

EUROPEAN COUNCIL

ROME, 14 and 15 DECEMBER 1990

PRESIDENCY CONCLUSIONS

(Part 2)

**concerning relations with the Soviet Union
and the countries of Central and Eastern Europe**

Relations with the USSR

1. The European Council fully supports the reforms undertaken by the President and the competent authorities of the Union. In order to contribute to their success, it has adopted the following guidelines for the short, medium and long term on the basis of a Commission statement:

2. In order to satisfy the urgent food and health requirements reported by the authorities of the Union, the Community will be making available to the USSR food aid up to an amount of ECU 750 million, 250 million of which will be in the form of gifts under the 1990 farm budget. The rest will be in the form of a medium-term loan guarantee in accordance with the procedures laid down by the ECOFIN Council on 17 December. This aid will be routed in accordance with arrangements to be finalized with the authorities of the Union guaranteeing that the aid actually reaches those for whom it is intended and does not jeopardize the gradual advance towards normality of supplies in accordance with market rules. Such aid will commence as soon as possible and will continue in 1991 under the conditions as stated above, in the light of developing requirements.

3. Regarding the re-organization and rehabilitation of the Soviet economy, the European Council feels that the Community's role must, above all, be to co-operate with the USSR in order to help it to mobilize its own resources.

The Community will provide as soon as possible technical assistance in the fields of public and private management, financial services, energy, transport and foodstuffs distribution. With reference to the energy sector, technical assistance should give priority to nuclear safety, energy saving, electricity, gas and oil transport systems and the administrative and legal framework.

Technical assistance will be the subject of a practical programme geared to specific projects and will be eligible for overall support of ECU 400 million in 1991 and a sum yet to be determined in 1992, to be released in tranches as projects actually materialize.

In the case of longer-term economic relations in sectors of common interest essential for the development of the Soviet economy, such as energy, telecommunications, transport and the agri-foodstuffs industry, the European Council requests the Commission to propose the instruments and framework for effective co-operation, with due regard for the ideas put forward by the Netherlands, Italy and the United Kingdom.

With regard, more generally, to energy and on the basis in particular of the proposals from the Netherlands Prime Minister and the Commission, the European Council deemed it necessary to institute long-term co-operation in Europe, in order to increase security of supplies, to optimize the exploitation of resources and investment, improve networks, increase trade and ensure more rational use of energy, which - in the light, particularly, of joint responsibility for the environment - will greatly benefit the whole of Europe. The European Council hopes that an international conference can be organized in 1991 to prepare a Pan-European Energy Charter.

4. The Commission is requested to explore with the Soviet authorities the idea of a major agreement between the Community and the USSR, encompassing a political dialogue and covering all aspects of close economic co-operation and co-operation in the cultural sphere, with a view to concluding such an agreement as quickly as possible and certainly by the end of 1991.

5. The Community's endeavours in the context of co-operation with the Soviet Union support the objective of the Government of the Union of achieving its gradual integration into the world economy. The Community and its Member States will use their influence to facilitate the USSR's membership of international financial institutions, in particular the IMF, which must form the main framework for macro-economic assistance.

The European Council would like the present provisions of the EBRD, which limit the possibility of aid grants for the USSR, to be examined.

6. The European Council stresses the importance of effective co-ordination by the Commission of the efforts made by the Community and its Member States acting individually, including efforts in the field of credits granted to ensure the urgent provision of supplies to Soviet industry.
7. The European Council would like co-operation with the USSR to be given priority by the Council, the Commission and the European Parliament. In particular, all the necessary measures including budgetary decisions, will have to be decided on in time to make it possible for food aid to begin early in 1991 and to enable the Commission to make the necessary arrangements to implement technical assistance as quickly as possible.

Countries of Central and Eastern Europe

Right from the start the Community has adopted a clear policy of helping the countries of Central and Eastern Europe to succeed with their political and economic reforms. This policy involves actions and initiatives within the framework of the Group of 24 and bilateral co-operation with each of the countries concerned. The Community hopes to conclude "European agreements" as

quickly as possible and these will mark a new stage in the Community policy of developing increasingly close relations with those countries.

The general process of reform embarked on with the help of such support is being threatened, however, by external disturbances and constraints arising from, inter alia, the Gulf crisis, which are very seriously affecting their financial situation.

The European Council agreed that initiatives will be taken, within the framework of the Group of 24 in particular, to meet the financing requirements of those countries which are not covered by public or private contributions and which are estimated at 4 000 million dollars.

The Community initiative could take the form of financing over and above that provided by international financial institutions, which would be subject to a time limit and to which the Community and the Member States would contribute, together with the other countries of G 24 and possibly other third countries. Such aid would be conditional. It would be subject to agreement with the IMF and would be granted on a case-by-case basis, with the proviso that it met the real needs and specific conditions of each country in such a way as to ensure maximum effectiveness.

The European Council noted, moreover, that at its meeting on 17 December 1990 the ECOFIN Council would adopt the second tranche of ECU 260 million granted to Hungary to support its balance of payments. In addition it confirmed that in the context of G 24 the Community would support the programme undertaken by Czechoslovakia to stabilize and modernize its economy and to make its currency convertible.

The European Council decided on emergency aid of ECU 100 million in the form of food and medicinal products for Bulgaria and Romania. In addition, the European Council called for urgent examination of the problem arising for these countries because of the risk of interruption of their oil supplies. The countries estimated their immediate requirements at approximately ECU 150 million.

The European Council asked the Council to press ahead with examination of the proposals on credit insurance for exports to the countries of Central and Eastern Europe, tabled by the Commission in line with the conclusions of the Dublin European Council on 28 April 1990.

Finally, the European Council stated that it was following recent developments in Albania with great interest, and it expressed the hope that that country would gradually move towards democracy.