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ACTIVITIES



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CONCLUSIONS OF THE PRESIDENCY

INTRODUCTION

The European Council welcomed the outcome of the Danish referendum and the prospect of a rapid completion of ratification procedures on the Maastricht Treaty in all Member States. It is determined that this important step should mark the ending of a prolonged period of uncertainty on the Community's direction and be the occasion for the Union to meet with renewed vigour and determination the many challenges with which it is faced internally and externally, making full use of the possibilities offered by the new Treaty. The principles spelled out by the European Councils in Birmingham and Edinburgh regarding Democracy, subsidiarity and openness will guide the implementation of the new Treaty with a view to bringing the Community closer to its citizens.

The European Council in Copenhagen gave special attention to, on the one hand, action aimed at tackling the economic and social problems faced by the Community and particularly the unacceptably high level of unemployment and, on the other hand, to the wide range of issues relating to peace and security in Europe. It recognizes that only by proving that the Community is instrumental in contributing to the security and well-being of all the citizens can the Community count on continued public support for the construction of Europe.

The members of the European Council held an exchange of views with the President of the European Parliament. The discussion took place against the background of the increased political and legislative role which the European Parliament will have under the Treaty of Maastricht. The European Council underlined the importance of making the best possible use of those provisions while fully respecting the institutional balance set out in the Maastricht Treaty. It at the same time stressed the need for national Parliaments to be more closely involved in the Community's activities. It welcomed the growing contacts between

national Parliaments and the European Parliament.

1. Growth, Competitiveness and Unemployment

The European Council is deeply concerned about the present unemployment situation and the grave dangers inherent in a development where an increasing number of people in the Community are becoming permanently detached from the labour market. The European Council pledged the determination of the Community and its Member States to restore confidence through the implementation of a clear strategy - covering both the short term and medium to long term - to restore sustainable growth, reinforce the competitiveness of European industry and reduce unemployment.

Short term measures

The European Council agreed that concerted economic action based on the principles set out in "The plan of action of Member States and the Community to promote growth and to combat unemployment" established by the European Council in Edinburgh, should continue to be given the highest priority. It welcomed the initial package of national and Community measures established by the Council (ECO/FIN) at its meeting on 19 April and noted with satisfaction that some Member States have since then implemented new and additional measures with the same objective in mind.

The promotion of investment is crucial.

The European Council agreed that on the national level this objective should be given particular importance by Member States in their national budget planning for 1994. The bringing forward in time of public investment, in particular on infrastructure, environment protection and urban renewal, as well as the promotion of private investment (with special

attention to small and medium sized enterprises and housing), are of particular importance in the present phase of the economic cycle in Europe. However, lower taxes on labour would enhance European industrial competitiveness. In connexion with this, consideration should also be given to fiscal measures to reduce consumption of scarce energy resources.

Although further national action will depend on each Member State's room for manoeuvre, full account should be taken of the multiplier effect of the internal market, which supports national policy aimed at economic recovery, and of the positive effects on national budgets which would result from increased growth.

On the Community level the European Council invited the EIB in cooperation with the Commission to increase by 3 billion ECU the temporary facility of 5 billion ECU agreed in Edinburgh and to extend its duration beyond 1994; 2 billion ECUs would be for the transeuropean networks and 1 billion ECUs for strengthening the competitiveness of European small and medium-sized enterprises. The Council (ECO/FIN) is invited to examine how the part available for small and medium-sized enterprises could benefit from interest rate subsidies to a maximum of 3 percentage points over five years. The interest subsidy would be linked to employment creation (similar to existing ECSC loans) and would be funded within existing financial perspectives. The European Council will review the amount for the small and medium-sized enterprises facility at its meeting in December in the light of its utilization.

The European Council underlined the importance of a rapid implementation of the Community's structural policy programme for the period 1994-1999. The implementation of this 160 billion ECU programme (equal in real terms to three times the

Marshall Aid programme) is essential for cohesion, as well as for growth and employment creation not only in the less favoured areas of the Community but throughout the Community. The European Council therefore called on the Institutions to ensure the formal adoption before the end of July 1993 of the Structural Funds Regulations. It noted that the President of the European Parliament agreed with this objective. The legal texts as well as the practical implementation should fully respect the agreement reached on the DELORS II-package in Edinburgh.

In addition, and in order to boost ahead of schedule the investment projects under the Structural Funds, the European Council agreed that the Council (ECO/FIN) will examine a proposal from the Commission that would enable Member States to draw on a Community "bridging facility" at market interest rates up to a maximum of 5 billion ECUs available until the end of 1995. Repayment of this Community loan would be drawn from structural fund appropriations in subsequent years. Similar arrangements could be applied to the Cohesion Fund.

The European Council underlined the importance of fully exploiting the new provisions in the Maastricht Treaty relating to the promotion of Transeuropean networks of the highest quality, in the context of promoting economic and industrial growth, cohesion, the effective functioning of the internal market and encouraging European industry to make full use of modern information technology. The European Council invited the Commission and the Council to complete by early 1994 the network plans in all the relevant sectors (transport, telecommunication and energy) while noting with satisfaction the progress made on high speed trains, roads, inland waters and combined transport. It also called on the Council to consider rapidly the Commission proposals on telematic networks. The Council will also examine on a proposal from the Commission the link up between the

peripheral Member States and the central regions of the Community.

The extended duration and the increased amount of the Edinburgh temporary facility now agreed will permit a further important contribution to these networks. Transeuropean projects which have received the endorsement of the Community through a "Declaration of Community interest" will be privileged under this instrument and other Community financial instruments.

Medium and long-term measures to promote competitiveness and employment

The European Council agreed that macro-economic policy should be supplemented by structural measures in each Member State adapted to their individual characteristics in order to achieve a significant reduction of the unacceptably high level of unemployment in particular among young people, those unemployed for a long time and the most socially excluded.

The European Council heard an analysis by the President of the Commission on the competitive situation of the European economy. It fully endorsed his diagnosis.

The European Council welcomed the presentation by President Delors of a medium-term European plan for economic revival, "Entering the 21st century", attached to these conclusions (see Annex I). The European Council invited the Commission to present a white paper on a medium-term strategy for growth, competitiveness and employment for consideration at its meeting of December 1993. Member States will submit to the Commission, before 1 September, proposals for specific elements which might be included in this initiative. The European Council invited the Commission to prepare its white paper in good time for it to be taken into consideration in

the preparatory work to be done by the Council (ECO/FIN) with regard to the broad guidelines for economic policy for the Community and its Member States. The social partners will be consulted by the Commission.

The European Council recalled that under the provisions of the Treaty on European Union it has to examine such guidelines. It invited the Council (ECO/FIN) on a proposal from the Commission to submit to the European Council in Brussels in December draft guidelines based on the objectives set out in the previous paragraphs concerning both short-term and medium-term aspects, with a view to promoting sustainable non-inflationary growth respecting the environment.

Monetary and Exchange rate policy

Monetary policy and exchange rate stability are key factors in both the short and medium-term components of a strategy to restore growth and reduce unemployment. The European Council agreed on the overriding importance of creating the budgetary and economic conditions for rapidly bringing interest rates in Europe down, thereby narrowing the existing gap between interest rates in Europe and interest rates in other major industrial countries. Movements in this direction will be essential for economic recovery and in order to promote investment in Europe.

The European Council reviewed recent developments in the exchange rate situation. It felt that the orientations agreed at the informal meeting of Economic and Finance Ministers in Kolding in relation to the EMS go in the right direction. The European Council recalled that the exchange rate policy of all Member States is a matter of common interest. It underlined the essential role to be played by the European Monetary Institute (EMI) in this area. It invited the Commission to present proposals on all the necessary

implementing measures relating to the second stage of Economic and Monetary Union, so that they can be adopted by the Council as soon as possible after entry into force of the Treaty and before 1 January 1994.

International aspects

The effect of action by the Community and its Member States will be increased through international coordination of policy. In this connection, the European Council welcomed the outcome of the joint EC-EFTA meeting of Economic and Finance Ministers held in April and invited the Council (ECO/FIN) to continue to maintain close contacts with the EFTA countries in this area. With regard to the global economy the European Council looks to the G-7 summit in Tokyo to provide an agreed basis for a determined effort to promote growth in the world economy.

2. The single market and common policies

At a time when the problems of creating economic growth and stimulating employment are of increasing concern, the existence of a large single market of 350 million people is a major asset for the Community.

The European Council welcomed the recent decisions of the Internal Market Council and called on it to adopt rapidly the last remaining measures which are of major importance for the proper operation of the single market.

On transport, the European Council noted with satisfaction that the recent agreement on road transport taxation has cleared the way for full liberalization of the activities of road hauliers within the Community to take its place beside

identity throughout the negotiations.

The European Council stressed that it was essential to relaunch the multilateral process in Geneva as soon as possible on all topics, including agriculture, in order to complete a comprehensive, durable and balanced agreement before the end of the year. This was urgently needed in order to create the new, rules-based world trading system in which unilateral action is ruled out. A round concluded on this basis will promote the durable expansion of international trade which is a key to the promotion of economic growth and job creation in Europe and throughout the world.

Early identification of the main elements of a large market access component and real progress on services and intellectual property, including contributions from all GATT partners, would help to maintain momentum and pave the way for the conclusion in time of the final package.

4. Enlargement

The European Council took note of progress in the enlargement negotiations with Austria, Finland, Sweden and Norway. It noted that the initial difficulties encountered in launching the negotiations had now been overcome and that the pace of the negotiations was speeding up. It recalled that the negotiations will, to the extent possible, be conducted in parallel, while dealing with each candidate on its own merit.

The European Council invited the Commission, the Council, and the candidate countries to ensure that the negotiations proceed constructively and expeditiously. The European Council is determined that the objective of the first enlargement of the European Union in accordance with the guidelines laid down by the Lisbon and Edinburgh European

Councils should become a reality by 1 January 1995.

5. Relations with Malta and Cyprus

The European Council considered that its guidelines with regard to enlargement with the EFTA countries shall be without prejudice to the situation of other countries which have applied to join the Union. The Union will consider each of these membership applications on its own merits.

The European Council welcomed the Commission's intention to present shortly its opinions on Malta and on Cyprus. These opinions will be examined rapidly by the Council taking into consideration the particular situation of each of the two countries.

6. Relations with Turkey

With regard to Turkey, the European Council asked the Council to ensure that there is now an effective implementation of the guidelines laid down by the European Council in Lisbon on intensified cooperation and development of relations with Turkey in line with the prospect laid down in the association agreement of 1964 and the protocol of 1970 as far as it relates to the establishment of a customs union.

7. Relations with the Countries of Central and Eastern Europe

A. The Associated Countries

- i) The European Council held a thorough discussion on the relations between the Community and the countries of Central and Eastern Europe with which the Community has concluded or plans to conclude Europe agreements ("associated countries"), on the basis of the

Commission's communication prepared at the invitation of the Edinburgh European Council.

- ii) The European Council welcomed the courageous efforts undertaken by the associated countries to modernize their economies, which have been weakened by 40 years of central planning, and to ensure a rapid transition to a market economy. The Community and its Member States pledge their support to this reform process. Peace and security in Europe depend on the success of those efforts.

- iii) The European Council today agreed that the associated countries in Central and Eastern Europe that so desire shall become members of the European Union. Accession will take place as soon as an associated country is able to assume the obligations of membership by satisfying the economic and political conditions required.

Membership requires that the candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities, the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union. Membership presupposes the candidate's ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union.

The Union's capacity to absorb new members, while maintaining the momentum of European integration, is also an important consideration in the general interest of both the Union and the candidate countries.

The European Council will continue to follow closely

progress in each associated country towards fulfilling the conditions of accession to the Union and draw the appropriate conclusions.

iv) The European Council agreed that the future cooperation with the associated countries shall be geared to the objective of membership which has now been established. In this context the European Council approved the following:

- The Community proposes that the associated countries enter into a structured relationship with the Institutions of the Union within the framework of a reinforced and extended multilateral dialogue and concertation on matters of common interest. The arrangements, which are set out in Annex II to these conclusions, include dialogue and concertation on a broad range of topics and in several fora. Where appropriate - in addition to regular meetings between the President of the European Council and the President of the Commission with their counterparts from the associated countries - joint meetings of all the Heads of State and Government can be held to discuss specific predetermined issues.

- The European Council, recognizing the crucial importance of trade in the transition to a market economy, agreed to accelerate the Community's efforts to open up its markets. It expected this step forward to go hand in hand with further development of trade between those countries themselves and between them and their traditional trading partners. It approved the trade concessions established by the Council (General Affairs) at its meeting on 8 June. It invited the Council to adopt on a proposal from the Commission the necessary legal texts before the

summer holidays.

- The Community will continue to devote a considerable part of the budgetary resources foreseen for external action to the Central and Eastern European Countries, in particular through the PHARE programme. The Community will also make full use of the possibility foreseen under the temporary lending facility of the EIB to finance transeuropean network projects involving the countries of Central and Eastern Europe. Where appropriate, part of the resources under the PHARE programme may be used for major infrastructural improvements, in accordance with the arrangements agreed by the General Affairs Council on 8 June.

- The European Council, welcoming the possibility offered to the associated countries to participate in Community programmes under the Europe Agreements, invited the Commission to make proposals before the end of the year for opening up further programmes to the associated countries, taking as a point of departure those programmes which are already open for participation by the EFTA-countries.

- The European Council underlined the importance of approximation of laws in the associated countries to those applicable in the Community, in the first instance with regard to distortion of competition and, in addition, - in the perspective of accession - to protection of workers, the environment and consumers. It agreed that officials from the associated countries should be offered training in Community law and practice and decided that a task force composed of representatives of the Member States and the Commission shall be established to

coordinate and direct this work.

- The precise modalities regarding the above matters are set out in Annex II.

B. Other Central and Eastern European Countries

The European Council discussed the economic situation in Albania. It welcomed the conclusions of the Council (ECO/FIN) on 7 June and the recognition by the Community of the need to ensure adequate support, through grants, loans or both to Albania. The European Council also underlined the importance of making full use of the provisions relating to political dialogue foreseen under the present agreement with Albania.

In order to strengthen the trade and commercial links between the three Baltic States and the Community, the European Council invited the Commission to submit proposals for developing the existing trade agreements with the Baltic States into free-trade agreements. It remains the objective of the Community to conclude Europe Agreements with the Baltic states as soon as the necessary conditions have been met.

8. Pact on stability in Europe

The European Council discussed the French proposal for an initiative to be taken by the European Union in favour of a Pact on stability in Europe. This initiative is directed towards assuring in practice the application of the principles agreed by European countries with regard to respect for borders and rights of minorities. The European Council agreed that recent events in Europe have shown that action in these areas is timely and appropriate. It welcomed

the idea of using the instrument of "Joint Action" in accordance with the procedures provided for in the Common Foreign and Security policy.

The European Council invited the Council (General Affairs) to examine the proposal and report to its meeting in December 1993 with a view to convening a preparatory conference on the pact.

9. Russia

The European Council welcomed the new initiatives in the area of political reforms in Russia undertaken by President Yeltsin. It hopes these efforts will be successful and contribute to consolidating democracy and a market economy.

The European Council welcomed the progress made recently in the negotiations on a partnership and cooperation agreement with Russia. It expressed its hope for an early conclusion of such an agreement, in the context of creating a contractual relationship between the Community and Russia which reflects the political and economic role which Russia plays on the international scene and where consultations - also at the highest level - are a regular feature of the relationship.

The European Council is looking forward to continuing the close cooperation with Russia in the political field and to jointly contributing to the solution of international crises. This is seen as an essential contribution to peace and stability in Europe and the world. The European Council agreed to propose regular Community meetings between its President, the President of the Commission and the Russian President.

The European Council expressed its readiness to continue and

enhance its support for the Russian reform process. The coming G-7 summit is seen as a timely opportunity to further the substantial efforts already made to support the reform measures underway in Russia as well as other countries of the former Soviet Union. The European Council took stock of the preparation of the discussion at the G-7 summit on aid to Russia. The Community and its Member States attached particular importance to progress in Tokyo on issues relating to nuclear safety (power stations, nuclear waste, and dismantling of nuclear weapons). It welcomed in this context the substantial follow-up now being given to the guidelines laid down by the European Council in Lisbon including the agreement recently reached by the Council (ECO/FIN) on EURATOM loans aimed at improving safety in nuclear power stations in former Soviet Union republics as well as in Central and Eastern European countries.

The European Council also stressed the importance of putting the European Energy Charter into practical reality.

The European Council pledged the support of the Community to other concrete steps to promote the efficiency of aid directed towards Russia and to concrete projects aimed at accelerating the process of privatization, in particular through appropriate training of Russian entrepreneurs in the context of technical assistance. The European Council emphasized that the effectiveness of aid efforts depends on the existence of stability oriented economic policies in Russia.

10. Ukraine

The European Council expressed keen interest in expanding cooperation with Ukraine. Substantial progress towards the fulfilment by Ukraine of its commitments under the Lisbon protocol to ratify Start 1 and to accede to the NPT as a non-nuclear weapons state is essential for Ukraine's full integration into the international community and would promote the development of its relations with the Community and its Member States.

11. Former Yugoslavia

The European Council adopted the declaration on Bosnia-Herzegovina set out in Annex III.

12. Relations with the Maghreb countries

The European Council recalled its determination to see the relationship with the Maghreb countries placed at a level of importance and intensity which corresponds to the close links which have been formed by geography and history. This should be done within the framework of an upgraded partnership between the Union and the individual Maghreb countries.

The European Council invited the Council to approve rapidly the draft directives presently being examined for a partnership agreement with Morocco.

It took note with satisfaction of the Commission's intention to submit rapidly draft directives for the negotiation of a similar agreement with Tunisia.

13. Conclusions reached by Foreign Ministers

The European Council took note of the conclusions reached by Foreign Ministers on the issues set out in Annex IV.

14. Common Foreign and Security policy - Preparatory work on security

The European Council noted the preparatory work already done by Foreign Ministers on security in connection with the mandate from the Edinburgh European Council and invited them to continue their work with a view to defining the necessary basic elements for a policy of the Union by the date of entry into force of the Treaty.

15. A Community close to its citizens

The European Council invited all institutions to ensure that the principles of subsidiarity and openness are firmly anchored in all spheres of Community activity and fully respected in the day-to-day operations of the institutions.

As regards the principle of subsidiarity, the European Council noted with satisfaction that the Commission is now submitting proposals only when it considers that they fulfil the subsidiarity criteria, and welcomed in general the substantial reduction in the volume of Community legislation foreseen in the Commission's legislative programme for 1993 compared to earlier years. The wider consultation by the Commission before submitting important new proposals and, in particular, the use of "green papers" relating to important new activities as well as a cost and benefit analysis of new proposals are also highly promising. It looked forward to the completion before the European Council in December of the Commission's review of existing and proposed legislation with

regard to the subsidiarity principle.

The European Council noted with satisfaction that the Council and the Commission are now applying the principles, guidelines and procedures on subsidiarity decided at Edinburgh as an integral part of the decision making procedure. It hopes that the European Parliament will soon be able to join in this effort.

On openness, the European Council noted the first steps taken in response to the conclusions of the Edinburgh European Council regarding the opening of certain Council debates to the public, simplification and codification of Community legislation and information in general. It confirmed its commitment to continue the process of creating a more open and transparent Community.

In the area of public access to information, it invited the Council and the Commission to continue their work based on the principle of the citizens having the fullest possible access to information. The aim should be to have all necessary measures in place by the end of 1993.

The European Council invited the European Parliament and the Council to settle the last outstanding issues with regard to the establishment to the Ombudsman in time for the entry into force of the Maastricht Treaty.

16. Fraud affecting the Community

The European Council underlined the importance of continuing to combat fraud and irregularities in connection with the Community budget, both in view of the sums involved and in order to promote confidence in the construction of Europe. It underlined the importance of fully implementing the

provisions in the Maastricht Treaty according to which Member States are to take the same measures to counter fraud affecting the financial interests of the Community as they take to counter fraud affecting their own financial interests. It looked forward to the report on further developments in the Commission's anti-fraud strategy together with the related proposals. It invited the Commission to submit such proposals in March 1994 at the latest.

17. Racism and Xenophobia

The European Council strongly condemned the recent attacks on immigrants and refugees in its Member States and expressed its deep sympathy with the innocent victims of such aggressions.

The European Council reiterated its strong resolve to fight by all available means intolerance and racism in all its forms. It stressed that such intolerance and racism is unacceptable in our present day societies.

The European Council confirmed the commitment to protect everybody, including immigrants and refugees, against violations of fundamental rights and freedoms as embodied in constitutions and laws of Member States, the European Convention on Human Rights and other international conventions, including the United Nations Convention on the Elimination of all forms of Racial Discrimination.

The European Council recalled its previous declarations on racism and xenophobia and decided to intensify the efforts to identify and to root out the causes. It pledged that Member States will do their utmost to protect immigrants, refugees and others against expressions and manifestations of racism and intolerance.