

DUBLIN EUROPEAN COUNCIL

13 and 14 DECEMBER 1996

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I.

INTRODUCTION

The European Council, meeting in Dublin on 13 and 14 December 1996, took a number of significant decisions for the continued development of the European Union.

The European Council:

- achieved further decisive progress on Economic and Monetary Union,
- identified a broad range of measures to be implemented at national and Community level aimed at boosting employment,
- adopted the Dublin Declaration on Employment,
- welcomed the general outline for a draft revision of the Treaties submitted by the Irish Presidency as a good basis for the final phase of the Intergovernmental Conference which should conclude at Amsterdam in June 1997,
- adopted an important series of measures in the area of Justice and Home Affairs and, in particular, agreed ways and means to combat the scourges of drugs, organized crime, including terrorism, and the sexual exploitation of children,
- reviewed the Union's action in external relations.

The European Council began its proceedings by an exchange of views with Mr. Klaus HÄNSCH, President of the European Parliament, on the main subjects for discussion at this

meeting. It thanked Mr. HÄNSCH, who will be stepping down from office next January, for his valuable contribution to furthering constructive cooperation between the Institutions.

A meeting also took place today with the Heads of State or Government and the Ministers for Foreign Affairs of the associated countries of Central and Eastern Europe, including the Baltic States, as well as Cyprus. There was a broad exchange of views on these conclusions and on matters pertaining to the field of Justice and Home Affairs, with particular reference to the fight against drugs and organized crime.



II. ECONOMIC AND MONETARY UNION

1. Economic and Monetary Union

The European Council welcomes the further decisive progress which has been made in the preparations for EMU, which will begin on 1 January 1999.

- The structure of the new Exchange Rate Mechanism has been agreed.
- The urgent aspects of the legal framework for the use of the euro have been finalized for early adoption.
- The principles and main elements of the Stability and Growth Pact for ensuring budgetary discipline in EMU have been agreed.

The European Council therefore urges the institutions, public authorities and economic agents to intensify their preparations for the starting date of 1 January 1999.

The European Council welcomes the excellent Report by the ECOFIN Council (annexed) on preparations for Stage 3 of EMU, which is fully in line with the conclusions of Madrid and Florence, and it pays tribute to the contributions, in their respective fields of competence, from the Commission and the European Monetary Institute (EMI). The contents of this Report are subject to Parliamentary reservations.

In particular the European Council:

- endorses the conclusions on **the new exchange rate mechanism** (ERM2) as proposed by the ECOFIN Council and the EMI. It invites the ECOFIN Council to prepare for the European Council in June 1997 a draft Resolution setting out the fundamental elements of the ERM2, following the precedent set in 1978 in relation to the present ERM. The EMI is invited to prepare, in parallel, a draft for an inter- central bank agreement, for submission to the European Central Bank and the central banks of the Member States not forming part of the euro area.
- underlines the need to ensure durable budget discipline in Stage 3 of EMU and welcomes the agreement reached on the **Stability and Growth Pact**. It requests the ECOFIN Council to examine intensively the Commission proposals for two Regulations, one on the strengthening of the surveillance and co-ordination of

budgetary positions and the other on speeding up and clarifying the implementation of the excessive deficit procedure. It invites the Commission to put forward a proposal for a Regulation on non-participating Member States. Furthermore, it invites the ECOFIN Council to prepare a draft Resolution on the Stability and Growth Pact to be adopted by the European Council in June 1997, recording the commitments of the Member States, the Commission and the Council to a strict application of the Treaty and the legal provisions on budgetary stability. The European Council notes that after it has adopted the Resolution, the Council will adopt the respective Regulations.

- welcomes the agreement by the ECOFIN Council on the two Regulations establishing the **legal framework for the euro** which are being made public by the Presidency. It invites the Council to adopt the first Regulation based on Article 235 of the EC Treaty without delay. The second Regulation will be adopted by the Council as early as possible in 1998, once the decision on the Member States participating in the euro area has been taken.

The Council, meeting in the composition of Heads of State or Government, has taken its decision under Article 109j(3) of the EC Treaty and confirms that the procedure laid down in Article 109j(4) will be applied as early as possible in 1998, with a view to the commencement of the third stage of EMU on 1 January 1999. In this context, the European Council welcomes the intentions of the Member States to further reduce budgetary imbalances in 1997 with a view to achieving the high degree of sustainable convergence required for participation in the single currency and it underlines the need for durable convergence in the third stage.

The European Council underlines the importance of exchange rate stability for the process of convergence and the smooth operation of the internal market and accordingly warmly welcomes the entry into the ERM of the Finnish markka on 12 October 1996 and the re-entry of the Italian lira on 24 November 1996.

The European Council underscores the need to make the euro tangible for citizens. In this regard, it welcomes the designs for the euro bank notes presented by the European Monetary Institute. It also welcomes the arrangements being made by the Commission for the design competition for the coins; this will allow the choice to be made during the Dutch Presidency.

The Heads of State or Government decided to reappoint Baron Alexandre LAMFALUSSY as President of the European Monetary Institute as of 1 January 1997 until 30 June 1997. They decided to appoint Dr. Willem Frederik DUISENBERG, President of De Nederlandsche Bank, as President of the European Monetary Institute as of 1 July 1997 until the establishment of the European Central Bank.



2. SEM 2000 (Sound and efficient management)

The European Council endorsed the Council conclusions of 2 December 1996 on the report of the Personal Representatives Group on Sound Financial Management.

It reaffirmed its support for the Commission's SEM 2000 initiative and generally welcomed the recommendations in the report which constitute a substantial action programme to improve the financial management of EU expenditure in partnership between the Commission

and the Member States.

The European Council invited Council and Commission to report on progress in implementing the recommendations to its meeting in December 1997.

III.

EMPLOYMENT



1. Growth and Employment in Europe - the way forward

The fight against unemployment is the prime responsibility of the Member States but also a priority task of the Union. The European Council had an in-depth discussion on the growth and employment strategy, based on the joint report from the Council and the Commission on employment, the Commission's progress report on the initiative for "Action on employment: a Confidence Pact" and the joint contribution by the social partners on the Confidence Pact which they adopted in Dublin on 29 November. In its deliberations it has also taken account of the proposals in President Chirac's Memorandum on a European Social Model with a view to giving greater emphasis to the human dimension of the Union.

The European Council, building on the Essen strategy, endorses the analysis contained in the Joint Report and urges the Member States to pursue this strategy with determination and consistency. It calls for continued support for this strategy by all relevant actors at European, national and local level, including the social partners and reaffirms the importance of equal opportunities.

To underline its commitment to this strategy the European Council has adopted the **Dublin Declaration on Employment** (annexed), which reflects the recommendations in the Joint Report on the need for:

- a continuation of the macroeconomic strategy for economic growth and employment in line with agreed economic policy guidelines,
- increased efforts to modernize the markets for goods and services and to exploit new sources of employment,
- a focusing on labour market efficiency and on investment in human resources,
- making taxation and social protection systems more employment-friendly,
- strengthening the interplay between macroeconomic and structural policies in the Member States' Multiannual Employment Programmes.

It invites the Commission and the Member States, especially in the framework of the new Employment and Labour Market Committee and the Economic Policy Committee, to develop further the instruments for the effective monitoring and evaluation of employment and labour market policies and the identification of good practice. In particular, common employment indicators should be further developed and the possibilities of benchmarking should be assessed.

The European Council welcomes the positive reaction to the initiatives on territorial employment pacts and urges swift implementation of the 60 projects proposed by the Member States.

The European Council stresses once again the essential role of the Internal Market in promoting growth and employment in the Union. Enhancing the competitiveness of small and medium-sized enterprises has a crucial role to play to this effect. Whilst noting the progress that has been accomplished in this area, it remains concerned with the delays in the transposition and implementation of a number of Directives. It takes note of Commission's intention to submit before the Amsterdam European Council an action plan and a timetable covering all necessary measures that must be taken to ensure that the full potential benefit of the Internal Market is achieved before the beginning of Stage 3 of EMU.

The European Council noted the Commission report on the development of tax systems, which was drawn to its attention by the ECOFIN Council, underlining the need for further work on this issue. The European Council welcomed the Commission's intention to continue the discussions in a tax policy group, paying particular attention to the effects of this policy on employment.

The European Council welcomes the Commission's plans in relation to innovation and the development of the information society as important inputs for the future development of the Union's competitiveness. Investment in education and training are crucial for securing equal opportunities for all citizens to participate in and benefit from the information society. The European Council believes that there should be regular monitoring and evaluation of the Union's competitiveness against world best practice along the lines of the conclusions on benchmarking adopted by the Industry Council.

The European Council reiterates the importance of regulatory simplification and requests, in this context, the extension of the Simpler Legislation for the Internal Market (SLIM) initiative. It emphasizes that the effort to reduce administrative costs for enterprises, particularly small and medium-sized enterprises, is necessary for Member States as well as the Community institutions and invites the Council to follow up in this respect its resolution on legislative and administrative simplification in the internal market.

Postal services form an essential component of the communications infrastructure in the Union. The development of the internal market for postal services bears huge significance in economic and social terms. The European Council welcomes the intensive efforts made to date to effect relevant measures, but notes with regret that the Council has not reached a Common Position. It asks the Council to take a decision by the end of the year, taking account of the work already done at its meeting on 28 November 1996.

The European Council asks the European Parliament, the Council and the Commission to take all steps so that an immediate decision to liberalize postal services can be taken. The universal service in the postal sector must remain assured.

The European Council recognizes the importance of the implementation of the Trans-European Networks. It agrees with the proposal by the Portuguese and Spanish Governments that priority project No. 8 in list 1 from the Essen European Council will become the Multimodal link between Portugal/Spain and the rest of Europe.



2. Subsidiarity and Proportionality

The European Council reaffirms the importance of ensuring that the institutions apply subsidiarity and proportionality thoroughly to all legislative proposals. It welcomes the Commission's 1996 "Better Law Making" report on the application of subsidiarity and proportionality, on simplification and on consolidation of legislation. The European Council invites the Commission to provide a progress report before the end of 1997.



IV. THE INTERGOVERNMENTAL CONFERENCE

The European Council welcomed the general outline for a draft revision of the Treaties submitted by the Presidency. This makes it possible for the negotiations to move now into their final phase.

The European Council has also taken note of the recent letter from the German Chancellor and the French President which will be an important contribution to the further work of the Conference.

The European Council reaffirms the importance of completing the Conference at Amsterdam in June 1997. The Presidency document provides a good basis for the work which lies ahead. As the document makes clear, delegations remain free to advocate their own proposals and to press their concerns in further negotiation.

As it moves now into its final decisive phase, the Conference must seek to achieve a balanced outcome in all areas which will measure up to the aims and ambitions which the European Council has set for it. It is essential that the Union be equipped to face the challenges ahead as it prepares for the 21st century.

The European Council notes with approval the progress at the Conference in identifying Treaty changes which would make the Union more responsive to the concerns of its citizens and it reaffirms the aims which it set out at Florence in this regard.

The European Council notes with approval the particular importance which the Presidency document attaches to the area of Justice and Home Affairs. The European Council has agreed today on a number of important decisions under the existing Treaty provisions which are set out in Section V of the present conclusions. It asks the Intergovernmental Conference, taking account of the outline draft for Treaty revision presented by the Presidency, to work to reach agreement on a strengthened capacity for action in relation to visas, asylum, immigration, the crossing of external borders, the fight against drugs and international crime including terrorism, offences against children and trafficking in persons. Europol should have operative powers working in conjunction with the national authorities to this end. These issues are of

the most serious concern to citizens in all Member States and the Union must be given the means to act effectively in these areas.

The European Council also reaffirmed the aim which it set in Florence of developing the external action of the Union. The Union must enhance its capacity to ensure that its external action is coherent and effective in all its aspects, and it must improve its decision-making procedures, if it is to play a role in the world commensurate with its responsibilities and its potential. The European Council noted the approaches which the Presidency has identified in its document in relevant areas including the options for establishing a new function to enhance the visibility of the CFSP and the strengthening of links with the WEU.

Institutional issues will be central to the next phase of the negotiations. The Union needs to improve its ability to take decisions and to act. This is already true today and it will be even more necessary as the Union moves to enlarge its membership further. The Union must have comprehensible, transparent and democratic procedures and strong and effective institutions which enjoy legitimacy in the eyes of its citizens.

The European Council notes that the Presidency document, responding to a view of many delegations that certain issues can be settled definitively only at a later stage in the Conference, does not include texts in Treaty form on the issue of flexibility and on certain sensitive institutional questions, although it offers an analysis of the issues and identifies options. In the next phase of the Conference solutions must be found on all institutional issues, including in particular on the size of the Commission, the role of the European Parliament, the collective association of national parliaments, the voting mechanisms in the Council and the functioning of the Court of Justice, while respecting the balances which have always been an important feature of European construction.

The European Council also notes the progress made thus far in examining the proposals for Treaty provisions which would permit more flexible approaches leading to enhanced cooperation in appropriate areas, subject to agreed conditions. This issue is of great importance and the European Council asks the Conference to devote particular attention to it.

The European Council emphasizes strongly that the future of the Union and the success of the further enlargement to which it has committed itself will depend on a satisfactory resolution of all of these questions.

The European Council asks the Conference to develop the important proposal to amend the Treaties to establish it as a clear principle that no citizen of a Member State of the Union may apply for asylum in another Member State, taking into account international treaties.

The European Council notes also the proposal submitted jointly by three delegations, since the presentation of the Presidency document, for the Treaty to include the specific character of the outermost regions of the Union and it asks that it be examined by the Conference.

Finally, the European Council asks the Conference, on the basis of the preparatory work already carried out, to continue to work to present a significantly simplified version of the Treaties with a view to making them more readable and comprehensible to the Union's citizens. This must be done in a way which does not reopen the *acquis* of the Treaties, preserves the pillar structure and does not delay the outcome of the Conference.



V. **JUSTICE AND HOME AFFAIRS**

The European Council reaffirms its commitment to maintain and develop the European Union as an area of freedom, security and justice by putting to full use all of the instruments provided for in the Treaty on European Union.

1. Fight against drugs

The European Council welcomes the report from the Council on the substantial progress made since its last meeting in Florence and endorses the proposals for action contained in this report.

The European Council welcomes, as a concrete expression of a shared political will, the agreement which has been reached on a Joint Action on the approximation of the laws and practices of police, customs services and judicial authorities in the fight against drug addiction and illegal drug trafficking, and the resolutions on sentencing for serious drug trafficking offences, on combatting drug tourism and on drug production and cultivation. It also welcomes the adoption of the Programme for Community action on the prevention of drug dependence.

The European Council stresses that this constitutes a first step and that the momentum achieved must be maintained and further developed on those bases, in particular through:

- continued examination of further harmonisation of laws, insofar as an agreed need for it is identified, complemented by reinforced cooperation between the Institutions and the Member States. In this context, the particular dangers posed by synthetic drugs deserve special attention;
- continued review of further cooperation between law enforcement agencies to combat drug trafficking;
- full application of the Directive on money laundering and its possible extension to those relevant professions and bodies outside the classical financial sector;
- development by the Council and the Commission of the contribution which research activities can make in addressing the medical, socio-economic and detection aspects of drug abuse;
- energetic implementation of the action plan to combat drugs in the Caribbean, as well as the implementation of the agreed follow-up of the report by the expert mission to Latin America;
- further development of the structured dialogue with the associated countries of Central and Eastern Europe in regard to drugs issues; comparable cooperation with the Russian Federation, initiated during the current Presidency, should be pursued;
- following a proposal by President Chirac and Prime Minister Major, to examine ways to assist Central Asian republics, utilizing the TACIS programme, to fight transit in and production of drugs.

Cooperation with transatlantic partners in these fields has also to be continued and, where

appropriate, improved.

The European Council confirms the priority it attaches to sustained and coordinated action in the fight against drugs making full and coherent use of all the instruments of the Union.

It invites the Council to draw up by the end of 1997 a first assessment of measures undertaken, with a view to strengthening and supplementing them.

2. Fight against organized crime

The European Council underlines its absolute determination to fight organized crime and, to this end, stresses the need for a coherent and coordinated approach by the Union.

The European Council welcomes the report made by the Presidency on stepping up the fight against organized crime and decides to create a high level group to draw up a comprehensive Action Plan containing specific recommendations, including realistic timetables for carrying out the work. The Group should examine the fight against organized crime in all its aspects on the clear understanding that it would refer any issues involving Treaty change to the Intergovernmental Conference which is addressing Treaty changes in this area as a priority. The high level group should complete its work by March/April 1997.

In order to implement rapidly the measures proposed in the report made by the Presidency, the European Council asks the Council to reinforce its Secretariat, by setting up a team of specialized national experts and practitioners, seconded for a limited duration.

As a practical step in combating international crime, the European Council urges the ratification at the earliest possible date of the Customs Information System, Fraud and Extradition Conventions and their Protocols, as well as, by the end of 1997, of the Europol Convention and its subsequent Protocol. It also highlights the importance of bringing to a rapid conclusion the convention on Mutual Assistance in Criminal Matters.

The European Council urges the Council and the Commission to take effective and coherent action to address the abuse of new communications technologies, including the Internet.

3. Sexual exploitation of children and trafficking in human beings

The European Council expresses its abhorrence at the sexual exploitation of children and trafficking in human beings and undertakes to take all necessary action to protect those most vulnerable in society. It welcomes the agreement on a joint action defining a common approach to offences against children and improving judicial cooperation. Other joint actions aimed at enhancing police cooperation by widening the competencies of the Europol Drugs Unit and creating centres of expertise in investigating such crimes were adopted. Community funds have been made available for fighting these odious crimes.

The European Council calls on the Council and the Commission to implement actively these instruments and to consider necessary further action.

4. Fight against terrorism

The European Council condemns unreservedly all terrorist attacks and continues to pay close attention to the threat posed by terrorism both internally and externally. For this reason the EU is working closely with other international partners and international organizations to review and update measures already adopted against this threat and adopt, where necessary, new measures. For this reason the Member States reiterate their will to cooperate closely on the matter; the European Council emphasizes the need to do so.

5. Racism and Xenophobia

The European Council welcomes the progress made since its meeting in Florence and calls on the Council to complete its work with a view to the speedy establishment of a European Monitoring Centre on Racism and Xenophobia which will have to work in close cooperation with the Council of Europe.

6. External frontiers

The European Council draws again attention to the need to resolve speedily the remaining questions regarding the draft Convention on crossing by persons of the External Frontiers of Member States of the European Union.



VI. ENLARGEMENT

The Commission informed the European Council on its progress on the opinions and other reports related to enlargement as requested of it at Madrid. The European Council welcomes the assurance given by the Commission that these documents as well as the communication on the future financial framework of the Union will be available immediately after the conclusion of the Intergovernmental Conference. It confirms the timetable for the enlargement process as set at its Madrid meeting. The European Council takes note of the Council's report on the implementation of the pre-accession strategy in the second half of this year. It also notes the Commission's endeavours to strengthen the present implementation of this strategy. Moreover it welcomes the Commission's intention to present proposals for an overall reinforcement of the pre-accession strategy together with its opinions and other reports under preparation.



VII. EXTERNAL ACTION BY THE UNION

The European Council adopted the declarations on [Former Yugoslavia](#) and the [Middle East Peace Process](#) at annex.

RUSSIA

The European Union expresses its solidarity with the Russian people as they implement their historic choice in favour of democracy, the rule of law and a market economy. The European Council reiterates the Union's readiness to assist the Russian Federation in meeting the difficult challenges ahead, notably through the Partnership and Cooperation Agreement, the EU/Russia Action Plan and by bringing Russia as soon as possible into the WTO and other international fora.

The European Council warmly welcomes President Yeltsin's important decision to withdraw all Russian troops from Chechnya and the recent agreement between Chechen leaders and the Russian Prime Minister. It notes the intention to hold elections in Chechnya on 27 January 1997. The European Council expresses its continuing support for the important work of the OSCE Assistance Group in Chechnya.

UKRAINE

The European Council welcomes the adoption by the Council of the Action Plan for Ukraine which demonstrates the importance which the Union attaches to its relations with Ukraine and its desire to develop closer cooperation in the framework of the Partnership and Cooperation Agreement.

The European Council recalls its firm attachment to the implementation of the memorandum of understanding reached with Ukraine on the definitive closure of the Chernobyl nuclear power station by the year 2000. It welcomes the closure by the Ukrainian authorities of reactor number one as an important step in this direction.

BELARUS

The European Union is seriously concerned at developments in Belarus, in particular relating to the referendum on the new Constitution. The European Union wishes to see a Belarus committed to democratic principles, human rights and a market economy playing a full part in Europe. The European Council calls on the leadership of Belarus to re-establish full respect for internationally accepted democratic and constitutional principles and practices and hopes that the leadership will accept the Union's proposal for a fact-finding mission. The absence of progress in these areas would have a negative impact on relations between Belarus and the European Union and on Union support for Belarus's accession to the Council of Europe.

COUNCIL OF EUROPE

The European Council believes that the Council of Europe has a crucial role in upholding human rights standards and supporting pluralist democracy.

It sees advantage in using to the fullest, in cooperation with other international institutions, the expertise and mechanisms of the Council of Europe to advance these objectives. The summit meeting of the Organization, in 1997, will provide a significant opportunity to review the progress made in these areas.

REGIONAL COOPERATION IN EUROPE

The European Council notes the wider range of regional activities in Europe reaching from the Arctic to the Black Sea. In this context, the European Council welcomes the Commission's report on the Central European Initiative presented in response to its request at Florence. It notes that the Commission will submit regular reports to the Council on these regional initiatives.

MEDITERRANEAN

The European Council reaffirms the high priority it attaches to the European Union's Mediterranean dimension and expresses satisfaction at the significant and balanced developments in the Euro-Mediterranean partnership during the year since the adoption of the Barcelona Declaration.

In the political and security partnership, work on the implementation of the principles of the Barcelona Declaration will continue, notably through the action plan, towards the adoption of a Union-Mediterranean charter.

TURKEY

The European Council reaffirms the importance it attaches to the further development of the EU's relations with Turkey in both the economic and political fields. It notes with regret, however, that certain serious issues remain to be resolved in the relationship. The European Council welcomes the Turkish Government's stated intention to take measures to improve the human rights situation. In the context of closer partnership with the European Union it emphasizes the need for the observance of the highest standards of human rights.

The European Council invites the Presidency to continue its efforts following the Council's declaration of 15 July 1996 to promote an acceptable solution to the situation in the Aegean area in accordance with established international norms and to pursue contacts with the Turkish Government with a view to an early Association Council.

The European Council urges Turkey to use its influence to contribute to a solution in Cyprus in accordance with UN Security Council resolutions.

EU-US RELATIONS

The European Council notes that the EU-US Summit in Washington on 16 December will be the first anniversary of the adoption at Madrid of the New Transatlantic Agenda and the Joint EU-US Action Plan and expects it to be another milestone in EU-US relations. It welcomes the qualitative improvement which this represents in principle as well as in practice over the past year.

The European Council reaffirms the objectives which it shares with the US in promoting human rights, democratic values and fundamental freedoms in parts of the world where these are inadequately observed, but also its conviction that such objectives should be pursued by means other than unilateral action at the expense of close partners with shared values.

The European Council reaffirms the essential contribution which close EU-US partnership can make to international stability, security and prosperity and the importance in this context of the Transatlantic Dialogue in deepening and widening the EU-US relationship through solid cooperation between them.

EU-CANADA RELATIONS

The European Council welcomes agreement on the text of a Joint Declaration and an Action Plan, which will further enhance cooperation between EU and Canada in pursuit of common objectives and on the basis of deeply-held shared values.

GREAT LAKES

The European Council expresses grave concern about the continuing violence in the Great Lakes Region, not only in Eastern Zaire but also in Burundi. It welcomes the return of large numbers of refugees, but underlines the need to facilitate the voluntary repatriation of the remaining refugees, and to initiate rehabilitation and reconstruction efforts. It recalls the considerable efforts undertaken by the EU to meet humanitarian needs. In the meantime, the continuing humanitarian emergency, particularly in Eastern Zaire, requires fast and decisive action by the international community. Underlining the need for a flexible approach in the light of the rapidly changing circumstances on the ground, the European Council agrees that the implications of these changes for the implementation of UN Security Council Resolutions concerning the establishment, for humanitarian purposes, of a temporary multinational force will need to be addressed rapidly. In this regard, the European Council restates the willingness of the European Union to contribute fully and urgently to these efforts, pursuant to the Joint Action of 22 November 1996, the associated Council Decision of the same date and the WEU Ministerial Declaration of 19 November 1996. It welcomes the Commission proposal for a strategic and comprehensive plan of action for EU assistance to the Great Lakes Region.

The European Council welcomes the initiative of the regional leaders in seeking to resolve the problems in Eastern Zaire through dialogue. It hopes that, at the second Nairobi Summit of Heads of State of the Region on 16 December, they can build upon the principles already agreed by them, including the crucial importance of respect for the territorial integrity and sovereignty of Zaire, in pursuit of a peaceful resolution of the conflict. Recognizing the importance of the electoral process in terms of the stability of the region, it reiterates the commitment of the Union to play its part in support of the successful completion of that process in Zaire by means of the Joint Action adopted on 11 November 1996 and looks forward to the latter's early and urgent implementation.

The European Council reiterates its view that the problems of the region as a whole can only be resolved by political means. The European Union will, in particular through its Special Envoy, continue to support the efforts of the regional leaders and to encourage dialogue between the different parties to conflict in the region. The European Council reaffirms its support for the early convening of an international conference under the joint auspices of the UN and the Organization of African Unity in order to address within a global approach the root causes of the crisis and thus bring about a peaceful, durable and comprehensive resolution of the conflicts in the region.

EAST TIMOR

The European Council welcomes the initiatives within the European Union aimed at improving the situation, living conditions and human rights of the East Timorese people. It reaffirms its support for all efforts which can contribute to a fair, comprehensive and internationally acceptable solution, which fully respects the interests and legitimate aspirations of the Timorese people in accordance with international law. It hopes that the talks under the auspices of the UN Secretary General will lead to substantial progress towards the resolution of the question of East Timor.

CUBA

The EU wishes to see progress towards a peaceful transition to pluralist democracy, respect for human rights and fundamental freedoms in Cuba, as well as economic policies calculated to bring about a sustainable recovery and an improvement in the living standards of the Cuban people. The Common Position adopted by the Council on 2 December will be pursued through a result-oriented constructive dialogue. The EU will lend its support to progress towards democracy, including the possible negotiation of a cooperation agreement. Any agreement would, in accordance with EU practice, contain a suspension clause in the event of a serious breach of the human rights provisions.

TRANSITION IN HONG KONG AND MACAO

The European Council reiterated the European Union's strong interest in the future peace and prosperity of the Hong Kong Special Administrative Region (SAR) of the People's Republic of China to be created next July, and the European Union's desire to do anything possible to contribute to a smooth transition. The European Union is committed to strong continuing relations with the SAR in the World Trade Organization and in all other matters where the SAR will enjoy autonomy under the Basic Law. The European Council underlined the European Union's full support for the specific status of the SAR and its citizens in all respects, including their right to representative democratic institutions as already established. The European Council requested the Commission to propose in due course during 1997 how best to ensure close economic cooperation.

The European Council takes note of the positive way in which the transition process has been developing in Macao. It hopes that the implementation of the Sino-Portuguese Joint Declaration signed in 1987 will continue to contribute to the progress and social stability of the territory with a view to a smooth transfer of government in December 1999. It also hopes for the continuation of the respect for the fundamental principles of the Joint Declaration beyond that date.

WTO

The European Council noted with satisfaction the outcome of the first regular bi-annual WTO Ministerial Conference which took place in Singapore on 9-13 December 1996 and at which the European Union demonstrated once again the importance it attaches to the multilateral trading system and the efficient operation of the WTO.

The European Council expresses its satisfaction at the renewed impetus which the WTO

Ministerial Conference in Singapore has given to the liberalisation of world trade. It particularly welcomes the broadening of the WTO work programme to encompass issues which the European Union had identified as priorities. It also welcomes the breakthrough on trade in information technology products and urges the fullest possible participation by third country partners in the final agreement to be reached by 15 March 1997. The European Council also welcomes the continued momentum towards a successful conclusion of the negotiations on basic telecommunications in February 1997.

The European Council welcomes the launch by the Commission of a new market access strategy and calls for enhanced and coordinated efforts by the Community and Member States to open up third country markets.

With regard to the report on the evolution of the trade policies and preferential agreements of the Community, the European Council took note that the Council would finalize it in its February session with a view to presenting it at Amsterdam.



VIII. SEATS OF OFFICES AND AGENCIES

The European Council noted the progress which has been made in the implementation of its decision taken in Brussels in October 1993 on the location of Agencies and Offices. The Council endorsed the Commission's decision of 10 December 1996 to arrange for the early transfer of the staff of the OICVP to Ireland initially and specifically thereafter to Grange, Co. Meath in premises to be made available at that location by the Irish authorities.

The European Council urged that appropriate measures be taken by the different institutions to ensure that the required resources are made available to implement the Commission's decision.

The Council also notes the conclusions of the Agriculture Council of 18 November 1996 as regards staffing of the OICVP and urged that appropriate measures be taken by the different institutions to ensure that the required staffing resources are made available to enable the Union to discharge its supervisory responsibilities.



Addendum

The European Council has noted the following reports from the Presidency/Council:

- Council report on achievements in the field of Justice and Home Affairs
- Presidency report on stepping up the fight against organized crime
- SEM 2000 (sound financial management): Council Conclusions and report of the

personal Representatives Group

The European Council also noted the following reports from the European Commission:

1. Europe as an Economic Entity
2. The impact and effectiveness of the single market
3. Putting services to work
4. Europe at the forefront of the global information society
5. The first action plan for innovation in Europe
6. Europe's place in the world: fourth report of the Ciampi group
7. Trans-European Networks
8. Better Lawmaking (report on the application of the subsidiarity and proportionality principles, on simplification and on consolidation).