

THE EUROPEAN COUNCIL

**CORFU
24-25 JUNE 1994**

Documents in the dossier include:

Corfu European Council

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I — Corfu European Council.

Corfu, 24 and 25 June

1.1. The meeting of Heads of State or Government held in Corfu on 24 and 25 June was chaired by Mr Papandreou, President of the European Council and Prime Minister of Greece, and attended by Mr Delors, President of the Commission, and Mr Van den Broek, Member of the Commission, and, for the discussions on the economic policy guidelines, by Mr Christophersen, Vice-President of the Commission. The meeting was preceded by an exchange of views with Mr Klepsch, President of the European Parliament, on the main items on the agenda and on the need for constructive cooperation between the institutions.

1.2. The White Paper on growth, competitiveness and employment and the plan of action adopted by the Brussels European Council (→ point 1.2.1) provided the main focus for discussion at Corfu. Particular emphasis was placed on six points which should provide a new impetus to the follow-up debate on the White Paper: encouraging reforms in the Member States to make the employment systems more efficient; introducing specific measures to exploit fully the employment potential of small businesses; reinforcing the coordination of research policy; implementing the high-priority trans-European transport and energy projects without delay; making full use of the possibilities and opportunities offered by the information society; and encouraging the new model of sustainable development, including the environmental dimension. A list of 11 high-priority trans-European transport projects was adopted together with a list of eight priority energy projects. The information society was given a further boost, notably by the decision to set up a permanent coordination instrument with a person responsible at ministerial level appointed in each Member State. The European Council also endorsed the economic policy guidelines presented by the Council.

In the field of external relations, the European Council confirmed its commitment to the devel-

opment of existing links with the Mediterranean countries and to the peace process in the Middle East and stressed the importance of the Europe Agreements with the countries of Central and Eastern Europe. It welcomed the signing of the Partnership and Cooperation Agreement with Ukraine but expressed concern at the problems of nuclear safety there. It also welcomed the significant progress achieved in respect of the applications by Cyprus and Malta for accession to the Union.

Moving on to the common foreign and security policy, the European Council made statements on the former Yugoslavia, Rwanda, the pact on stability in Europe and the non-proliferation of nuclear weapons.

As regards cooperation in the fields of justice and home affairs, the European Council welcomed the joint Franco-German initiative against racism and xenophobia and the Commission's initiatives on immigration, asylum and drugs.

On the institutional front, the European Council decided to set up a Reflection Group to prepare for the 1996 intergovernmental conference. The Group will include two representatives of the European Parliament.

The Corfu European Council was also the occasion for the signing of the Acts of Accession of Austria, Sweden, Finland and Norway. The signing of these Acts and the participation of the Heads of State or Government of the four countries in the proceedings of the European Council constituted an important landmark in the history of European integration, reflecting the dynamism and attraction of the European Union and confirming the importance of its role on the international scene. Corfu was also the occasion for the signing of the Partnership and Cooperation Agreement with Russia. The signing of this Agreement intensifying cooperation between the European Union and Russia marks an important event in the efforts to promote peace, stability and prosperity on the continent of Europe.

Conclusions of the Presidency

Introduction

1.3. The signing at Corfu of the Treaty on Accession and the participation of the Heads of State or Government from Austria, Sweden, Finland and Norway in the work of the European Council constitute an important new landmark in the history of European integration.

The acceding countries will be joining a European Union faced with rapid development after the entry into force of the Treaty on European Union and with multiple demands addressed to it to play an ever-increasing role in promoting security and prosperity on our continent and beyond. The preparatory process is soon to be launched for a new intergovernmental conference with a view to making the European Union better able to confront the challenges of the 21st century, including those arising from enlargement of the Union to the east and to the south.

The Austrian people have already confirmed their Government's wish to participate in this unique endeavour, where independent and sovereign States decide freely to exercise in common some of their competences, in full respect of each country's history, culture and traditions. The European Council hopes that the decision of the population in the other candidate countries will be the same.

The new Member States will be in a position to make their influence felt in these endeavours, both with regard to day-to-day policy and on the long-term strategic choices to be made. The European Council welcomes in this connection the additional impetus coming from these countries which are in the vanguard of the efforts to promote environmental and social protection, transparency and open government, areas considered essential by a large part of the Union's citizens during the recent election campaign for the European Parliament and echoed by the President of Parliament in his intervention before the European Council.

The European Council, for its part, stresses that openness and subsidiarity are essential concepts which require further elaboration. The Union must be built with the support of its citizens.

The European elections have also underlined that the Union will be judged by its citizens on the contribution it makes in the fight against unemployment and in the promotion of the internal and external security of the Union.

The signing of the Partnership and Cooperation Agreement with Russia on the occasion of the Euro-

pean Council at Corfu marks an important event in the efforts to promote peace, stability and prosperity on this continent. Through this agreement Russia and the European Union, both of which have major responsibilities in these areas, will be able to intensify their cooperation in a large number of fields of mutual benefit to their peoples.

The past six months have seen the implementation of the new institutional provisions of the Treaty on European Union, including the establishment of the Committee of the Regions. From now on this Committee will make certain that the interests of the regions are fully taken into account in the decision-making procedure of the Union.

The European Council heard a statement from the President of the European Parliament on the main subjects dealt with by the European Council and on the necessity of constructive cooperation between the institutions and in particular between the Council and Parliament. Like Mr Klepsch, the European Council welcomed the progress made in this direction in the implementation of the new procedures of the Treaty.

White Paper

References:

Conclusions of the Brussels European Council: Bull. 12-1993, points I.3 to I.7

Commission White Paper on growth, competitiveness and employment: The challenges and ways forward into the 21st century: COM(93) 700; Bull. 12-1993, point 1.2.44; Supplement 6/93 — Bull.

Final Act concluding the Uruguay Round negotiations: COM(94) 143; Bull. 4-1994, point 1.3.61

1.4. In December 1993 the European Council in Brussels adopted a plan of action based on the Commission White Paper on a medium-term strategy for growth, competitiveness and employment. It underlined that a healthy and an open economy as well as an economy geared to solidarity were essential prerequisites for the successful implementation of this plan.

Signs of economic recovery are now being confirmed and non-inflationary economic growth is returning. The European Council considers it essential that the improvement in the economic situation should not lead to a slackening of efforts to promote structural adjustment in Europe but should instead be exploited to speed up essential reforms, particularly in the field of employment, where the situation is still very worrying.

The successful conclusion of the Uruguay Round within the guidelines set out by the European Council

has created an international trade policy environment which can provide effective support for economic recovery and job creation. The European Council calls on the Community institutions and Member States to do everything necessary to complete ratification in time to ensure the entry into force before 1 January 1995. The European Union will play an active role in efforts to ensure that the new World Trade Organization can carry out effectively its task of ensuring observance of the rules drawn up jointly and promote progress in combating unfair trade conditions. Environmental and social issues will also have to be discussed in this context.

The European Council, on the basis of a report from the President of the Commission, had an in-depth discussion on the different elements of the action plan decided at the Brussels European Council.

The European Council puts particular emphasis on the following points which should give a new impetus to the follow-up debate on the White Paper:

- encouragement of reforms in Member States intended to improve the efficiency of the systems of employment;
- specific measures with regard to fully exploiting the employment potential of small and medium-sized enterprises;
- reinforced coordination of research policy;
- rapid implementation of high-priority trans-European projects in the fields of transport and energy;
- fully exploiting the possibilities and opportunities offered by the information society;
- encouragement of the new model of sustainable development, including the environmental dimension.

Improving the employment situation

References:

Progress report on employment: results of Mr Flynn's tour of the capitals: point 1.2.2 of this Bulletin; Supplement 2/94 — Bull.

Council agreement on a common position on the proposal for a Council Decision establishing an action programme for the implementation of a European Community vocational training policy (Leonardo da Vinci): point 1.2.198 of this Bulletin

Council agreement on a common position on the proposal for a Parliament and Council Decision establishing a Community action programme in the field of education (Socrates): point 1.2.197 of this Bulletin

Council agreement on a common position on the proposal for a Parliament and Council Decision on the third phase of the 'Youth for Europe' programme: point 1.2.199 of this Bulletin

1.5. A sound macroeconomic environment is a *sine qua non* for success in the fight against unemployment (→ point I.9).

The resumption of economic growth will not of itself suffice to settle the problem of unemployment, which requires structural reforms both at the level of Member States and of the Union.

The European Council considers that increases in productivity for the rest of this century should be dedicated primarily to investments and jobs. This objective should be implemented in a spirit of solidarity and taking special account of those in society who are in the weakest position. The European Council stresses the need to maximize the potential of human resources.

The European Council reviewed on the basis of a report from the Commission the initiatives under way in the Member States in accordance with the general objectives defined in December 1993. The European Council noted progress in these areas but considered that the efforts undertaken so far, though appreciable, still fall a long way short of what is necessary. It encourages Member States, in order to win the battle for jobs, to take further steps to implement the objectives set out in December. In particular:

- with regard to education and training, the European Council concurs with the Commission's recommendation that a more systematic and comprehensive approach will be needed in many Member States, in particular with regard to continuing training; at the Community level, the European Council welcomes the agreement in principle by the Council on the two new education and training programmes (Leonardo and Socrates) and invites the Council and the European Parliament to finalize the decisions on this programme before the end of the year;
- as regards measures to encourage employment, the European Council notes the Commission recommendation concerning the reduction of non-wage labour costs, mainly on the less-skilled. In this framework, the European Council underlines that further steps should be pursued, consistent with the objective of budgetary consolidation.

Accordingly, the European Council takes note of the discussion on the CO₂/energy tax issues and underlines the need to ensure that environmental costs are better reflected throughout the economy;

□ as regards the promotion of economically sound formulas for the organization of work, the European Council notes the need to remove obstacles to part-time work and in general to promote new forms of organization of work;

□ with regard to developing new employment in connection with meeting new requirements linked to the quality of life and protection of the environment, the European Council notes that a number of initiatives have been taken but many of the new areas of job growth that were identified in the White Paper remain to be exploited. The European Council underlines the importance of the study to be prepared by the Com-

mission before the next European Council on this subject;

□ with regard to young people, the European Council considers that additional emphasis should be given to those young people who are facing the greatest difficulties. It attaches high importance to ensuring as far as possible that young people can move from education into work; in this context it welcomes the Commission's 'Youth start' programme.

To support these efforts the European Council invites the Council (social affairs), the Ecofin Council and the Commission, on the basis of information collected by the Commission, to keep progress in this area under constant review. The Council will report to the European Council in Essen on national experiences which have had positive effects on employment, analysing the reasons for their success, and define appropriate policy recommendations for adapting current policies.

Efforts to promote youth employment and to combat long-term unemployment should be given particular priority in the work of the Council.

Finally, the European Council invites the Commission to renew its efforts towards assuring the necessary social dialogue making full use of the new possibilities available in the Treaty on European Union and in particular of the provisions of the protocol annexed to it.

The internal market, competitiveness and small and medium-sized enterprises

References:

Council agreement on a common position on the proposal for a Council Directive on the establishment of European committees or procedures in Community-scale undertakings and groups of undertakings for the purposes of informing and consulting employees: point 1.2.190 of this Bulletin

Proposal for a Council Regulation establishing a European Agency for Safety and Health at Work: point 1.2.191 of this Bulletin

Council Directive on the protection of young people at work: point 1.2.192 of this Bulletin

Commission communication on the implementation of an integrated programme for SMEs and the craft sector: COM(94) 207; point 1.2.79 of this Bulletin

Parliament and Council Decision 1110/94/EC concerning the fourth framework programme of European Community activities in the fields of research, technological development and demonstration (1994-98): Bull. 4-1994, point 1.2.69

1.6. The smooth operation of the internal market is essential if the economy is to be competitive and dynamic. This means that the delays in transposing

certain important Directives on public contracts, insurance, intellectual property and company law at national level must be remedied. Furthermore, it is essential that the basic principles of the single market should be extended to those areas, such as energy and telecommunications, which are still only partly covered by it while ensuring that the public service and town and country requirements in these sectors are also safeguarded.

The single market is implemented with due regard to environmental problems. The safeguard of important national environmental protection measures shall be secured in this context.

The single market is a fundamental aspect of Community construction but it is not an end in itself, as was already pointed out in the conclusions of the Rhodes European Council in 1988. It should be used to serve the welfare of all, in accordance with the tradition of social progress established in the history of Europe. The policy of the Union, alongside the policies of the Member States, should foster the affirmation of this social dimension. In the view of the Member States concerned, the recent agreement in the Council under the provisions of the Social Protocol concerning information and consultation of workers in multinational enterprises constitutes significant progress towards the realization of this objective. Further advances on the same basis, including efforts aimed at avoiding social exclusion, are essential in a society in rapid transformation. The European Council also welcomed the recent agreements in the Council on the protection of young workers as well as the creation of the Agency for Health and Safety at Work.

Small and medium-sized enterprises make a major contribution to growth and job creation and they should be able to benefit more from all the opportunities offered by the single market. The European Council welcomed the implementation by the Council of its orientations concerning interest-rate subsidies for SMEs and also the Commission decision to devote ECU 1 billion for the period 1994-99 to a Community initiative programme to help small and medium-sized enterprises adapt to the internal market and the new competitive environment. It also noted with interest the recent Commission initiative for an integrated programme in favour of small and medium-sized enterprises, including action to simplify legislation and reduce administrative burdens on such enterprises, and also the initiative of the Portuguese Prime Minister on the local dimension of the internal market and the initiatives taken by Ireland in the areas of social partnership and local development. The European Council considers that local development initiatives offer considerable potential for reinforcing the economic and social fabric of the European Union and for creating jobs. They are an essential element of the new model of development mentioned in the White Paper and will help to preserve cultural diversity

within the Union. The European Council notes the Commission's intention, within the framework of the report on new potential sources of employment to be submitted to the European Council in Essen, to draw up a detailed inventory of the various actions at Community level to foster local development and local employment initiatives, particularly those concerning micro-enterprises and craft industries. This inventory will be accompanied by the proposals deemed necessary to enhance the consistency and the effectiveness of those actions.

Regarding scientific and technological research, the European Council expects that the recent decision on the ambitious 1994-99 framework programme, to which considerable funding has been allocated, will be followed up without delay by the rapid adoption of specific sector programmes. In this context the information sector and biotechnology are of particular importance. It also invites the Council to pursue a more systematic coordination of Community and national research policies and invites the Commission to take any useful initiatives to promote such coordination.

Lastly, the European Council expressed its conviction that the elimination of unnecessary legal and administrative burdens on business and the simplification of Community and national legislation are important aspects of improving the competitiveness of the European economy. It welcomes the fact that the Commission is pursuing its efforts to simplify existing Community legislation and will reinforce its cost/benefit examination of proposed Community legislation. The Commission also intends to launch a process of examining the impact of existing Community and national legislation on employment and competitiveness. With regard to these latter aspects the European Council welcomes the establishment by the Commission of a group composed of independent personalities to assist it in this task and attaches high importance to its work.

As regards subsidiarity, the Council welcomes the progress made so far by the Commission in acting on the report of December 1993 and notes the Commission's undertaking to give a full report to the European Council in Essen.

Trans-European networks for transport, energy and environmental projects

References:

Interim report of the group of personal representatives of the Heads of State or Government on trans-European networks: point 1.2.7 of this Bulletin; Supplement 2/94 — Bull.

Commission communication on financing the trans-European networks: point 1.2.8 of this Bulletin

1.7. The single market will produce all the expected positive effects to benefit citizens and firms only if it

can rely on effective trans-European networks for transport and energy. The European Council welcomed the work achieved so far by the Group chaired by Mr Christophersen in accordance with the mandate given last December.

On the basis of the Group's report, the European Council has agreed on a first priority list of 11 major transport projects, set out in Annex I. As far as the energy sector is concerned the European Council took note of the projects listed in Annex II and requested the Christophersen Group to continue its work examining in particular their economic viability. The Member States involved are asked to make every effort to ensure that all the transport projects whose preparation is sufficiently advanced are started up immediately and that the others are started up as far as possible during 1996 at the latest by accelerating administrative, regulatory and legal procedures. The European Council invites the Commission to take all useful initiatives in this respect including the convening where appropriate of project seminars aimed at coordinating the activities of all parties involved.

The European Council also attaches importance to the other major transport projects which are set out in the interim report.

The European Council calls on the Christophersen Group together with the representatives of the acceding States to continue their work on the basis of the mandate proposed in the Group's report studying further the extension of the trans-European networks to neighbouring countries (in particular to Central and East European countries and to the Mediterranean countries) and to prepare a final report to the European Council in Essen. It also asks the Christophersen Group to examine the question of relevant networks in the field of the environment.

As regards financing of networks, the European Council confirms that measures will be taken — if proved necessary — in order that priority projects do not run into financial obstacles which would jeopardize their implementation. It noted the conclusions of the Ecofin Council and the studies carried out by the Commission. This question will continue to be examined in the Christophersen Group and in the Ecofin Council until the Essen European Council, taking account of the specific characteristics of each project, the leading role of private funding and the judicious use of existing Community resources.

The Council will be informed if it appears that the achievement of certain projects is threatened for financial reasons linked to insufficient profitability — for example, because of the length of investments or environmental constraints. The Council will immediately consider with the Commission and the EIB the appropriate responses, within the limits set by the financial perspective.

The information society

Reference: Report of the high-level group on Europe and the global information society — Recommendations to the European Council: point 1.2.9 of this Bulletin; Supplement 2/94 — Bull.

1.8. The European Council took note of the report from the group of leading figures representing the industry, operators and users who have been examining the various aspects of this question under the chairmanship of Mr Bangemann. The European Council considers that the current unprecedented technological revolution in the area of information opens up vast possibilities for economic progress, employment and the quality of life, while simultaneously representing a major challenge. It is primarily up to the private sector to respond to this challenge, by evaluating what is at stake and taking the necessary initiatives, notably in the matter of financing. The European Council, like the Commission, considers that the Community and its Member States do, however, have an important role to play in backing up this development by giving political impetus, creating a clear and stable regulatory framework (notably as regards access to markets, compatibility between networks, intellectual property rights, data protection and copyright) and by setting an example in areas which come under their aegis. The European Council agreed in general with the areas of application set out by the Group (teleworking, distance learning, network for universities and research centres, telematic services for SMEs, road-traffic management, air-traffic control, health-care networks, electronic tendering, administrative networks and city information highways). Also the importance of linguistic and cultural aspects of the information society was stressed by the European Council.

The European Council, having noted the findings of the Bangemann Group, considers that the importance and complexity of the issues raised by the new information society justify the setting-up of a permanent coordination instrument to ensure that the various parties involved — public and private — are working along the same lines. This coordination instrument, to be set up as soon as possible, should be based on the appointment in each Member State of a person responsible at ministerial level for coordinating all aspects of the subject (political, financial and regulatory) with a view *inter alia* to ensuring a coordinated approach in the Council. The Commission will act similarly.

At the Community level, the necessary regulatory framework has to be established as soon as possible. The European Council invites the Council and the European Parliament to adopt before the end of the year measures in the areas already covered by existing proposals. It also invites the Commission to establish as soon as possible a programme covering the remaining measures needed at the Community level.

The European Council will assess progress at its meeting in Essen.

The macroeconomic environment

Reference: Commission recommendations for the broad guidelines of the economic policy of the Member States and the Community drawn up in conformity with Article 103(2) of the Treaty establishing the European Community: COM(94) 217; point 1.2.12 of this Bulletin

1.9. Regarding major economic trends, the European Council notes first of all that the Member States have broadly followed the guidelines laid down by the European Council in December 1993. Inflation, which is in the process of being overcome, a return to exchange-rate stability and an incipient reduction of public deficits are creating a sound basis for future growth and favouring the convergence of economies towards the criteria laid down in the Maastricht Treaty for the final stage of EMU. These efforts must be continued in order to consolidate the fall in short-term interest rates and to reverse the recent upward trend of long-term interest rates, all of which are essential conditions for stimulating investment and creating jobs.

For all these reasons the European Council endorses the economic policy guidelines contained in the report submitted by the Ecofin Council in accordance with Article 103 of the EC Treaty. It invites the Council to finalize the guidelines in the light of the conclusions of this European Council with regard to the implementation of the White Paper in general.

Common foreign and security policy

Relations with the Mediterranean countries

References:

Draft Association Agreement with Israel: Bull. 12-1993, point 1.3.31

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

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

EC-Egypt Cooperation Council: Bull. 5-1994, point 1.3.43

Visit to the Commission by Mr Ahmed Benbitour: Bull. 5-1994, point 1.3.41; visit by the troika to Algeria: Bull. 5-1994, point 1.3.42

1.10. The European Council confirms the importance it attaches to the close links already existing with its Mediterranean partners and its wish to develop them still further so that the Mediterranean area may become an area of cooperation guaranteeing peace, security, stability and well-being.

The European Council welcomes the progress made in the negotiations under way with Israel for the conclusion of a new agreement with a wider scope of application than the 1975 agreements and providing for a closer relationship between the parties on the basis of reciprocity and common interest. It considers that this new agreement should be supplemented by a separate agreement on scientific and technological cooperation. It also asks the Council and the Commission to do their utmost to ensure that these two agreements may be completed before the end of the year.

The European Council considers that these new contractual links will be strengthened by the development of regional cooperation involving Israel and the Palestinian side.

The European Council notes with satisfaction the progress made in the negotiations with Morocco and Tunisia on new partnership agreements. It asks the Council and the Commission to do their utmost to ensure that negotiations are completed before the end of the year.

The European Council also welcomes the opening of exploratory conversations between the Commission and the Egyptian authorities on a new partnership agreement.

The European Council expresses the wish of the European Union to develop existing cooperation relations with the Mashreq countries, taking into account the specific situation of each country.

The European Council is following closely the situation in Algeria. It condemns all acts of terrorism and violations of human rights, both against Algerians and foreign citizens.

The European Council encourages the rigorous pursuit of the national dialogue and the process of structural reform which is essential for the liberalization of the Algerian economy and its better integration into the world economy. The European Council notes with approval the recent Ecofin decision to consider favourably a proposal for further assistance of the order of ECU 200 million, subject to Algeria's continuing implementation of its IMF programme and the position of the Loan Guarantee Fund. Given the particular importance of this issue, the European Council invites the Ecofin Council to examine a Commission proposal very soon.

The European Council hopes that the internal situation in Algeria will improve so that relations with Algeria can develop in the framework of this new approach based on partnership.

The European Council stresses the value for all Mediterranean partners of jointly examining political, eco-

nomical and social problems to which solutions may be more effectively sought in the context of regional cooperation. The European Council has given a mandate to the Council to evaluate, together with the Commission, the global policy of the European Union in the Mediterranean region and possible initiatives to strengthen this policy in the short and medium term, bearing in mind the possibility of convening a conference attended by the European Union and its Mediterranean partners.

This evaluation should prepare the ground for decisions at the European Council in Essen.

Applicant countries

References:

Draft fourth financial protocol between the European Community and Cyprus: point 1.3.38 of this Bulletin

Draft fourth financial protocol between the European Community and Malta: point 1.3.39 of this Bulletin

Council conclusions on the report by the European Union observer for Cyprus: point 1.3.37 of this Bulletin

Hungary's application to join the European Union: Bull. 4-1994, point 1.3.18

Poland's application to join the European Union: Bull. 4-1994, point 1.3.19

Europe (Association) Agreement between the European Communities and their Member States and Poland: OJ L 348, 31.12.1993; Bull. 12-1993, point 1.3.20

Europe (Association) Agreement between the European Communities and their Member States and Hungary: OJ L 348, 31.12.1993; Bull. 12-1993, point 1.3.20

1.11. The European Council welcomes the significant progress made regarding the application by Cyprus and Malta for accession to the European Union and considers that an essential stage in the preparation process could be regarded as completed.

The European Council asks the Council and the Commission to do their utmost to ensure that the negotiations with Malta and Cyprus with a view to the conclusion of the fourth financial protocols, intended in particular to support the efforts of Malta and Cyprus towards integration into the European Union, are brought to a rapid conclusion.

The European Council notes that, under these conditions, the next phase of enlargement of the Union will involve Cyprus and Malta.

The European Council, recalling relevant decisions of the Council of 4 October 1993, 18 April 1994 and 13 June 1994, reaffirms that any solution of the Cyprus problem must respect the sovereignty, independence, territorial integrity and unity of the country, in accordance with the relevant United Nations resolutions and high-level agreements.

The European Council welcomes the fact that the Europe Agreements with Hungary and Poland are now in force and that the first Association Council meetings at ministerial level with those countries have already taken place.

The European Council notes with satisfaction the submission by Hungary and Poland on 31 March and 4 April 1994 respectively of their applications to become members of the European Union. In this respect, it recalls the decisions of the Council to refer the two applications to the Commission in order to prepare its respective opinions.

Concerning Turkey, the European Council notes the convening of the EC-Turkey Association Council to deal in particular with the achievement of the customs union foreseen in the Association Agreement of 1964.

Middle East peace process

References:

Israel-Palestine Agreement: Bull. 5-1994, point 1.3.46

Council Decision 94/276/CFSP on a joint action in support of the Middle East peace process: OJ L 119, 7.5.1994; Bull. 4-1994, point 1.3.2

1.12. The European Council warmly welcomes the Cairo Agreement between Israel and the PLO of 4 May 1994 as an important step towards the full implementation of the Declaration of Principles. It pays tribute to the determination of both sides to achieve a just, lasting and comprehensive peace in the region. The European Council welcomes the contribution already made by Member States of the European Union to the Temporary International Presence in Hebron.

The European Council looks forward to the establishment of the Palestinian Authority in the Gaza Strip and Jericho, which should lead to the early extension of its responsibilities to the rest of the Occupied Territories. Recalling the adoption by the Council on 19 April of a joint action in support of the Middle East peace process, the European Council welcomes the creation of a Palestinian police force and restates the Union's willingness to provide further assistance to move the peace process towards a successful conclusion.

Central and Eastern Europe

References:

Conclusions of the Copenhagen European Council: Bull. 6-1993, point 1.26

Council conclusions on reinforcement of the political dialogue with the associated countries of Central and Eastern Europe: Bull. 3-1994, point 1.3.37

Presidency press statement concerning the Latvian citizenship bill: point 1.3.12 of this Bulletin Draft Eu-

rope Agreement with Slovenia: Bull. 4-1994, point 1.3.33

Drafts of new trade agreements between the European Community and Estonia, Latvia and Lithuania: Bull. 1/2-1994, point 1.3.39; points 1.3.24 and 1.3.25 of this Bulletin

1.13. At the Copenhagen meeting in June 1993, the European Council decided that the associated countries of Central and Eastern Europe which wished to do so could become members of the European Union as soon as they were able to fulfil the relevant obligations.

The Europe Agreements and the decisions taken in Copenhagen constitute the framework for deepening relations and creating the context which will enable these conditions to be met. The further implementation of those Agreements and decisions is one of the essential conditions for accession: their full potential must now be exploited with a view to preparing for accession. The European Council recalls the importance of the decisions taken by the Council on 7 March 1994 on political dialogue, which should be fully and effectively implemented as a matter of priority.

The European Council invites the Commission to make specific proposals as soon as possible for the further implementation of the Europe Agreements and the decisions taken by the European Council in Copenhagen. The European Council also asks the Presidency and the Commission to report to it for its next meeting on progress made on this basis, on the process of alignment since the Copenhagen European Council, and on the strategy to be followed with a view to preparing for accession.

This will be helped by the development of good neighbourly relations, which will be the subject of the stability pact.

The institutional conditions for ensuring the proper functioning of the Union must be created at the 1996 intergovernmental conference, which for that reason must take place before accession negotiations begin.

The Union and its Member States will continue their contacts with Slovenia with a view to establishing the best conditions for increased cooperation with that country. Meanwhile, the Council will continue its examination of a draft mandate for a Europe Agreement.

The European Council welcomes the fact that the negotiations with the Baltic States for the establishment of free trade areas are moving towards finalization and reiterates that the conclusion of Europe Agreements with those countries, which will help them to prepare for subsequent accession, remains the aim of the Union.

The European Council expects Russia, in conformity with earlier commitments, to complete its troop withdrawals from Latvia and Estonia by 31 August 1994.

The European Council attaches importance to the efforts made by the Baltic States to develop legal and regulatory frameworks which conform with *inter alia* the recommendations of the CSCE High Commissioner and of the Council of Europe. It notes with concern the adoption by the Latvian Parliament of a citizenship law incompatible with these recommendations and hopes that the draft law will be reconsidered.

Pact on stability

Reference: Inaugural conference: Bull. 5-1994, point 1.3.2

I.14. The European Council welcomes the adoption by the inaugural conference in Paris of the concluding documents setting in train the process that will lead to the conclusion of the pact on stability in Europe.

The European Council calls on the interested countries to give full expression now to the commitments into which they entered at the inaugural conference and looks forward to the early convening of the round tables. For its part, the Union reaffirms its will to mobilize its economic and financial instruments as its contribution to the success of this undertaking.

Rwanda

I.15. The European Council expresses its horror at the genocide taking place in Rwanda. Those responsible should be brought to justice. The European Council appeals urgently to all parties to the conflict to stop the wanton killing of civilians and to come back to the negotiating table to work for peace and security for all, on the basis of the Arusha Agreement.

It particularly welcomes the adoption of Security Council Resolution No 929 authorizing the establishment of a temporary operation, pending the arrival of the reinforced Unamir, to protect displaced persons, refugees, and civilians at risk in Rwanda. The European Council welcomes the 21 June 1994 decision of the Western European Union to support the efforts of its Member States which have expressed their willingness to contribute to this operation by ensuring the coordination of their contributions.

The European Council expresses its appreciation to the African countries, which have taken up the burden of so many refugees and are contributing to the political solution of the conflict. The European Union will for its part continue and increase its own humanitarian aid.

Southern Africa

I.16. The European Council applauds the way in which South Africa has resolutely committed itself to democratic transition, through the exercise of moder-

ation and national reconciliation. It welcomes the start of the reintegration of the country into its region and the larger world community and also pledges to support the government of this new South Africa, as it addresses the needs and legitimate aspirations of all its people, whom it now represents.

The European Council confirms its intention to establish contractual relations between the European Union and South Africa in order to promote economic development, trade relations and political dialogue with South Africa.

The European Council will also encourage the political stabilization and economic development of the southern African region as a whole. In this context, the European Council recalls the decision to hold a ministerial Conference in Berlin on 5 and 6 September 1994 with the SADC Member States and South Africa.

The European Council welcomes the substantial progress achieved in the peace process in Mozambique, which *inter alia* has made it possible for the dates of 27 and 28 October 1994 to be set for general elections. It invites the Council to consider further ways to support the peace process, in particular in the field of electoral assistance.

The European Council calls on both the Government of Mozambique and Renamo to abide by their commitment to the process of national reconciliation.

Relations with the ACP States

I.17. The European Council reaffirms its attachment to cooperation with the countries of Africa, the Caribbean and the Pacific, which are facing challenges on an unprecedented scale. It undertakes to support them in their efforts aimed at economic and political reform. The mid-term review of Lomé IV, which should result by 1 March 1995 in the revision of certain provisions of the Agreement and the definition of the next financial protocol, should provide an opportunity to confirm the European Union's commitment to the ACP States.

Ukraine

Reference: Partnership and Cooperation Agreement between the European Communities and Ukraine: point 1.3.34 of this Bulletin

I.18. The European Council welcomes the signature of the Partnership and Cooperation Agreement with Ukraine, which will help to pave the way to the development of a full and fruitful cooperation relationship between Ukraine and the European Union.

The European Council reaffirms the Union's support for the independence, sovereignty and territorial integ-

riety of Ukraine, for the consolidation of democratic institutions and the achievement of market-oriented economic reforms. The European Council emphasizes in this context that success will largely depend on the sustained willingness and ability of the Ukrainian authorities to carry forward the process of economic and political reform.

The European Council welcomes the steps already taken by Ukraine towards the full implementation of nuclear and conventional disarmament agreements and calls for early Ukrainian ratification of the Non-proliferation Treaty as a non-nuclear weapon State.

The European Council invites the Council to continue its work on the formulation of an overall policy towards Ukraine. In elaborating such a policy, drawing on the full range of instruments available under the Treaty on European Union, including possible joint actions, the Council should follow these general guidelines:

- sustained support for the consolidation of democratic institutions, for respect for human rights and for the achievement of market-oriented economic reforms;
- the promotion of good neighbourly relations between Ukraine and its neighbours;
- cooperation with Ukraine in multilateral forums in support of regional and international stability and the peaceful settlement of disputes;
- support for the full implementation of nuclear and conventional disarmament agreements;
- acceptance by Ukraine of internationally accepted nuclear safety standards within an overall energy policy.

The European Council expresses its preoccupation with the global issue of nuclear safety in Ukraine. The European Council recommends in particular that the Chernobyl nuclear plant be closed definitively and as early as possible. This closure should be implemented through a combination of:

- the immediate and definitive closure of reactors 1 and 2 of Chernobyl together with, as early as possible, the closure of reactor 3, subject to compensation through the termination and upgrading to adequate safety standards of three reactors under construction in Zaporozje, Rovno and Khmelnytsky;
- an immediate structural reform of the energy sector in Ukraine, including an effective tariffication and pricing policy, and measures to promote energy saving, and the development of alternative sources of energy;
- an immediate and determined effort to strengthen and upgrade construction and operation standards for safety in the nuclear sector, with the aim of achieving standards corresponding to those applied in the European Union; the achievement of this objective should be monitored by independent inspectors;

- the ratification of the Vienna Convention on nuclear liability.

The European Union wishes to reach an agreement with Ukraine on this set of actions in the field of nuclear safety and is prepared to provide substantial help in a comprehensive plan to be discussed with its partners in the forthcoming G7 Summit. This plan will involve financial effort from the international community, including international financial institutions. The European Union, for its part, is willing to raise ECU 400 million in Euratom loans and, in addition, to provide ECU 100 million over three years under the TACIS programme for this plan.

Finally, the European Union expresses the strong hope that the next G7 Summit in Naples will agree to propose to Ukraine a joint effort to underpin the reform process, in particular in the field of nuclear safety.

North Korea

1.19. The European Council is deeply concerned by the failure of the Democratic People's Republic of Korea to allow the IAEA inspectors to complete essential inspection activities, making it impossible to conclude whether diversion of plutonium from peaceful uses has taken place. The continued failure of the Democratic People's Republic of Korea to comply with the provisions of the DPRK-IAEA Safeguard Agreement is contrary to its international obligations.

The European Council considers nuclear proliferation a major threat to international peace and security and recalls its longstanding commitment to the aims of the Non-proliferation Treaty. The European Council calls again on the Democratic People's Republic of Korea to recognize and respect its international responsibilities and confirms that prospects for a better relationship with North Korea would be greatly enhanced if concerns about its nuclear activities could be alleviated. It expresses the hope that the exchanges being pursued with North Korea will result rapidly in a satisfactory solution.

Latin America

1.20. The European Council reaffirms the importance it attaches to its relations with Latin American countries and their regional groupings. It expresses its satisfaction with the progress achieved in the areas of democracy and respect for human rights, peace and disarmament, economic reforms and regional integration.

In this context, the European Council welcomes the accession of Mexico to the OECD and expresses its wish to strengthen its political and economic relations with this country. It also confirms the intention of the European Union to strengthen its relations with Mercosur. It invites the Council and the Commission to pursue these questions further.

Guidelines for a joint action on the preparation of the 1995 Conference of the parties to the Treaty on the Non-proliferation of Nuclear Weapons

I.21. The European Council, recalling its firm and full commitment in favour of the objective of nuclear non-proliferation stated in the 1990 declaration adopted by the European Council in Dublin, the report on common foreign and security policy submitted to the 1992 European Council in Lisbon as well as the report submitted to the 1992 European Council in Edinburgh on the development of the common foreign and security policy in the field of security, agrees that a joint action shall be adopted concerning the preparation of the 1995 Conference of the parties to the Treaty on the Non-proliferation of Nuclear Weapons (NPT).

The joint action should be prepared along the following lines:

- the basis for the joint action is consensus among partners that the NPT should be extended indefinitely and unconditionally;
- joint efforts have to be made in order to promote this goal among the States parties to the Treaty which might not share this conviction;
- the aim of universality of the NPT requires joint efforts in order to convince States which are not yet parties to the NPT to accede, if possible before 1995, and to assist the States ready to accede in accelerating their accession;
- in order to enhance the prospects for a successful outcome of the 1995 NPT Conference, representations have to be made with a view to:
 - promoting participation in the remaining two Prepcom sessions in Geneva and New York respectively and the 1995 Conference itself;
 - widening consensus on the aim of indefinite and unconditional extension of the NPT.

Former Yugoslavia

References:

Council conclusions on the administration of Mostar: Bull. 4-1994, point 1.3.30

Attendance by the Community troika at a ministerial meeting on Bosnia-Herzegovina: Bull. 5-1994, point 1.3.4

Memorandum of Understanding on the administration of Mostar: point 1.3.6 of this Bulletin

Council Decision 94/308/CFSP adapting and extending the application of Decision 93/603/CFSP concerning the joint action decided on by the Council on the basis of Article J.3 of the Treaty on European Union on support for the conveying of humanitarian aid in Bosnia and Herzegovina: OJ L 134, 30.5.1994; Bull. 5-1994, point 1.3.3

I.22. The European Council is deeply concerned by the continuation of the conflict in former Yugoslavia and particularly in Bosnia and Herzegovina.

In Geneva on 13 May, the European Union along with Russia and the United States of America demonstrated their determination to work together for an early and durable settlement of the Bosnian conflict through negotiations. The work of the contact group has reached a critical stage. The European Council expects the parties to show the necessary political will in order to reach a solution to the conflict as soon as possible.

The European Council urges the Bosnian parties to build on the cease-fire agreement of 8 June 1994. This is, however, only a first step towards a complete cessation of hostilities which is essential for progress in the negotiations. The European Council is committed to a settlement that preserves Bosnia and Herzegovina as a single union within its internationally recognized borders, while providing for constitutional arrangements that establish the relationship between the Bosniac-Croat and Bosnian Serb entities on the basis of a territorial arrangement which would allocate 51% of the territory to the Bosniac-Croat entity and 49% to the Bosnian Serb entity.

The European Council welcomes the progress made in the reconciliation between Bosniacs and Bosnian Croats based on the agreements for the establishment of the Bosniac-Croat Federation. The European Union has responded positively to the invitation to provide for the administration of Mostar for a period of up to two years. The European Council welcomes the readiness of the Western Economic Union to contribute a police element to this administration. The European Council calls on the parties concerned to approve the Memorandum of Understanding thus opening the way for signature without delay. The early establishment of the EU administration is an important step towards stabilization of the situation in Bosnia. In this context the European Council reiterates the readiness of the European Union to make its contribution to rehabilitation, the return of refugees and reconstruction in Bosnia-Herzegovina within the framework of the efforts of the international community.

The European Council expresses its disappointment at the cancellation of the Plitvice meeting between the Croatian Government and the Krajina Serbs. The Council calls for the early resumption of these talks and calls on the Serbs to show the necessary flexibility with a view to achieving a solution in the UNPAs in accordance with the action plan of the European Union.

Cooperation on justice and home affairs

References:

Action plan in the fields of justice and home affairs: Bull. 12-1993, point 1.8

Commission communication to the Council and Parliament on immigration and asylum policies: COM(94) 23; Bull. 1/2-1994, point 1.4.3

Commission communication to the Council and Parliament on a European Union action plan to combat drugs (1995-99): COM(94) 234; point 1.4.6 of this Bulletin

Racism and xenophobia

1.23. The European Council condemns the continuing manifestations of intolerance, racism and xenophobia and affirms its determination to step up the fight against these phenomena.

It welcomes the joint Franco-German initiative against racism and xenophobia in which it is proposed in particular to:

- constitute a Consultative Commission composed of eminent personalities charged with making recommendations on cooperation between governments and the various social bodies in favour of encouraging tolerance and understanding of foreigners;
- develop a global strategy at EU level aimed at combating acts of racist and xenophobic violence;
- set up training efforts for officials in those parts of the national administrations most concerned by these phenomena.

The European Council invites the Council (general affairs) to examine the mandate, composition and status of the Consultative Commission proposed in the Franco-German initiative and report to the European Council in Essen on the interim results of the work of that Commission. It invited the Ministers for Justice and the Interior to report on their work at the next European Council in Essen. Finally, it requests that current work in the Council (education and social affairs) in this field should be speeded up in the light of the Franco-German initiative.

Finally, the European Council approved a detailed timetable and work plan with a view to the adoption by the European Council by the end of June 1995 of an overall strategy of the Union (Annex III).

Implementation of the priority plan

1.24. The European Council notes with satisfaction the progress made in implementing its priority action plan drawn up in Brussels in December 1993, including the submission by the Commission of a new drugs plan which proposes an important new framework for the prevention of drug dependency, the reduction of drug trafficking and action on the international level. It expects this work to be accelerated so that the Essen European Council will be able to record that concrete measures have been taken in all areas covered by the action plan (Europol, global strategy on combating drugs, common list for visas, judicial cooperation,

asylum, coordination with the common foreign and security policy).

The Council underlined in general the importance of work within the framework of the cooperation on justice and home affairs to tackle the threats posed by organized crime (including terrorism) and drugs. It invited the Council (justice and home affairs) to complete its work on preparing a Convention setting up Europol by the beginning of October and agreed that Europol's remit should be extended to include organized crime as its next priority. The European Council invited the German Presidency to arrange a conference with the Central and East European States on drugs and organized crime. The European Council asked the Council (justice and home affairs) to reach agreement on tackling the criminal aspects of fraud and report back to its meeting at Essen in December.

In the context of preparation of the various instruments providing for the setting up of computerized systems, the problem of data protection must be given particular attention, notably as regards the following aspects: right of access by persons concerned to the system, right of appeal by individuals and creation of a common supervisory authority. The European Council asks the competent bodies to continue to give priority to these questions and hopes to receive a progress report at its meeting in December 1994.

Preparation of the 1996 intergovernmental conference

Reference: Council Decision on qualified-majority decision-making by the Council: OJ C 105, 13.4.1994; Bull. 3-1994, point 1.3.27; declaration by the Member States and declaration by the four applicant countries: Bull. 3-1994, point 1.3.29

1.25. The European Council, following the Ioannina Agreement, hereby establishes a Reflection Group to prepare for the 1996 intergovernmental conference consisting of representatives of the Ministers for Foreign Affairs of the Member States and the President of the Commission. It will be chaired by a person appointed by the Spanish Government and begin its work in June 1995. Two European Parliament representatives will participate in the work of the Reflection Group. The Group will also have exchanges of views with the other institutions and organs of the European Union.

The institutions are invited to establish, before the start of the work of the Reflection Group, reports on the functioning of the Treaty on European Union which will provide an input for the work of the Group.

The Reflection Group will examine and elaborate ideas relating to the provisions of the Treaty on European Union for which a revision is foreseen and other possible improvements in a spirit of democracy and openness, on the basis of the evaluation of the functioning of the Treaty as set out in the reports. It will

also elaborate options in the perspective of the future enlargement of the Union on the institutional questions set out in the conclusions of the European Council in Brussels and in the Ioannina Agreement (weighting of votes, the threshold for qualified majority decisions, number of Members of the Commission and any other measure deemed necessary to facilitate the work of the institutions and guarantee their effective operation in the perspective of enlargement).

The Secretary-General of the Council will make the necessary arrangements for the secretariat of the Reflection Group in agreement with its chairman.

The Reflection Group will report in time for the meeting of the European Council at the end of 1995. The procedure laid down in the Treaty relating to revision will apply to the next phase.

1.26. The European Council took note of the intention of the incoming German Presidency to make bilateral contacts with delegations in order to prepare a decision on the designation of the future President of the Commission at an extraordinary European Council to be held in Brussels on 15 July.

Annex I

List of high-priority transport projects adopted by the European Council

1.27. The list of high-priority transport projects adopted by the European Council is set out below.

| Projects | Countries involved |
|--|---|
| High-speed train/combined transport North-South Brenner axis Verona-Munich-Nuremberg-Erfurt-Halle/Leipzig-Berlin | Italy, Austria and Germany |
| High-speed train (Paris)-Brussels-Cologne-Amsterdam-London The following sections of the project are included: □ Belgium: French/Belgian border-Brussels-Liège-Belgian/German border, Brussels-Belgian/Dutch border □ United Kingdom: London-Channel Tunnel access □ Netherlands: Belgian/Dutch border-Rotterdam-Amsterdam □ Germany: Aachen ¹ -Cologne-Rhine/Main | Belgium United Kingdom Netherlands Germany |

| Projects | Countries involved |
|---|---|
| High-speed train South Madrid-Barcelona-Perpignan-Montpellier Madrid-Vitoria-Dax | Spain and France Spain and France |
| High-speed train East The following sections of the project are included: ² □ Paris-Metz-Strasbourg-Appenweier-Karlsruhe □ with junctions to Metz-Saarbrücken-Mannheim □ and Metz-Luxembourg | France France and Germany France and Luxembourg |
| Betuwe line: combined transport/conventional rail Rotterdam-Dutch/German border-Rhine-Ruhr ¹ | Netherlands and Germany |
| High-speed train/combined transport France-Italy Lyons-Turin | France and Italy |
| Motorway Patras-Greek/Bulgarian border jointly with the West-East motorway corridor Via Egnatia Igoumenitsa-Thessaloniki-Alexandroupolis-Ormenio/Kipi | Greece |
| Motorway Lisbon-Valladolid | Portugal and Spain |
| Cork-Dublin-Belfast-Larne-Stranraer rail link | Ireland and United Kingdom |
| Malpensa Airport (Milan) | Italy |
| Fixed rail/road link between Denmark and Sweden (Øresund fixed link) Including access routes | Denmark and Sweden |

¹ Ongoing construction support already provided at Community level.

² The extension to Frankfurt is already under construction; the project for the further extension to Berlin is not advanced enough.

Annex II

List of energy projects to which the European Council has given priority status

1.28. The list of energy projects to which the European Council has given priority status is set out below.

- France-Italy: electricity interconnection
- Italy-Greece: electricity interconnection (cable)
- Denmark: East-West electricity connection (cable) (not eligible for Structural Funds)
- Portugal: natural gas network
- Greece: natural gas network
- Spain-Portugal: natural gas interconnections¹
- Spain-Portugal: electricity interconnections
- Algeria-Morocco-European Union: gas pipeline
- Russia-Belarus-Poland-European Union: gas pipeline²

¹ Including the introduction of natural gas in the Extremadura and Galicia regions of Spain.

² This project should also be shortlisted although it has not yet reached the same stage as the other gas schemes.

Annex III

Implementation of the Franco-German initiative against racism and xenophobia

1.29. The timetable and work plan for implementation of the Franco-German initiative against racism and xenophobia are set out below.

| | |
|----------------|--|
| 18 and 19 July | Detailed mandate, composition and status of the Consultative Commission to be decided by the General Affairs Council. Essentially, this Commission could be charged with making recommendations, geared as far as possible to national and local circumstances, on cooperation between governments and the various social bodies in favour of encouraging tolerance and understanding of foreigners. |
|----------------|--|

| | |
|----------------------|--|
| July to end November | Work in the preparatory bodies for the JHA Council in fields coming under its responsibility, on the basis of the joint Franco/German initiative, the conclusions reached by the Council at its meeting on 29 and 30 November 1993 and the working document from the Greek Presidency. ¹ |
| 28 and 29 November | Interim report from the Consultative Commission to the General Affairs Council on the results of its work. |
| 30 November | Report of the JHA Council on the progress made and on other specific measures deemed appropriate, on the basis of the discussions undertaken during this period. |
| 9 and 10 December | Presentation to the European Council in Essen of the reports of the General Affairs and JHA Councils. |
| March 1995 | Examination by the JHA Council of the results of the work done pursuant to Title VI. |
| April and May 1995 | Establishment by the General Affairs Council of an overall Union strategy aimed at combating racist and xenophobic acts of violence on the basis of: <ul style="list-style-type: none"> <input type="checkbox"/> the final report of the Consultative Commission; <input type="checkbox"/> the views expressed by the Council in its various specialized formations. |
| June 1995 | Adoption by the European Council of the draft overall strategy of the Union. |

¹ Draft plan of work under Title VI
 As regards Title VI, the work should be done under the auspices of the K.4 Committee in the relevant existing working parties. In accordance with the conclusions of the Council meeting on 29 and 30 November 1993 and with the terms of the Franco/German initiative, these bodies should examine:

- training aspects, including the essential components of joint training measures;
- a more precise definition of what constitutes a racist or xenophobic act, leading on to a detailed examination of the scope for further approximating the laws and practices of the Member States;
- an improvement in the collection of data and statistics on racism and xenophobia;
- ways of improving cross-border cooperation and exchanges of information at an operational level between the various bodies responsible for enforcing the relevant laws in the Member States.