Council supports the proposal for the holding of an international businessmen's conference regarding infrastructure projects for the Middle East region.

### *Relations with Israel*

Reference: Draft Association Agreement with Israel: point 1.3.31 of this Bulletin

I.12. The conclusion of a new agreement with Israel is one of the key elements of the development of cooperation between the European Union and the Middle East region.

The European Council noted with satisfaction the progress already made on the Commission's Recommendation of 28 September 1993 for the negotiation of that agreement. It approves the main components of the negotiating directives and wishes the negotiations to begin early in 1994 and to be completed as soon as possible.

## **Implementation of the Union Treaty**

### *Economic and monetary union*

I.13. The Heads of State or Government decided to appoint Baron Alexandre Lamfalussy President of the European Monetary Institute for a three-year period starting on 1 January 1994.

The European Monetary Institute will have an important role to play in strengthening arrangements for the coordination of Member States' monetary policies and in overseeing the European Monetary System.

Overall, the European Council notes with satisfaction that all the conditions are fulfilled to allow the second stage of EMU to start effectively on the agreed date, i.e. 1 January 1994.

### *Subsidiarity*

#### **References:**

Interinstitutional declaration on democracy, transparency and subsidiarity: Bull. EC 10-1993, points 1.6.1 to 1.6.5 and points 2.2.1 to 2.2.3

Commission report to the European Council on the adaptation of existing Community legislation to the subsidiarity principle: COM(93) 595; Bull. EC 11-1993, point 1.7.2

Commission communication on subsidiarity — Action to be taken on the 'Edinburgh list': Bull. EC 11-1993, points 1.7.1 and 2.2.1

I.14. The European Council took note of the Commission's report on the adaptation of existing legislation to the principle of subsidiarity and recalled that the Interinstitutional Agreement concluded on 25 October between the Council, the European Parliament and the Commission bore witness to the commitment of the three institutions in this area.



The European Council noted with satisfaction that the Commission, in response to the commitments entered into at the Lisbon and Edinburgh European Councils, was withdrawing a number of proposals and suggesting the repeal of certain existing legislative acts and the simplification or recasting of others.

The European Council asked the Commission to submit formal proposals in this connection at an early date for adoption as speedily as possible. It underlined the importance of this streamlining and simplification exercise for economic operators, in particular small and medium-sized enterprises. It wanted the Commission to submit formal proposals at an early date for adoption as speedily as possible.

The European Council also asked the Commission to respond to suggestions of the Member States which have not yet been taken into account and to report back regularly on the application of the principle of subsidiarity. The next Commission report on the subject will be submitted in December 1994.

### *Place of the applicant countries in the institutions of the Union*

I.15. The European Council adopted the position of the Union on the place of the applicant countries in the institutions (see Annex III); it invites the General Affairs Council to supplement that decision by determining the threshold for the qualified majority of votes within the Council in the context of finalizing the enlargement negotiations.

## *Annex I*

### **Stability pact — summary report**

#### *Introduction*

I.16. At their meeting in Copenhagen on 21 and 22 June 1993 the Heads of State or Government considered that an initiative on a pact on stability in Europe was timely and decided to examine it in December on the basis of a report to be submitted by the Ministers.

On 4 October the Council adopted an initial document for this purpose, and decided to hold informal consultations on it with the countries concerned.

The European Council meeting on 29 October 1993 proposed that the stability pact to resolve the prob-

lem of minorities and to strengthen the inviolability of frontiers would be a staple component of joint action to promote stability, reinforcement of the democratic process and the development of regional cooperation in Central and Eastern Europe.

This summary report incorporates the outcome of the consultations carried out and submits to the European Council proposals for giving concrete form to these guidelines. It is accompanied by an Annex detailing the practical procedures which could be adopted for the purpose.

#### *The project*

The objective is to contribute to stability by preventing tension and potential conflicts in Europe; it is not concerned with countries in open conflict; it is intended to promote good neighbourly relations and to encourage countries to consolidate their borders and to resolve the problems of national minorities that arise; to this end it is an exercise in preventive diplomacy in which the European Union will have an active role to play as catalyst; it also seeks to facilitate *rapprochement* between the Union and countries which have or are negotiating agreements with it.

The project would have a geographically open and evolutionary character, with the possibility of focusing initially on those countries of Central and Eastern Europe which have the prospect of becoming members of the European Union and *vis-à-vis* which the Union has greater opportunities to exert its influence more effectively, particularly the six CCEE and the three Baltic countries. The objective of the project would be to facilitate *rapprochement* between those States and the Union and their cooperation with it by helping them to fulfil the conditions listed by the European Council in Copenhagen. That action could be extended to other regions or countries.

#### *Organization of the project*

In order to launch the plan the Union would convene an inaugural conference in about April 1994 in Paris. The Union would invite to attend the inaugural conference the countries mainly concerned by the initiative, the countries immediately bordering on the countries principally concerned, the States able to make a particular contribution to the initiative, countries with an interest in stability in Europe by virtue of their defence commitments and countries having association agreements with the Union (Albania, Austria, Belarus, Bulgaria,

