

CANNES EUROPEAN COUNCIL

26 and 27 JUNE 1995

PRESIDENCY CONCLUSIONS

INTRODUCTION

Meeting with 15 Member States for the first time, the European Council has considered the basic questions which confront the Union today and how they might be tackled, on both the internal and external fronts. It has thus laid solid foundations for a new stage in the process of European integration, with revision of the Union Treaty, completion of economic and monetary union and the achievement of a further major enlargement.

At home, the Union must provide an improved response to its citizens' legitimate expectations, that is to say, it must make it a priority to mobilize all its resources, including those of the Member States, to combat the scourge of unemployment effectively. This means implementing a broad range of measures at both national and Community level in full compliance with the convergence criteria; compliance with these criteria is also a precondition for introduction of a single currency; in particular, the Community's economy must be made more dynamic, by making sure that it remains competitive with its principal rivals and by mastering new technologies, especially information technologies. Finally, people's desire for security must be satisfied.

Externally, the Union is determined to work towards stability and peace on the continent of Europe, by preparing for the accession of the associated European countries. Their presence here in Cannes today provides confirmation that they are destined to join the Union. The Union also intends to strengthen relations in all spheres with the Mediterranean countries, to implement the customs union with Turkey as part of a developing relationship with that country, to establish close and balanced relationships with Russia and the CIS countries, to strengthen its special relationship with the ACP, to give fresh impetus to transatlantic relations and forge closer links with Latin America and Asia.

To be able to achieve these ambitions, the Union will need to complete preparation for the 1996 Intergovernmental Conference in the next few months; the discussions of the Reflection Group set up in Messina will be a contribution to that process.

The European Council heard a statement from the President of the European Parliament, Mr Klaus Hänsch, on the main questions dealt with.

PART A

I – ECONOMIC, SOCIAL AND MONETARY QUESTIONS

1 – Employment

1.1. Despite the resumption of economic growth, the unemployment rate will remain unacceptably high in 1995. It is therefore of the utmost importance that, in line with the five guidelines set out in Essen, Member States should press ahead with structural reforms of the employment market, the effectiveness of which has been demonstrated by some initial examples. The fight against unemployment and equal opportunities questions will remain the most important task facing the European Union and its Member States. The European Council calls on the Member States to give effect to those efforts in the form of multiannual programmes to be put forward in the autumn. The Council and the Commission will cooperate in preparing the first annual report on the implementation of these programmes, which will be submitted to the Madrid European Council. In this context, the European Council emphasizes the need for careful preparation of the report provided for at its Essen meeting on the inter-relationship between economic growth and the environment and the consequences this has for economic policy.

As an economic entity, the European Union offers additional room for manoeuvre and a specific added value that make for the creation of lasting employment. The European Council calls upon the Council and the Commission to study the mutually reinforcing effect of increased coordination of economic and structural policies and to report back to it at its Madrid meeting.

The European Council takes note of the interim report examined by the social partners in the Standing Committee on Employment on 19 June.

Rolling back unemployment means implementing stability-oriented monetary and budgetary policies, in line with the broad guidelines for economic policies.

The European Council emphasizes that such macro-economic policies directly benefit jobs threatened by the weight of public deficits. A rigorous budgetary policy – over and above its favourable impact on the stability of the macro-economic framework – helps to bring down interest rates, boosts investment and stimulates growth.

1.2. The European Council places particular emphasis on the need to foster growth of a kind that will create jobs, to step up measures to bring young people and the long-term unemployed back into the world of work and to make the labour markets perform better, in particular by reducing indirect labour costs. Training and apprenticeship policies, which are fundamental for improving employment and competitiveness, must be strengthened, especially continuing training. The European Council takes note of the Commission's intention of submitting a White Paper by the end of the year.

At the European Social Conference in Paris on 30 March 1995, the social partners, the European Confederation of Trade Unions, UNICE and the European Association of Craft and Small and Medium-Sized Enterprises showed that they were prepared to play their full part in implementing the conclusions of the Essen European Council. The European Council welcomes their intention to submitting a report under the social dialogue assessing the progress that has been made.

1.3. The initiative of entrepreneurs, their decisions on hiring and on investments, also brings growth. The aim must therefore be to create a "virtuous" spiral of initiative, employment and growth. To do that, individual incentives to productivity need to be strengthened, competition stimulated and, in general, market flexibility increased.

The European Council notes with satisfaction the Commission's reports on the development of local employment initiatives and SMEs, as well as the report from the CIAMPI Group on competitiveness, which it received with great interest.

The European Council emphasizes the importance it attaches to the development of local employment initiatives in particular in the field of services linked with the environment and living standards, crafts and traditional products. It takes note of the Commission communication on the subject. It places emphasis on the need to disseminate initiatives undertaken at national level. The Commission communication will be examined by the Council on Social Affairs and Labour, which will submit a report to the Madrid European Council.

The European Council emphasizes that small and medium-sized enterprises (SMEs) play a decisive role in job creation and, more generally, act as a factor of social stability and economic drive. It calls upon the Commission to submit a report to it on policies currently being conducted in this field and on ways of improving their effectiveness through measures, particularly of a fiscal nature, aimed at promoting the creation of SMEs, reducing the administrative burden on them and facilitating their participation in training and research programmes.

The European Council emphasizes the importance of developing investment in research, development and education at national and Community level. It likewise emphasizes that in order to stimulate employment, competitiveness and innovation, it is important to combat excessive regulation where simplification is justified, without jeopardizing what has been achieved. In this context, noting the outcome of the discussions of the group of independent experts, it would like the Commission to propose specific measures for administrative simplification which could be taken by the competent bodies before the end of the year.

1.4. Investment promotion also has a role to play in combating unemployment. The European Council welcomes the progress made with implementation of the priority projects adopted at Essen, in particular the agreements reached on defining the regulatory framework. In this connection, other measures should be adopted to establish fairer competition between modes of transport.

The fourteen transport projects, although at different stages of maturity, are all being worked upon: for more than half of them, which are also the most significant financially, preparatory studies are under way, and in some cases completed; for the others, construction work has already begun.

The European Council requests the Commission to re-examine the financial estimates for the projects to see whether costs could be reduced without affecting their viability. It calls upon the Commission to seek out any other possible means of funding so that the projects can be carried out more quickly.

The European Council also calls upon the Commission to make every endeavour to ensure that projects eligible under the Financial Regulation can be submitted at the earliest opportunity so that the appropriations available can be released as from adoption of that Regulation in 1995.

The European Council notes, in the light of the Commission's estimate, that the fourteen transport projects defined as priorities in Essen will represent 75% of the appropriations available under the "networks" heading, i.e. an amount in the region of ECU 500 million for 1995 and 1996.

1.5. The European Council emphasizes the development potential of new growth sectors (for example, multi-media) and the potential for job creation in promoting the information society. It calls for work to continue on establishing the regulatory framework that will enable it to develop, while taking care to maintain cultural diversity and bearing in mind the objective of equal access to these new services.

1.6. The proper functioning of the internal market is fundamental to a dynamic economy and thus to job creation. The Community and its Member States must therefore give priority to the effective working of the internal market. The European Council welcomes the communication from the Commission and the Council Resolutions on this subject. The effective and uniform application of Community legislation throughout the Union will increase confidence in the single market on the part of industry and the public. The European Council also restates the importance it attaches to rigorous application of the principle of subsidiarity; in this context, the European Council calls on the Commission to implement the 1993 programme for the revision of existing legislation as soon as possible and to report back for its Madrid meeting.

1.7. The European Council reiterates its concern that the introduction of greater competition into many sectors in order to complete the internal market should be compatible with the general economic tasks facing Europe, in particular balanced town and country planning, equal treatment for citizens, -including equal rights and equal opportunities for men and women - the quality and permanence of services to consumers and the safeguarding of long-term strategic interests.

2 – Economic and Monetary Union

The European Council restates its firm resolve to prepare the transition to the single currency by 1 January 1999 at the latest in strict accordance with the convergence criteria, timetable, protocols and procedures laid down in the Treaty. To that end:

- the European Council subscribes to the broad guidelines of the economic policies of the Member States and of the Community in the Council report submitted pursuant to Article 103 of the Treaty. The current economic upturn must be used to step up sustained efforts to put public finances in order. Compliance with these guidelines is also necessary to make a substantial reduction in unemployment, although this must be combated at the same time by structural measures. The European Council requests the Council to report back on the implementation of these guidelines for its meetings in December 1995 and June 1996;

- the European Council would like work on preparing for introduction of the single currency to continue unabated. It welcomes the contributions on this matter made by the Commission's Green Paper and by the European Monetary Institute. It requests the Council to define, in consultation with these two institutions, a reference scenario guaranteeing full compliance with the Treaty, this being a precondition for the irreversibility necessary at the start of the third stage, with a view to reporting back to the Madrid European Council. In general, it approves the conclusions reached on these matters (see part B, page 1) and calls on the Council to continue with all the necessary discussions and to report back to its Madrid meeting so that it can decide on the scenario for introducing the single currency;

- the European Council emphasizes that if the recent currency turmoil continues, it might affect the proper operation of the single market and put a brake on the process of harmonious and balanced growth. The Council confirms its request to the Commission to carry out a detailed examination of those problems and to report on its conclusions in the autumn. In this context, it points out that it is important for all Member States to make the necessary efforts with regard to convergence, this being a pre-condition for introduction of the single currency, which will be the lasting solution to these difficulties.

II. EXTERNAL RELATIONS

1 – The participants in the European Council met the Heads of State and of Government and Ministers for Foreign Affairs of the associated countries of Central and Eastern Europe, including the Baltic States, as well as Cyprus and Malta. They held a wide-ranging exchange of views on various topical matters. They also made an initial, favourable assessment of the structured dialogue and of progress in implementing the pre-accession strategy. In this connection, a suitable forum for encouraging and pooling experience will need to be set up.

The European Council reaffirms that negotiations on the accession of Malta and Cyprus to the Union will begin on the basis of Commission proposals, six months after the conclusion of the 1996 Intergovernmental Conference and taking the outcome of that Conference into account. It stresses the importance it attaches to preparing the accession of the associated countries to the Union and approves the Council conclusions on the White Paper on integrating those countries into the internal market and the Council report on implementing the strategy of preparing for accession (see Part B, page 3). It invites the Commission to report back to its next meeting on progress in implementing the White Paper and on the studies and analyses requested at Essen. The success of the Conference on Stability in Europe (held in Paris on 20 and 21 March 1995) will help bring the countries of Central and Eastern Europe and the European Union closer together. The European Council calls on the countries concerned and on all the parties to implement the agreements and arrangements in the Stability Pact, which has now been entrusted to the OSCE, and calls on the countries concerned to work for the practical improvement of good-neighbourly relations in Europe.

Against this general background, the European Council, which is particularly concerned at the situation in former Yugoslavia, adopted the statement in Part B (page 13).

The European Council reaffirms the European Union's concern to contribute to political stability and prosperity in the Baltic Sea region. It awaits with interest the progress report on cooperation in that region.

The European Council refers to the need for Slovenian real estate legislation to be harmonized with European rules, as laid down in the statement of 6 March 1995. In addition, it hopes that the Association Agreement with Slovenia will be signed as soon as possible and that Slovenia will subsequently participate in the structured dialogue.

2 – The European Council reaffirms the strategic importance it attaches to adding a new dimension to the European Union's relations with its Mediterranean partners. It trusts that the Conference in Barcelona in November 1995 will lay the foundations for a Euro-Mediterranean

partnership with ambitious cooperation goals and welcomes the Council's report of 12 June (see part B, page 15) setting out the objectives that the Union intends to pursue in Barcelona. It is pleased to note the encouraging response already received from the Mediterranean partners. It calls on the Council and the Commission to press ahead with preparations for the Barcelona Conference with the twelve States concerned.

It is pleased to note the initialling of the new Agreement with Tunisia. It urges early conclusion of the Agreements with Morocco and Israel. Lastly, it calls for rapid progress to be made in the negotiations with Egypt, Jordan and Lebanon. It welcomes the closer ties between the European Union and Turkey.

Gravely concerned by the situation in Algeria, the European Council renews its appeal to all those involved in political life to break the cycle of violence and find a political solution through peaceful dialogue and free and fair elections. It reaffirms its readiness to support an economic restructuring policy in Algeria.

The European Council pays tribute to the efforts made by the Parties directly concerned in the Middle East Peace Process to achieve, despite the difficulties in their path, a just, lasting and comprehensive peace in the region. It expresses the fervent hope that the Israeli-Palestinian negotiations can be successfully completed by 1 July. It confirms that the Union is fully ready, when the time comes, to send observers to the forthcoming Palestinian elections and to coordinate the various international observer missions at those elections and confirms the European Union's commitment resolutely to encourage and support this process, both economically and politically. It has asked Mr Felipe Gonzalez, the incoming President of the European Council, in the second half of 1995 to take all relevant steps to that end.

3 – The European Council takes note of the Commission communication and confirms its commitment to developing the European Union's relations with Russia, a process which is essential to the stability of the European continent. It reiterates the Union's resolve to establish a substantive partnership with Russia, on the basis of the strategy adopted in Carcassonne in March 1995. The European Union intends to contribute to the OSCE comprehensive security model for Europe in the 21st century.

With regard to security, the European Council considers that dialogue between Russia and the Atlantic Alliance should be stepped up, using the existing mechanisms. It further considers that conclusion of an agreement, perhaps in the form of a charter, should be envisaged. This process must be compatible with NATO and WEU policies and with the gradual integration of the countries of Central and Eastern Europe.

In the near term the European Council, noting that progress has been made with regard to the situation in Chechnya and relying on confirmation of that progress, has decided in favour of signing the Interim Agreement.

The European Council welcomes the progress of Ukraine's economic reforms achieved in close cooperation with the international financial institutions, and the decision to grant Ukraine the first tranche of a balance-of-payments loan for 1995. The pursuit of this policy is closely linked to the implementation of President Kuchma's decision to close down the Chernobyl nuclear power station definitively in 1999.

4 – The Summit between the European Union and the United States on 14 June confirmed that partner's concern to see open and balanced relations develop with the European Union. The European Council expresses its support for the strengthening of the transatlantic dialogue on the basis of the declarations of November 1990, reinforcement of the multilateral framework provided by the World Trade Organization (WTO) and for development of security links between the European and American pillars of the Atlantic Alliance. The Council welcomes in particular the agreement whereby a high-level group from the European Union and the United States should work on strengthening transatlantic relations.

In addition, it welcomes the annual Summits between the European Union and Japan held in Paris on 19 June, and between the European Union and Canada on 17 June which demonstrated the willingness to strengthen and rebalance their relations.

5 – The European Council welcomes the development of relations with South Africa, Latin America and more especially Mexico, Chile and Mercosur and welcomes the Euro-Asian Summit to be held in the first half of 1996.

It intends to work resolutely for peace and disarmament within the framework of the common foreign and security policy:

- on the occasion of the fiftieth anniversary of the United Nations Organization, it adopted the statement set out in Part B (page 34);
- it welcomes the fact that the joint action regarding the indefinite and unconditional extension of the Non-Proliferation Treaty, which was agreed at the Corfu European Council, has been successfully carried through;
- it expresses the hope that the Convention on the Prohibition of Chemical Weapons will enter into force without delay;
- it intends rapidly to implement the joint action adopted by the Union to combat the indiscriminate use and the dissemination of anti-personnel landmines;
- it sent a message of friendship and support to the Organization of African Unity (OAU) on the occasion of its 31st Summit (Part B, page 37) and expressed its consternation after the attempted assassination of Mr Mubarak, President of the Arab Republic of Egypt, to whom it expresses sympathy;
- it adopted the statement on Burundi (Part B, page 38);
- it expressed the hope that a treaty introducing a total ban on nuclear testing would be signed at the end of 1996 at the latest.

6 – With regard to Iran, the European Union will continue to defend freedom of expression. It regrets the lack of progress recorded with regard to the Salman Rushdie situation. The matter remains before the Council.

7 – The European Council further stresses its firm commitment to the WTO, which was established on 1 January 1995. It considers the WTO to be a suitable forum for ensuring, in a transparent and non-discriminatory manner, that multilateral rules are respected, and for arbitrating trade disputes between contracting parties. The European Council insists on the need to conclude the negotiations on financial services with a substantive and balanced result.

8. The European Council reached agreement on the appropriations for financial cooperation with the countries of Central and Eastern Europe and the Mediterranean countries (Part B, page 39) for the period 1995/1999, and adopted the amount and financing arrangements for the 8th EDF in accordance with the table in Part B, page 40. The European Council records that the conditions have thus been met for the negotiations with the ACP States on the partial revision of the Fourth Lomé Convention to be concluded before 30 June.

III. INTERNAL MATTERS

1 – The European Council noted with satisfaction agreement on the Convention establishing Europol, a significant instrument for cooperation between States in the interests of reinforcing the security of their citizens. It recommends Member States to do their utmost to ensure that this Convention can be formally adopted and applied as soon as possible after ratification by the national parliaments. It agreed to settle the question of the possible jurisdiction to be attributed to the Court of Justice of the European Communities at its meeting in June 1996.

2 – The European Council welcomes the agreement reached on the Convention concerning the use of information technology for customs purposes (CIS), a major factor in improving the operation of the common customs system, and the progress made on the Convention on the European Information System (EIS).

3 – The Council is pleased to note completion of the work on the Regulation and the Convention on the protection of the European Communities' financial interests. It noted agreement on the text of this Convention, which will have to be signed before 31 July.

The European Council takes note of the reports submitted by the Member States on their domestic measures to combat wastage and misappropriation of Community funds. It invites the Commission to prepare a comparative summary for the European Council in Madrid. On this basis, it calls on Member States and all Institutions to persevere in the battle against fraud and waste.

4 – The European Council welcomes the conclusion of the Convention on simplified extradition procedures and notes that substantial progress has been made, in particular with regard to visas, in ensuring that people can move freely within the Union. It invites the Council to complete, in July, its work on bringing about the closer integration of third-country nationals residing legally in the Union.

It also asks the Council to see to it that the Convention on checks on persons crossing the Union's external frontiers is signed before the next European Council meeting, subject to solutions being found to the questions outstanding. Finally, it invites the last States concerned to complete their procedures for ratifying the Dublin Convention.

5 – The Union-wide effort to combat racism and xenophobia is of great significance, and the European Council welcomes the work carried on by the various Council bodies and the Consultative Commission. It asks the Consultative Commission to extend its work in order to study, in close cooperation with the Council of Europe, the feasibility of a European Monitoring Centre on Racism and Xenophobia.

6 – The European Council approves the work on the European Union's action plan to combat drugs (1995-1999) and the guidelines adopted for the programme on the prevention of drug dependence. It urges Member States to unite their efforts and recommends ensuring practical implementation of the strategy involving reducing supply, combating trafficking, and international cooperation. It instructs a group of experts from the Member States to submit to its Madrid meeting an analytical report accompanied by proposals dealing with all these issues.

7 – The European Council recognizes the need for equal opportunities for men and women in the Union and calls for continued measures of improvement.

8 – The European Council welcomes the political agreement on renewing the MEDIA programme (training, development and distribution), which will contribute to promoting freedom of movement of European audiovisual works in the Community, and to increasing the international competitiveness of the European programme-making industry. It notes the proposal for a revision of the "television without frontiers" Directive. The European Council notes that before the end of the year the Commission intends to submit to the Council a proposal for a decision setting up a financial guarantee instrument for the production of European audiovisual works, with due regard to the financial perspective.

9 – The European Council emphasizes the importance of linguistic diversity in the European Union.

IV – PREPARATION FOR THE 1996 INTERGOVERNMENTAL CONFERENCE

The European Council notes with satisfaction that preparations for the 1996 Intergovernmental Conference are now well under way. The Reflection Group of personal representatives of the Foreign Affairs Ministers and of the President of the Commission, with two representatives of the European Parliament also taking part, was set up in Messina on 2 June 1995. The Group has received reports from the institutions on the functioning of the Treaty on European Union, which will provide an input for its work. It has drawn up its programme of work.

The European Council confirms that, in line with its conclusions at Corfu, the Reflection Group will examine and elaborate suggestions relating to the provisions of the Treaty on European Union due for review 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 elaborate options in the run-up to the future enlargement of

the Union on the institutional questions set out in its Brussels conclusions 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 with a view to enlargement).

Furthermore, in view of the lessons which may be learnt more than a year and a half after the entry into force of the Treaty on European Union and of the challenges and risks linked in particular to the prospect of a further enlargement, the European Council considers that thoughts should now focus on a number of priorities to enable the Union to respond to its citizens' expectations:

- to analyse the principles, objectives and instruments of the Union, with the new challenges facing Europe;
- to strengthen common foreign and security policy so that it can cope with new international challenges;
- to provide a better response to modern demands as regards internal security, and the fields of justice and home affairs more generally;
- to make the institutions more efficient, democratic and open so that they are able to adjust to the demands of an enlarged Union;
- to strengthen public support for the process of European integration by meeting the need for a form of democracy which is closer to the citizens of Europe, who are concerned at employment and environment questions;
- to put the principle of subsidiarity into practice more effectively.

Lastly, the Group will bear in mind the advantages of seeking improvements in the working of the Institutions that do not require any amendment to the Treaties and can thus enter into force without delay.

As part of the strategy for preparing for the associated countries' accession to the Union, the necessary procedures should be established to ensure that they are kept fully informed of developments in the discussions at the Intergovernmental Conference, bearing in mind their status as future members of the Union.

The Heads of State and Government will continue discussing this matter at their informal meeting in Majorca on 22 and 23 September 1995 and the European Council will receive a full report from the Reflection Group for its meeting in Madrid in December 1995.

PART B

Conclusions of the ECOFIN Council

19 June 1995

Preparatory work on introduction of the single currency

1. The ECOFIN Council restated its determination to prepare the transition to the single currency by 1999 at the latest, in strict accordance with the Maastricht Treaty. It restated its commitment to fully observing the convergence criteria. It welcomed the contributions represented by the green paper drawn up by the Commission as well as those of the proceedings of the EMI.

The President of the ECOFIN Council recommended to the European Council that it:

- instruct the ECOFIN Council to define, in consultation with the Commission and the EMI, a reference scenario guaranteeing full compliance with the Treaty, this being a pre-condition for the irreversibility necessary at the start of stage 3, with a view to reporting back to the Madrid European Council in December 1995;
- ask the Commission to undertake the necessary consultations with a view to reporting back to the European Council in Madrid;
- note the work already completed on defining the technical characteristics of coins and ask the ECOFIN Council to continue with all the necessary work;
- ask Member States to take all the necessary steps to see that public services consider the practical arrangements for switching their operations to the single currency when the time comes;

– request the ECOFIN Council to examine, together with the EMI, the future relationship between the currencies of the Member Countries of the Monetary Union and of the other States of the European Union.

2. The President of the ECOFIN Council noted the importance of the preparatory discussions already completed on the definition of the characteristics of notes and coins needed for the single currency. He noted:

- the consensus achieved on the range of denominations;
- the progress achieved on the appearance of the coins and notes, and the EMI Council's preference for identical notes in all Member States, possibly with a separate national symbol;
- the experts' proceedings, which had led to a proposal for design motifs to feature on the coins which was consistent with the motifs for the notes agreed on by the Council of the EMI.

PREPARATION OF THE ASSOCIATED COUNTRIES OF CENTRAL AND EASTERN EUROPE FOR INTEGRATION INTO THE INTERNAL MARKET OF THE EUROPEAN UNION

COUNCIL CONCLUSIONS

1. The Council welcomes the White Paper prepared by the Commission, in accordance with the conclusions of the Essen European Council, on preparation of the associated countries for integration into the internal market of the Union at the time of their accession. It welcomes the quality of the document, which was drafted after consultation of the associated countries. The Council was able to consult the associated countries itself at a joint meeting on 10 April with the Ministers for Foreign Affairs and at a joint meeting on 6 June with the Ministers with responsibility for the internal market. It considers that the White Paper is a useful guide for those countries, in the context of the process of reform already initiated and of implementation of the Europe Agreements.

2. The preparation of the associated countries for integration into the internal market is, as was affirmed by the Essen European Council, the main element of the strategy of preparation for accession. The associated countries themselves regard such preparation for integration into the internal market as a priority. Without anticipating or prejudging the future negotiations on accession and without laying down further conditions for those negotiations, the White Paper is thus intended to guide and assist the efforts already undertaken by the associated countries by outlining the measures implementation of which is regarded as essential by the Commission with a view to integration into the internal market, and the structures necessary to that end. It is when they accede that those countries will – subject, if need be, to transitional periods – adopt the whole "acquis" covered by Community legislation and policies.

3. The Council approves the way in which the White Paper emphasizes the importance of the internal market for achieving the objectives of the Union. In particular, the internal market contributes to sustainable, balanced and environment-friendly growth, to greater economic and social cohesion, to a high level of employment and social protection and to a higher standard of living and a higher quality of life. The internal market is an area within which free movement of goods, individuals, services and capital is ensured and in which a system of transparent competition is guaranteed. It requires a high level of mutual trust and equivalent regulatory approaches.

The gradual alignment of the associated countries on Community policies for the construction of the internal market will strengthen the competitiveness of their economies and increase the benefits of their economic reforms.

4. The Council notes that the White Paper, which presents an overall view of Community legislation relating to the internal market, does not establish any hierarchy between the sectors, but that within each field covered it proposes the essential measures likely to be adopted as a priority by the associated countries and sets out a sequence for their adoption, without imposing any timetable. The Council considers that this approach is justified by the fact that it is for the associated countries themselves, in the light of the White Paper and their national contexts and priorities, to define and implement their programmes for preparing for integration into the internal market. The associated countries should, as they have indicated their willingness to do, establish those programmes, taking into account the general framework defined in the association agreements. The Copenhagen European Council emphasized the special importance attached in particular to the field of competition and, with a view to accession, to the protection of workers, the environment and consumers.

The Council approves the emphasis placed by the White Paper on the implementation and control structures, establishment of which must accompany the adoption of legislation on the internal market.

The Council invites the Commission to hold consultations with the associated countries on their national programmes for implementing the recommendations in the White Paper. The Commission will hold close consultations with the Member States on actual progress made and will keep them regularly informed of the process.

5. Successful preparation of the associated countries for integration into the internal market presupposes that they will be given all

appropriate assistance both by the Community and its Member States, whose resources earmarked for that purpose must be put to the best use in a coordinated manner. It is important in particular to draw on Member States' experience in this field.

The Council welcomes the willingness expressed by the Commission to contribute to improving the coordination and effectiveness of Community assistance. It calls upon Member States to work along the same lines, taking into account the imperatives of transparency, efficiency and proximity and the need to avoid duplication. It considers that greater participation by the other public bodies and the private sector should be encouraged. It invites the associated countries to equip themselves with the internal structure necessary to make full use of the facilities offered to them and welcomes the progress already made in this area. It emphasizes that strengthened cooperation between associated countries will contribute to the success of each party's efforts.

6. The Council considers that particular attention must be given to the follow-up to the White Paper process. It notes that the Commission intends to extend, in close contact with Member States, its analysis of its potential benefits and will submit the results to the Institutions of the Union and to the associated countries. It confirms that the possibilities offered by the structured dialogue and by the association agreements must be used to that end. The PHARE Management Committee and the Advisory Committee on the Internal Market should also play a role in this area.

7. The General Affairs Council intends to monitor the discussions to be held subsequently on the White Paper in the various fora, in cooperation with the Internal Market as far as it is concerned, and to coordinate the exercise.

The European Council could, with a view to its next meeting, invite the Commission to report to it on progress made in preparing the associated countries for integration into the internal market.

IMPLEMENTATION OF THE STRATEGY, IN THE FIRST HALF OF 1995.

TO PREPARE FOR ACCESSION

The strategy to prepare for accession adopted by the Essen European Council, the main instruments of which are the Europe Agreements and the structured dialogue, took off in the first half of 1995. Although it is too early to establish a proper report, it is worthwhile having an overall view of the measures undertaken. Such a view confirms the validity of the chosen course and the desirability of continuing along it.

I. The Europe Agreements

Six Europe Agreements are now in force. The beginning of 1995 saw the entry into force of European association agreements with Romania, Bulgaria, the Czech Republic and Slovakia, following the entry into force in 1994 of agreements with Hungary and Poland.

Association Council meetings with those six countries have been held, or are to be held in 1995 as follows: 10 April (Romania and Czech Republic), 29 May (Bulgaria and Slovakia), 17 July (Hungary and Poland). Parliamentary association committees have also met since the beginning of the year with all these associated States.

The group of associated States is increasing, in line with the guidelines laid down by the European Council. Negotiations for European association agreements with the three Baltic States of Estonia, Latvia and Lithuania were concluded in the space of only a few months, so that those agreements could be signed on 12 June 1995. As early as 29 May 1995 the Council had occasion to record that the conditions had been met for those three countries to be included in the strategy to prepare for accession defined in Essen, thus making it possible for them to participate in the joint meetings under the structured dialogue with the associated CCEE.

Negotiations for an association agreement with Slovenia are nearing completion.

II. Structured dialogue

The structured dialogue is now operational, as witnessed by the number of ministerial meetings held in various areas, the invitation to the Heads of State and of Government of the associated countries to meet alongside the Cannes European Council being the high point in that process.

The meeting of Ministers for Culture and the Media on 3 April 1995 made it possible to define the broad outline of future cooperation with the associated countries in the fields of culture and the media. The Ministers of the associated countries expressed their willingness to play an active part in the Community programmes in these fields. The meeting also made it possible to define the following three key areas which should be given priority in cooperation with the associated CCEE: legal and administrative cooperation, the restructuring of cultural and media industries and the protection of cultural heritage.

The meeting of the Ministers for Foreign Affairs in Luxembourg on 10 April 1995, prepared by a meeting of Coreper with the Ambassadors of the associated countries, made it possible to hold a discussion on the Commission's position on the preparation of the White Paper on integration into the internal market, and likewise to address important issues relating to regional cooperation and security in Europe.

The meeting with the Ministers for Economic and Financial Affairs was held on 22 May 1995, dealing with the subject of integration of the associated countries into the internal market by focusing attention on the approximation of laws in the economic and financial field, with an exchange of views on the economic situation of those countries (macro-economic aspects).

Ministers with responsibility for the internal market met on 6 June 1995, holding a detailed exchange of views on the Commission White Paper on the preparation of the associated countries for integration into the internal market.

A meeting of Research Ministers is scheduled for 9 June, at which stock can be taken of progress on scientific and technical cooperation with the CCEE, the alignment policy implemented by the associated countries and the forecasts for their participation in Community research programmes.

The first meeting of the Ministers for Justice and Home Affairs on 20 June 1995 was prepared for by two meetings between the Troika of the K.4 Committee and the CCEE on 19 January and 7 June. It was to cover cooperation in the following fields: asylum and immigration, police and customs cooperation and civil and criminal judicial cooperation.

In accordance with the wish expressed by the Essen European Council that planning should extend beyond the six-month period of each Presidency, it should be noted that the structured dialogue will continue under the Spanish Presidency in the following fields, in particular: Justice and Home Affairs, Transport, Agriculture, Education, Foreign Affairs.

III. White paper

The submission of the White Paper on the preparation of the associated countries for integration into the internal market has constituted the major development in the strategy for preparing them for accession since the beginning of the year. It is the subject of specific conclusions of the General Affairs Council with a view to the Cannes European Council.

IV. Commercial measures

The following action has been taken on the conclusions of the Essen European Council concerning commercial measures:

- commercial defence instruments (anti-dumping and safeguard measures): the system for information before the initiation of proceedings is now being applied by the Commission;
- trade in textiles with the six associated countries: Regulation (EC) No 3036/94, which has applied since 1 January 1995, has improved access for products concerned by outward processing operations by means of the immediate abolition of customs duties;
- the Commission has begun discussions in order to extend diagonal cumulation of existing rules of origin to Romania and Bulgaria. This extension forms part of the three-stage strategy decided on by the Essen European Council in order to unify rules of origin in preferential trade between the Community, the CCEE and the EFTA countries;
- the alignment of the timetable regarding customs duties and tariff quotas for Romania and Bulgaria on that for the other associated countries has applied since 1 January 1995;
- the negotiations for the adjustment of the Europe Agreements further to enlargement and the Uruguay Round have been conducted for textiles products and ECSC products. They are well under way for agricultural products.

V. Agriculture

The Commission is due to submit a report, before the Cannes European Council, on the reasons why only a few tariff quotas opened by the Union are fully taken up. It is also due to present to the Council the outcome of the study of the effects of all subsidized exports on the agriculture of the associated countries and to inform it as to how it takes this into account, within the framework of its own institutional responsibilities, for the management of the export refund mechanisms.

As regards the adjustment of the agricultural aspect of the Association Agreements to the results of the Uruguay Round and enlargement, negotiations have been initiated with the associated countries. However, they cannot be concluded before 1 July 1995. Thus:

- further to enlargement, certain provisional and autonomous measures have been taken for fresh and processed agricultural products since 1 January 1995 so as not to disrupt traditional currents of trade. A second series of measures is about to be adopted by the Council;
- interim and autonomous measures are also due to be taken to avoid disrupting trade flows following implementation of the results of the Uruguay Round on 1 July. The Commission will shortly be making a proposal with a view to the adoption of these measures, which will take into account the principles of Community preference and reciprocity.

VI. Industry

The Industry Council meeting on 7 April 1995 adopted conclusions aimed at assisting industrial cooperation with the countries of Central and Eastern Europe by supporting environmental development and a regulatory framework favourable to agreements between undertakings and designed to overcome the existing obstacles in this area.

VII. Financial cooperation

PHARE has been redirected towards supporting the strategy for preparing for accession. To do so, its programming is being carried

out on a multiannual basis. Technical assistance must, in particular, take into account implementation of the White Paper on preparing for integration into the internal market. Assistance under the programme has, moreover, been extended to include investment activity in the field of infrastructures.

VIII. CFSP

The meeting of Ministers for Foreign Affairs on 10 April, held in the framework of the structured dialogue, gave rise to exchanges of views on several political issues of mutual interest. Meetings at the level of Political Directors and European correspondents were organized, as well as numerous meetings at expert level.

Coordination in the capitals of third countries and in international organizations has gradually been established. Coordination within the United Nations, in particular, has proved to be extremely positive, as witnessed by the considerable convergence of voting by the Union and the associated countries, for example on the occasion of the 51st session of the Commission on Human Rights.

The associated countries have, moreover, subscribed to a growing number of démarches and joint actions of the Union, as well as to declarations. Thus they all participated in the joint action aimed at obtaining the unconditional and unlimited extension of the Nuclear Non-Proliferation Treaty. They also supported the series of démarches undertaken by the Union pursuant to Article 3(2) of the joint action concerning anti-personnel mines, in preparation for the Conference to review the 1980 Convention on Inhumane Weapons.

IX. Stability Pact

The process leading up to the adoption of the Pact on Stability in Europe in Paris on 21 March also contributed to the strategy for preparing for accession. Concluded following round table meetings bringing together, under the chairmanship of the Union, the associated countries and their neighbours, the Pact consecrated the determination of the CCEE to consolidate and develop good-neighbourly relations amongst themselves, and to strengthen stability in Europe by entrusting to the CSCE the monitoring of the bilateral agreements and arrangements included in the Pact.

The accompanying measures for this process, taken by the Union as part of PHARE, have contributed to this result by setting up projects concerning regional transboundary cooperation, issues relating to minorities, cultural cooperation, including language training and administrative training, and environmental problems.

X. Justice and Home Affairs

Following the meeting on 19 January 1995 between the Troika of the K.4 Committee and the associated countries, and acting on instructions from the K.4 Committee, confirmed by Coreper, certain forms of cooperation were initiated in the three fields covered by Title VI:

- In the field of asylum and immigration, two meetings of CIREFI (Clearing House for Immigration) were held with experts from the CCEE. The ministerial meeting on 20 June is due to deal in particular with the following topics: false documents, the approximation of legislation on movement, the questionnaire on practices concerning visas issued in third countries and re-admission.
- In the field of police and customs cooperation, in which a meeting between experts on questions concerning drugs and organized crime is to be held shortly, the Council meeting on 20 June is to deal with implementation of the Berlin Declaration concerning police and customs cooperation to combat organized crime, and the setting-up of a police academy in Budapest.
- As regards judicial cooperation, a very comprehensive questionnaire has been sent to the CCEE. Answers to the questionnaire will be discussed by the Council on 20 June, as will accession of the CCEE to the Lugano and Rome Conventions and to the relevant judicial cooperation conventions.

STATEMENT BY THE EUROPEAN UNION

Former Yugoslavia

Meeting in Cannes on 26 and 27 June 1995, the European Council sends the following message to the leaders and peoples of former Yugoslavia:

1. The European Union solemnly reaffirms its opposition to the settlement of the conflict in former Yugoslavia by force. It calls for a moratorium on military operations and for the conclusion of an agreement to cease hostilities.
2. Since the beginning, the European Union has lent its support to the efforts of the United Nations to contain the war, to come to the

aid of the civilian population and to promote the peace process. It now wishes to emphasize its support for resolute action by UNPROFOR.

As regards the action of the United Nations and its military aspects, the European Union reiterates its support for the deployment of the Rapid Reaction Force, as approved by the United Nations Security Council, for the purposes of enabling UNPROFOR to accomplish its task in the best possible conditions of security and with greater efficiency. The objective is to enable UNPROFOR to act and react. The Member States of the European Union are demonstrating their solidarity with the Rapid Reaction Force by offering it their assistance as far as they are able and by urging the United Nations to ensure that all the members of the Organization contribute to the financial support of the Force.

The European Union strongly advises all the parties in the conflict to refrain from placing obstacles in the way of the freedom of movement and action of UNPROFOR and of the humanitarian organizations bringing aid to the civilian population. It warns them that the peace forces are determined to overcome such obstacles. The siege of Sarajevo must be lifted. The European Union demands freedom of access to Sarajevo, its enclaves and the safe areas.

The European Union confirms the authorization to open negotiations for a trade and cooperation agreement with Croatia but would reiterate its stern warning against any attempt to settle the situation in Krajina by force.

3. The European Union confirms that it is its first resolve to speed up the finalization of a peaceful settlement. It reiterates its confidence in and its full support for the mediator it has appointed, Mr Carl Bildt as co-Chairman of the Steering Committee of the International Conference on the Former Yugoslavia. It has noted with the keenest interest the outcome of his first visit to the region.

– The European Union asks Mr Bildt urgently to seek ways of re-opening the dialogue with all the parties in Bosnia-Herzegovina. The European Union, the United States and Russia have devised a plan which is based on a fair division of territory and on future constitutional arrangements which will preserve the integrity of Bosnia-Herzegovina and ensure equitable and balanced treatment for the Croat-Bosnian and Serb-Bosnian entities. This plan must be accepted as the basis for the resumption of negotiations.

– The European Union at the same time asks Mr Bildt to pursue the efforts to secure mutual recognition of the States which have emerged from the former Yugoslavia. It understands the urgency attaching in an initial stage to the recognition of Bosnia-Herzegovina by the Federal Republic of Yugoslavia. It would refer to the proposals made, in particular on the question of sanctions, in order to achieve that mutual recognition as soon as possible.

The European Union urges in this context the importance of strict observance of the closure of the border between Bosnia-Herzegovina and the Federal Republic of Yugoslavia. It calls on all States to see to it that the monitoring mission of the International Conference on the Former Yugoslavia has adequate resources.

– The European Union asks Mr Bildt to encourage the Zagreb Government and the Krajina Serb leaders to resume talks, revive the economic Agreement of 2 December 1994 and accept the draft Agreement known as plan Z4 and to urge the Federal Republic of Yugoslavia to support that plan.

– In view of the success already achieved to bridge the gap between Croats and Muslims, to which the Muslim-Croat Federation and the action of the European Union Administrator in Mostar stand witness, the European Union is convinced that solutions can be found to establish satisfactory relations between all communities in the former Yugoslavia.

The European Union asks its Mediator to keep the Ministers for Foreign Affairs informed of the initial results of his efforts at the next Council meeting on 17 July.

4. These are the European Union's immediate objectives for its own action and that of Mr Bildt. Overall peace will not be restored unless the rights of each community are safeguarded everywhere. In this respect the European Union will remain vigilant concerning the fate of the people of Vojvodina, Sandjak and Kosovo: full reintegration of the Federal Republic of Yugoslavia into the community of nations depends on satisfactory developments.

EURO-MEDITERRANEAN CONFERENCE IN BARCELONA

POSITION OF THE EUROPEAN UNION

I. GENERAL INTRODUCTION

The countries of the European Union and their Mediterranean partners must act together to a greater extent to ensure that the

Mediterranean becomes, more so than at present, an area of exchange and dialogue guaranteeing peace, stability and the well-being of those who live around it.

In accordance with the guidelines laid down by the European Councils in Lisbon (June 1992), Corfu (June 1994) and Essen (December 1994), the European Union is resolved to establish a lasting pattern of relations with the other Mediterranean countries in a spirit of partnership. An ambitious policy of cooperation to the south forms a counterpart to the policy of openness to the east and gives the European Union's external action its geopolitical coherence.

The European Union and its Mediterranean partners will have to meet common challenges calling for a coordinated overall approach. That approach must take proper account of the characteristics and distinguishing features of each of the countries on the other side of the Mediterranean. The establishment of a multilateral framework between Europe and the other side of the Mediterranean is the counterpart to a strengthening of the bilateral relations which link the Union and each of its partners. The existing bilateral agreements and the current negotiations for the conclusion of new generation agreements will make it possible to safeguard or even accentuate the specific nature of each of these bilateral relations within the new multilateral framework; these agreements will at the same time constitute one of the main instruments for implementing the provisions contained in this document.

The Euro-Mediterranean Ministerial Conference to be held in Barcelona on 27 and 28 November 1995 will give the countries of the European Union and their eastern and western Mediterranean partners an unprecedented opportunity to decide together what their future relationship is to be.

In its relations with these countries, the European Union's objective is to ensure stability and prosperity in the Mediterranean. To that end, the European Union is prepared to support those countries in their efforts to turn the region progressively into an area of peace, stability, prosperity and cooperation and for that purpose to establish a Euro-Mediterranean partnership. That calls for political dialogue, sustainable and balanced economic and social development, combating poverty and the need for greater understanding between cultures through a reinforcement of the human dimension in exchanges.

This is the spirit in which the European Union has embarked on the present discussion, which seeks to establish an overall partnership based on strengthening democracy and respect for human rights, which constitute an essential element in relations between Europe and its Mediterranean neighbours. That partnership comprises the following three main aspects:

- a political and security aspect.

The aim here is to establish a number of common principles and interests, acceptable to all, which the partners would undertake to promote together. It involves a reaffirmation of the importance, within each State, of respect for fundamental freedoms and the establishment of the rule of law, which constitute elements of stability for the whole Mediterranean region. Likewise, relations between States must be guided by certain principles acceptable to all which will ensure the stability of the region. This initiative involves a dialogue with countries in the Arab-Muslim world, and with other countries, and will take into account the specific cultural features of the region;

- an economic and financial aspect.

The aim is to build a zone of shared prosperity. An action plan is put forward, setting out the framework, priorities and arrangements for partnership in order to establish a Euro-Mediterranean economic area based on free trade in accordance with the obligations arising from the WTO. It commits the partners to considering the implications of creating a free-trade area in relations between them as well as in the fields of economic development, resources and infrastructure. Particular importance is attached to regional integration. In this context, it is emphasized that European Union aid to the Mediterranean region cannot be a substitute for major efforts by the countries concerned to improve their own situation and their economic and social development. It is acknowledged that the economic modernization involved requires a substantial increase in financial cooperation, which must promote above all the mobilization of local economic forces in order to bring about sustainable, self-engendered development. To that end, particular stress will be placed on private sector investment, a powerful factor for the development of the region;

- a social and human aspect.

The aim here is to encourage exchanges among civil societies. In the context of decentralized cooperation, the emphasis is placed on education, training and young people, culture and the media, migrant population groups and health. Greater cooperation in the field of home affairs and justice is also envisaged, with action in particular against drug trafficking, terrorism and international crime.

Thus defined, the Euro-Mediterranean partnership, with its overall approach focused on the relationship between Europe and the Mediterranean, differs fundamentally from the peace process in the Middle East. The partnership is not a new forum for resolving conflicts and should not be seen as the framework for this process, even if, among other objectives, it can help to promote its success. The same applies with regard to the other disputes that may affect relations between countries in the area.

Nor is the Euro-Mediterranean partnership intended to replace the other activities and initiatives undertaken in the interests of the peace, stability and development of the region, which are aimed at strengthening dialogue and cooperation between Europe and its neighbours in

the southern and eastern Mediterranean.

More particularly, the European Union intends to play an active part in the economic summit to be held in Amman in October as a follow-up to the Casablanca economic summit. This is a separate process from the Euro-Mediterranean partnership, both by its composition and by its objectives, even if certain synergies may result from it.

All in all, the sole significance of taking part in the Barcelona Conference is that of adhering to the principles underlying the Euro-Mediterranean partnership.

The European Union hopes that the Euro-Mediterranean Conference will lay the foundations for the Euro-Mediterranean partnership by adopting a joint document on the three main aspects referred to above, which form a whole and must be made to interact positively.

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II. POLITICAL AND SECURITY PARTNERSHIP: ESTABLISHING A COMMON AREA OF PEACE AND STABILITY

In this field, the European Union proposes that the Euro-Mediterranean partnership should be put into practice with the adoption of a declaration of principles by all the partners, at the Conference in Barcelona this autumn, setting a number of objectives common to the parties with regard to internal and external security.

A. Human rights, democracy and the rule of law:

It should be possible for rules of conduct within each State or political entity, which correspond to those recognized by the international community, to be reaffirmed by all the parties. The internal stability of States must be seen as a medium-term element in the stability of the whole Euro-Mediterranean area.

The Euro-Mediterranean partnership should therefore be based on observance of the following principles:

1. (Respect for the basic texts). Commitment by the partners to act in accordance with the UN Charter and the Universal Declaration of Human Rights, as well as the obligations arising from the international declarations and agreements in this field by which they are bound.

2. (Rule of law). Each partner should be able to commit itself to the development of the rule of law and of democracy in its internal political system (free and regular elections to governing and representative bodies, independent judiciary, balance of powers and good governance), with the partners recognizing at the same time the right of each of them to choose and freely develop its own political, socio-cultural and economic system, provided it complies with commonly agreed international standards concerning human rights.

3. (Fundamental freedoms). Commitment by each partner to take practical steps to ensure the effective exercise of fundamental freedoms, on the basis of the undertakings entered into by the partners in the previous two paragraphs, including freedom of expression, freedom of association for peaceful purposes and freedom of thought, conscience and religion.

Commitment by the partners to give favourable consideration to the possibility of exchanging information and responding to any requests for information made to them by the partners on questions in connection with human rights and fundamental freedoms.

4. (Pluralism and tolerance). Commitment by each partner to respect diversity and pluralism in its society. Call for the promotion of tolerance between different groups in society and for resistance to manifestations of intolerance, especially racism and xenophobia. Action against terrorism will be all the more effective if it observes the rules of law and the principles of human rights and is coupled in the longer term with policies for specific action to deal with the underlying causes. The partners could thus stress the importance of proper education in the matter of human rights and fundamental freedoms.

5. (Human rights). Commitment by the partners to respect human rights and fundamental freedoms and the exercise of such rights and freedoms, both individually and together with other members of the same group, without any discrimination on the grounds of race, nationality, language, religion or sex.

B. Stability, security, good-neighbourly relations:

The partners could affirm that peace and stability in the Mediterranean region are a common asset, which they undertake to preserve and strengthen by all means at their disposal.

A security partnership between Europe and the Mediterranean should be based on respect for the following principles:

1. (Sovereign equality). Commitment by the partners to respect each other's sovereign equality and all rights inherent in their sovereignty, in accordance with international law. Commitment by the partners to fulfil in good faith the obligations they have assumed under international law.
2. (Non-interference). Commitment by each partner to refrain from any direct or indirect intervention contrary to the rules of international law in the internal affairs of another partner.
3. (Respect for territorial integrity). Commitment by the partners to respect the territorial integrity and the unity of each of the other partners.
4. (Non-use of force and peaceful settlement of disputes). Renunciation by the partners of any recourse, in their mutual relations, to the threat or use of force against the territorial integrity or political independence of another partner, or any other action that is incompatible with the aims of the United Nations. Commitment by the partners to consider joint mechanisms of preventive diplomacy and to settle their disputes by peaceful means.
5. (Fight against terrorism, organized crime and drugs). Commitment by the partners to cooperate to prevent and combat the threat of terrorist activities by ratifying and implementing the international instruments and commitments to which they subscribe in this connection, and by taking other appropriate measures. Commitment by the partners to fight together against the expansion and diversification of organized crime and to combat the drugs problem in all its aspects.
6. (Objectives in relation to disarmament and non-proliferation). Commitment by the partners to fulfil in good faith their commitments under the arms-control, disarmament and non-proliferation conventions to which they are party.

Call for all the partners to adhere to the Treaty on the Non-Proliferation of Nuclear Weapons, the Convention on Chemical Weapons and the Convention on Biological Weapons and to commit themselves to practical action in favour of chemical, biological and nuclear non-proliferation.

Commitment by each partner not to develop military capacity beyond its legitimate individual or collective security requirements. The partners could accordingly reaffirm their resolve to achieve the same degree of security and mutual confidence at lower levels of conventional weaponry.

7. (Good-neighbourly relations, confidence and security-building measures). Commitment by the partners to develop good-neighbourly relations among themselves. The partners should support the processes of regional integration, emphasizing their importance for the stability of the region. They could also undertake to consider any confidence and security-building measures that could be taken jointly with a view to the creation of an "area of peace and stability in the Mediterranean", drawing for example on the Stability Pact for the Central and Eastern European countries.

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III. ECONOMIC AND FINANCIAL PARTNERSHIP: BUILDING A ZONE OF SHARED PROSPERITY

Introduction

Problems manifest themselves in different ways in each of the partner countries, but all are faced with the same challenges:

- serious demographic pressure;
- a large farming population;
- insufficient diversification in production and industrial trade;
- weak intra-regional trade;
- an over-developed and inefficient public sector.

The partners could accordingly set themselves the following long-term objectives:

- to accelerate the pace of sustainable socio-economic development;

- to improve the living conditions of their populations by reducing the prosperity gap and increasing the employment level;
- to encourage regional cooperation and integration.

To this end, a Euro-Mediterranean area should be established on the basis of free trade and partnership in the maximum number of areas.

The partners would consider that policies should be pursued based on the principles of the market economy and the integration of their economies and on a partnership which takes account of their needs and their different levels of development.

They would give priority to the adaptation and modernization of the economic and social structures of the non-EU Mediterranean countries in order to facilitate the progressive establishment of a free-trade area and in particular to:

- promote the modernization and development of the private sector, as well as its legal and regulatory environment, by means of greater administrative cooperation and by encouraging private investment from local, regional and Community sources;
- mitigate the social and environmental consequences which may result from economic development, by according in particular the requisite priority to the policies, programmes and projects most directly affecting the day-to-day life of the neediest populations.

The partners should, lastly, endeavour to promote mechanisms to foster transfers of technology.

1. Euro-Mediterranean free-trade area

The partners would agree to establish a Euro-Mediterranean area based on free trade, to be progressively completed by 2010, covering most trade, based on the opportunities offered and the obligations resulting from the World Trade Organization.

The creation of a free-trade area would be an essential component of the Euro-Mediterranean partnership and would require a special effort by all partners.

Within this area:

- manufactured products would move freely, without tariff or non-tariff barriers;
- taking as a basis traditional trade flows, and as far as the various agricultural policies allow, trade in agricultural products would be progressively liberalized, through reciprocal preferential access;
- the right of establishment for companies, provision of cross-border services and capital movements would be progressively liberalized, having due regard to the GATS Agreement.

To that end, the ongoing negotiations between the Union and non-member Mediterranean countries will be concluded as soon as possible and, in parallel, similar free-trade agreements should be negotiated between the Mediterranean countries themselves.

As a second stage, the Mediterranean countries could be encouraged to negotiate free-trade agreements with the non-Mediterranean European countries associated with the Union.

In order to facilitate trade, the partners would propose to:

- progress by stages towards cumulation of origin among all the parties, in accordance with conditions comparable to those envisaged by the Union vis-à-vis the CCEE;
- adopt broadly similar rules of origin via the development of customs cooperation amongst all partners;
- improve certification procedures to facilitate mutual recognition of certificates of conformity and, in the longer term, harmonization of standards;
- adopt the highest possible standards of protection for intellectual property (TRIPS);
- adopt similar competition rules.

The liberalization of services would be the subject of special agreements, to be negotiated as soon as possible.

2. Cooperation priorities

2.1. Investments

Rapid and sustainable growth and continued structural reforms are essential to the success of economic development. This process should be supported by internal savings, the basis of investment, to which should be added considerably higher direct foreign investments.

For this reason the partners would stress the major importance for economic development of investment, of the progressive elimination of barriers to investment and of creating an environment conducive to direct foreign investment.

They would therefore propose to examine how to encourage direct investment, while respecting the spheres of competence of all parties (the European Community, its Member States and its Mediterranean partners).

2.2. Regional cooperation

The partners would recognize that regional cooperation is a key factor in promoting the creation of a free trade area. It is therefore important for trade to develop both between the European Union and its Mediterranean partners and also, on a voluntary basis, between the partners themselves.

2.3. Business

The partners would appeal to companies to enter into business agreements (joint ventures, marketing arrangements, subcontracting, licensing, etc.) within the Euro-Mediterranean area.

The partners would encourage such cooperation by providing a favourable environment and regulatory framework for companies, while respecting competition rules (access to suitable sites, skilled labour, credit facilities, capital markets, etc.). Particular attention would be paid to support for the privatization of public enterprises.

They would endeavour to promote industrial cooperation and modernization through:

- exchange of information on industrial and technological developments, industrial policy, competitiveness and the modernization, restructuring and privatization of industry, innovation and investment, trade liberalization and its effects on industry and the legal and financial environment, and health and safety at work;
- encouraging networks, joint projects, cooperation infrastructure and consultative mechanisms;
- development of technology and standards;
- improving conditions for developing foreign investment in the Mediterranean partner countries.

The partners would consider it necessary to implement a programme of technical support to SMEs in order to improve the quality of products and services, including tourism. They would support cooperation among SMEs and improved access to credit. The partners would recognize the importance of developing the financial sector in the Mediterranean countries in order to mobilize resources for assisting business. They would encourage the integration of the informal labour sector through the development of micro-businesses and self-employment.

2.4. Environment

The partners would emphasize their interdependence in environmental matters, which requires a regional approach and greater cooperation together with improved coordination of multilateral programmes existing both within the framework of the European Union and of the relevant international organizations. They would recognize the importance of reconciling economic development with environmental protection and of integrating environmental concerns into all aspects of economic policy (industry, research, energy, transport, agriculture, fisheries, tourism and regional planning) in order to foster the sustainable development of the region.

In order to reverse the current tendency towards a degradation of the environmental situation of the region, the partners would undertake to continue and step up the efforts already being made. In this context, they would confirm their attachment to the objectives and structures set up in the framework of the Barcelona Convention and the Mediterranean Action Plan, to revitalize their efforts in the region. The effectiveness and visibility of their action in this area should be increased. To supplement these efforts, they would also agree to establish a short- and medium-term priority action programme, to concentrate their financial support essentially on such action and to provide a monitoring mechanism for its implementation, in particular regular dialogue.

This programme should be focused in particular on problems of water, waste, air pollution and the protection of soil, coastal areas and the Mediterranean Sea, flora, fauna and conservation of the natural heritage, landscape and sites, the prevention of forest fires, and earth observation. It would be backed up, to prepare for the longer term, by action in training, education, network creation

and compilation of environmental data.

The partners would also agree on adopting and implementing, as soon as possible, any legislative and regulatory measures which prove to be necessary, especially preventive measures, and high standards.

2.5. Fisheries

The partners would recognize the importance of conservation and rational management of fish stocks.

Accordingly, they will increase their participation and cooperation in the framework of the General Fisheries Council for the Mediterranean for the adoption and effective implementation of appropriate conservation and management measures in order to ensure the lasting exploitation of this area's fishery resources.

They would confirm their declaration made at Heraklion in December 1994 and propose to take appropriate action in the legal sphere to ensure suitable follow-up to the conclusions of the Conference.

They would improve cooperation on research into fish stocks in the Mediterranean and on training and scientific research and would envisage creating joint scientific monitoring centres for this purpose.

2.6. Energy

The partners would recognize their interdependence in the energy sector. For the development both of energy resources and as regards energy exchanges, the appropriate framework conditions need to be created for investments and the activities of energy companies.

They would step up existing cooperation concerning energy policies. They would also encourage producer-consumer dialogue.

To that end, they would propose to:

- foster the association of Mediterranean countries with the Treaty on the European Energy Charter;
- promote joint participation in research programmes;
- develop viable renewable energy sources, in particular solar energy technologies;
- promote energy efficiency.

The partners would cooperate in creating the conditions enabling the companies operating in the energy sector to extend energy networks (electricity, gas and oil pipelines) and in promoting link-ups between them.

3. Other areas of cooperation

3.1. Agriculture and rural development

The partners would focus cooperation in particular on:

- support for policies implemented by them to diversify production;
- reduction of food dependency;
- promotion of environment-friendly agriculture;
- closer relations between businesses, groups and organizations representing trades and professions in the partners on a voluntary basis;
- support for privatization;
- technical assistance and training;
- harmonization of phytosanitary and veterinary standards;
 - integrated rural development, including improvement of basic services and the development of associated economic activities;
 - cooperation among rural regions, exchange of experience and know-how concerning rural development.

3.2. Infrastructure development

(a) Transport

The partners would underline the importance of an efficient transport system within the Euro-Mediterranean area as a precondition for the expansion of trade flows.

To that end, they would respect international maritime-law principles and in particular the freedom to provide services in international transport and free access to international cargoes.

They would agree on a priority programme which would incorporate environmental benefits in the following areas:

- improvement of efficiency of port and airport infrastructure;
- simplification of administrative procedures in ports and airports, including computerization;
- harmonization of air-traffic control and management systems;
- improvement of multi-modal, combined sea and air transport across the Mediterranean;
- improvement of safety at sea and air safety and more efficient monitoring of marine pollution;
- development of east-west land links on the southern and eastern shores of the Mediterranean;
- connection of the Mediterranean partners' networks to the trans-European networks, including the identification of multi-modal corridors of common interest in order to ensure interoperability;

(b) Information technology and telecommunications

The partners would underline the importance of a modern, efficient telecommunications network, particularly as regards basic services for economic and social development. To that end, they will focus on:

- development of infrastructure, particularly in rural areas, to facilitate access to services;
- the modernization of telecommunications (legislation, regulations, pricing structure and transparency, privatization, etc.);
- access to the information superhighway and to multi-media networks;
- transfer of technology, research and training (distance learning, teleworking, SMEs and health);
- development of inter-administrative information networks within the Euro-Mediterranean economic area;
- cooperation among telecommunications companies in the above areas.

3.3. Local authorities and regional planning

The partners would affirm their willingness to cooperate and examine their interdependence in this area and, with this aim, to:

- define a regional planning strategy for the Euro-Mediterranean area appropriate to countries' requirements;
- promote cross-border cooperation;
- foster cooperation among local authorities.

As far as towns are concerned, emphasis would be placed on housing, public transport and water-supply and sanitation services.

3.4. Research and development

The partners would consider it necessary to promote research and development and tackle the widening gap in scientific achievement, taking account of the principle of mutual advantage.

To that end, the research capacity of the Mediterranean rim countries should be improved and assistance given for the training of scientific and technical staff, to promote better integration of young researchers in the region.

Implementation of the three Rio Conventions on biological diversity, the fight against desertification and climate change constitutes an ideal area for cooperation.

In addition, qualified research institutes and higher education establishments from European and Mediterranean countries will participate in joint research programmes, based in particular on the creation of scientific networks on clearly defined topics.

In this context, the partners would note with satisfaction the opening-up on a case-by-case basis of many specific programmes under the Community's fourth framework programme, particularly those dealing with the environment and technology, health and society, research on renewable resources, urban development, the information technologies programme and the communications technologies programme.

These areas are in addition to those already subject to the same arrangements under the Community's third framework programme.

Lastly, they would wish to set up a committee to monitor Euro-Mediterranean cooperation on research and development so as to follow up, in particular, the discussions started on 21 and 22 March in Sophia Antipolis.

3.5. Statistics

The partners would recognize the importance of comprehensive, up-to-date statistical information. They would promote closer cooperation between the Statistical Office of the European Communities (SOEC), the Member States' statistical offices and the statistical offices of interested Mediterranean countries, in particular for harmonizing methodology and exchanging data. A conference organized by the SOEC would examine the key needs of the national statistical systems of the Mediterranean countries in order to determine priority areas of cooperation.

4. Means of cooperation

In order to implement the partnership, and in particular to back up the efforts involved in setting up a free trade area, the partners would stress the importance of efficient financial cooperation, managed in the framework of a multiannual programme, adapted to its objectives and priorities and which takes account of the specific characteristics of each of the partners.

For this purpose the Community considers that the partnership should benefit from substantial additional financial assistance for the period 1995-1999. This would be supplemented by EIB assistance in the form of increased loans and financial resources allocated bilaterally by the Member States, with a view to ensuring through coordination of contributors, in compliance with the principle of subsidiarity, the optimum complementarity and effectiveness of such assistance and a clear overall profile for European Union action.

The partners would recognize the importance of sound macro-economic management to ensure the success of their partnership. To this end, they would agree on the value of economic-policy dialogue between the Community and each of the Mediterranean partners, particularly under new agreements.

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IV. PARTNERSHIP IN SOCIAL AND HUMAN AFFAIRS

Introduction

The partners would work to encourage the participation of civil society in the Euro-Mediterranean partnership. With this in view, they would develop instruments of decentralized cooperation encouraging exchanges between those active in development: leaders of civil and political society, the cultural world, universities, the research community, the media, organizations, trade unions and public and private enterprises. They would undertake to promote the participation of women in such exchanges, because of their key role in development.

The partners would also recognize that current population trends must be counterbalanced by appropriate demographic policies to accelerate economic take-off. In this context, the partners would consider this challenge a matter of priority.

They would consider that the development of human resources is vital both in the education and training of young people and in the areas of culture and health. In this regard, they would stress the importance in this field of the principle of subsidiarity, which reflects the different responsibilities of the Member States and the Community, and of linguistic diversity.

They would acknowledge the importance of the role played by migration in their relationships.

They would consider that cooperation on democracy and human rights should be an essential part of exchanges among civil society and would require appropriate action.

While identifying common priorities and objectives in the fields of justice and home affairs, the partners would recognize the need for a differentiated approach that takes into account the diversity of the situation in each country.

Cooperation in these areas could include the negotiating of conventions.

1. Cooperation priorities

1.1. Education and training

The partners would encourage:

- a full exchange of information on systems, policies and action in the field of education and training;
- the development of vocational training programmes, with the emphasis on the private sector;
- promotion of cooperation networks among universities and encouragement of mobility of research workers and teaching staff;
- strengthening of links between education and business;
- development of education, with particular reference to the education of young girls and adult literacy training;
- development of programmes in management and executive training.

1.2. Social development

The partners would acknowledge the importance of social development which, in their opinion, should go hand in hand with any economic development. They would give particular priority to respect for basic social rights.

1.3. Migration

The partners would agree on the need to increase their efforts to reduce migratory pressures. To this end they would agree to:

- identify the major causes of migratory pressures and their regions of origin;
- promote programmes of assistance for job creation and professional training in order to counter the exodus of manpower, particularly the most skilled;
- promote the role of migrants legally resident in the Union in the economic development of their regions of origin, particularly through the use of remittances.

They would undertake to discuss living conditions for migrants and expatriates legally resident within their respective territories.

The Union will ask its Mediterranean partners to acknowledge their obligations as regards the readmission of their nationals who had left the country.

In the area of illegal immigration, the partners would propose to establish closer cooperation, which would imply, inter alia:

- facilitation of readmission, including the speeding-up of procedures to establish nationality;
- cooperation on border controls;
- stepping up the exchange of information between the relevant administrative services on illegal migrants and the routes used by them;
- exploitation of the possibilities offered by recourse to bilateral joint committees;
- treating expelled nationals in a manner which complied with national law and with the partnership's commitments on human rights, in compliance also with the United Nations Convention of 10 December 1984 against torture and other cruel, inhuman or degrading treatment or punishment.

1.4. Drug trafficking

The partners would agree on the need for a coordinated approach as regards drug trafficking. They would emphasize the need

for close cooperation, between both police and customs services, concerning, inter alia, the following measures:

- exchange of information on drug trafficking;
- destruction of crops;
- making customs services aware of techniques for targeting high-risk cargo;
- coordinated, effective and efficient inspections of shipping in the context of the relevant international conventions;
- strengthening the legal arsenal against drug trafficking, and respect for international commitments;
- cooperation and exchanges of information between departments responsible for combating:
 - = the diversion of chemical precursors;
 - = money laundering.

1.5. Terrorism

The partners would recognize the importance of preventing and combating terrorism together. To this end, cooperation should be strengthened to combat that threat more effectively. Such cooperation could include in particular:

- stepping up exchanges of information;
- improving the training of departments responsible for preventing and combating terrorism;
- identification of the various components involved (organization, financing, etc.).

1.6. International crime

The partners would recognize that it is important to prevent and to work together more effectively to combat international crime in step with the development of their partnership.

They would agree to organize close administrative, police and customs cooperation, and to align national legislative and regulatory texts in order to combat the various forms of crime in the Euro-Mediterranean area, including in the following fields:

- environmental protection and combating ecological crime;
- combating counterfeiting;
- dealing with the various forms of child abduction.

1.7. Judicial cooperation

It would be advisable to develop judicial cooperation necessary for the effective combating of drug trafficking and the various forms of international crime, in particular those referred to above, which would require improvements in extradition procedures and in policy concerning international letters rogatory as well as exchanges of magistrates and of information.

1.8. Racism and xenophobia

The partners would stress the importance of combating more effectively the phenomenon of racism and xenophobia and plan to cooperate to achieve this.

1.9. Combating corruption

The partners would agree to draw up a programme of action against corruption, because of the importance, topicality and international scope of the phenomenon.

They would consider amplifying the means of detection and investigation enabling corruption to be countered more effectively.

2. Other areas of cooperation

2.1. Culture and the media

The partners would agree on the need to improve mutual understanding by promoting cultural exchanges and multilingualism, while respecting the identities of all involved.

Their partnership, the procedures for the implementation of which would have to be specified at the Conference, would focus on the cultural and creative heritage, cultural and artistic events, co-productions (theatre and cinema), dissemination of books and the written word, of pictures and of works of art, translations and other means of spreading cultural awareness.

The partners would emphasize the importance of the role played by the media in mutual understanding among societies and agree to promote exchanges and cooperation, particularly in the areas of training, co-production and dissemination.

2.2. Health

The partners would recognize the following priorities in their partnership:

- action on raising awareness, information and prevention;
- development of public health: health care, in particular primary health centres;
- maternal and child health, family planning and control of communicable diseases, including AIDS.

2.3. Youth

The partners would recognize the importance of promoting contact and exchanges among young people in the framework of decentralized cooperation programmes. To that end they would propose to:

- support activities promoting the social and vocational integration of young people, particularly those lacking qualifications, in their local environment;
- promote the training of organizers and social workers in the youth field;
- promote the training of young workers for scientific, cultural and technical activities, with particular reference to the role of women.

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V. FOLLOW-UP TO THE EURO-MEDITERRANEAN PARTNERSHIP

The Barcelona Conference should provide the basis for a process which should develop, and the partners should therefore agree that the various activities will be followed up by ad hoc thematic meetings of ministers, senior officials and experts, exchanges of experience and information, contacts between those active in civil society or any other appropriate means. These meetings may be based on existing cooperation structures, or on any other more suitable formula on which the Conference might agree.

The Union will propose to its partners the principle of regular meetings at Foreign Minister level. The frequency of the meetings will be determined by agreement between the parties.

This overall dialogue, which should combine the utmost practicality with the least possible formality, would supplement but not replace the dialogue carried on by the European Union with each Mediterranean State or entity under bilateral agreements.

Parliamentary and local-authority contact arrangements could also be considered.

DECLARATION

EUROPEAN COUNCIL, CANNES, 26 AND 27 JUNE 1995

Subject: FIFTIETH ANNIVERSARY OF THE UNITED NATIONS

"Today, the fiftieth anniversary of the signing of the Charter of the United Nations in San Francisco, the European Council:

- solemnly reaffirms the European Union's attachment to the purposes and principles of the Charter of the United Nations and renews its commitment to serving the ideals and action of the United Nations;
- emphasizes the extent to which the United Nations, which was created in response to the tragedy of the Second World War, helped in the reconstruction of Europe and in aiding the refugees of the conflict;
- pays tribute to the work of the United Nations over fifty years and to its major contribution to consolidating international law, maintaining peace and international security in cooperation with the regional organizations, to disarmament, to decolonization, to development and humanitarian aid, to protecting and promoting human rights and to cooperation between nations in the most diverse fields;
- vigorously affirms the need, in a world facing political, economic, cultural and social challenges of increasing complexity, to preserve and develop a forum in which universal commitments are made and in which coordinated initiatives are implemented in cooperation with the regional organizations;
- points out that the success and the proper functioning of the United Nations depend above all on the political support of its Member States and on the resources which they put at its disposal, notably by full, punctual and unconditional payment of their financial contributions;
- calls on the United Nations and its Member States to pursue and develop the reform programme under way, in order to remedy the weaknesses in some areas and to be ready to take up the challenges of the next century;
- hopes in this regard that progress will be made in adapting UN structures and institutions, including the Security Council;
- supports the Secretary-General's moves to strengthen the Organization's preventive diplomacy capacities and to adjust its peacekeeping tasks and resources, a field in which the UN plays an irreplaceable role, since only the UN may decide on the use of force in international relations;
- also expresses its attachment to the United Nations' revival of a global sustainable development policy centred on human beings, incorporating the achievements of the major Conferences which it has organized and laying stress on aiding the poorest countries, in close consultation with bilateral donors and other multilateral agencies;
- calls on the Secretary-General to step up further his drive to increase efficiency in the Organization's operation and in the management of its staff and financial resources;
- reaffirms that the European Union, which is by far the Organization's largest financial provider, the leading contributor in troops to peacekeeping operations, the principal donor of multilateral development aid and of humanitarian aid, intends, for its part, to continue to support the United Nations."

MESSAGE FROM THE EUROPEAN COUNCIL TO THE 31ST SUMMIT OF THE OAU

The European Council sends the Organization of African Unity, meeting at its Summit in Addis Ababa from 26 to 28 June, a message of friendship and support in its efforts towards peace and development in Africa. It welcomes the cooperation that has been undertaken between the European Union and the Organization for African Unity since the Essen European Council in December 1994 and reaffirms its confidence in the OAU's ability to play its role in the future of the continent of Africa.

EUROPEAN UNION STATEMENT

ON BURUNDI

THE EUROPEAN COUNCIL IS SERIOUSLY CONCERNED AT THE CONTINUING DETERIORATION IN THE SITUATION IN BURUNDI. IT EXPRESSES ITS FULL SUPPORT FOR THE BURUNDI AUTHORITIES' EFFORTS TO ACHIEVE NATIONAL RECONCILIATION AND RESTORE ORDER, PROVIDED THAT HUMAN RIGHTS ARE FULLY RESPECTED. IT CONDEMNS ALL ACTS OF VIOLENCE AND ATTEMPTS AT DESTABILIZATION BY EXTREMISTS OF EVERY HUE. IT REAFFIRMS THE EUROPEAN UNION'S READINESS TO CONTINUE ITS STEADFAST SUPPORT FOR BURUNDI THROUGHOUT THESE TRYING TIMES.

THE EUROPEAN COUNCIL WANTS A CONFERENCE ON PEACE, SECURITY AND STABILITY IN THE REGION OF THE GREAT LAKES TO BE CONVENED AS SOON AS POSSIBLE UNDER THE AEGIS OF THE UNITED NATIONS AND THE OAU.

Financial cooperation with the CCEE and the Mediterranean

The European Council signified its agreement to the following table in line with the guidelines in paragraph 6 of the working document distributed at the Council meeting on 12 June 1995. (*)

	CCEE	MTC
1995	1 154	550
1996	1 235	900
1997	1 273	1 000
1998	1 397	1 092
1999	1 634	1 143
TOTAL	6 693	4 685

8th EDF (ECU million)

Belgium	503
Denmark	275
Germany	3 000
Greece	160
Spain	750
France	3 120
Ireland	80
Italy	1 610
Luxembourg	37
Netherlands	670
Portugal	125
United Kingdom	1 630
Austria	340
Finland	190
Sweden	350
Resources not allocated from previous EDFs	150
Non-utilizable resources from the 7th EDF	142
Increase in humanitarian aid from the budget in favour of the ACP States	160
Conversion of special loans into grants	15
Total	13 307

p.m. The OCT portion is set at 1,28% of the total amount of the 8th EDF

Loans from EIB own resources will be added to the total amount of the EDF.