

**DECLARATIONS OF THE HEADS OF STATE AND
GOVERNMENT OF THE EUROPEAN UNION
AND THE
PRESIDENT OF THE EUROPEAN COMMISSION**

19 October 2001

PREPARATION FOR THE INTRODUCTION OF THE EURO

The European Council has received the Commission's latest evaluation report on the preparations for the introduction of euro notes and coins. The report was presented to them by Didier Reynders, Minister and Chairman of the ECOFIN Council, by Commissioner Solbes and by the President of the European Central Bank, Mr Wim Duisenberg.

The introduction of the euro is of historical importance. The citizens of Europe will benefit from the tangible results of European integration in their everyday lives. Europe will become more visible and more relevant.

The European Council has noted with satisfaction that:

- national administrations have nearly completed their preparations;
- the framework for frontloading of banks and retail businesses in the euro area is in place;
- the necessary measures have been taken for the security, transport and storage of the notes and coins;
- information campaigns by Member States, the Eurosystem and the Commission are being stepped up, with particular attention being paid to the most vulnerable sections of the population;
- arrangements for distributing euro notes to the banking sector outside the euro area have been set up.

The European Council wishes to express its gratitude to private operators, and banks and shops in particular, for their efforts to prepare for the transition to the euro as legal tender.

The European Council welcomes the establishment of a rapid information network concerning the transition to the euro as legal tender. The network will be set up by the Member States in cooperation with the European Commission, the European Central Bank and the Eurosystem and will start operating in early December 2001.

The European Council also welcomed the identification by the Commission of forty good practices for the successful introduction of the euro and will carefully consider their implementation as appropriate to national circumstances.

The European Council asks the Member States, the ECOFIN Council, the European Commission and the European Central Bank to pay particular attention to the following:

- the preparedness of local administrations. In particular, preparations for the changeover by the smallest local government bodies must be speeded up;
- the additional effort which should be made to prepare small and medium-sized businesses (fewer than 50 employees);

- the economic operators have given undertakings regarding price stability. We are confident that they will discharge their responsibilities. Any abuses will be reported;
 - improvement of the operation of cross-border payment systems, and in particular reducing their cost. The European Council invites the ECOFIN Council to adopt before the European Council meeting in Laeken a Regulation on the basis of the Commission proposal to align the rates of these payments on national rates.
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REVIEW OF THE ECONOMIC SITUATION

The European Council reviewed the economic situation in the aftermath of the September 11 events. It noted that the economic slowdown has been accentuated by these events but expressed its confidence that the sound economic fundamentals of the Union and the fiscal consolidation already achieved will help to ensure that the impact will be limited and temporary. The Council confirmed its commitment to the Stability and Growth Pact and to accelerating the Lisbon process to raise Europe's long-term growth potential.

The Council took note of the Commission report evaluating the impact of the September 11 events and the analysis of the appropriate policy responses in the light of economic developments. It is important to stress that the outlook remains positive and that there will be no departure from the economic policy strategy of the EU. The Council noted that a further improvement in inflation prospects and the maintenance of wage restraint would provide room for manoeuvre for monetary policy.

Given that strong commitment, the European Council invites Member States to consider appropriate action and, in the light of the Commission's recommendations, to give particular importance:

- to the positive effects of tax reforms, some of which have already been adopted, on the European economy;
- to a strengthening of confidence and private investment and, where appropriate, public infrastructure investment, thereby sustaining the growth potential of the economy;
- to allow automatic stabilisers to play their role in accordance with the Stability and Growth Pact;
- to accelerate implementation of structural adjustment efforts in labour, product, services and financial markets. The Barcelona European Council will review the progress achieved in this respect and provide the necessary new impetus;
- to work actively towards launching of the WTO negotiations. The current economic uncertainty means that trade liberalisation founded on a rules-based multilateral system and associated with a real development dimension is more important than ever, economically and politically.

The European Council restates the Union's commitment to the Lisbon strategy and requests the Council to accelerate the work on its implementation.

The European Council encourages the EIB in its intention to step up its contribution by providing lending, particularly to infrastructure projects, to support the knowledge-based economy and to help foster long-term investment.

FOLLOW-UP TO THE SEPTEMBER 11 ATTACKS AND THE FIGHT AGAINST TERRORISM

The European Council again unequivocally states its full support for the action being taken against terrorism in all its aspects within the framework defined by the United Nations and reaffirms its total solidarity with the United States.

1. The European Council has taken note of the reports by the President of the General Affairs Council. It attaches particular importance to information, consultation and coordination with the United States.

The European Council confirms its staunchest support for the military operations which began on 7 October and which are legitimate under the terms of the United Nations Charter and of Resolution 1368 of the United Nations Security Council. It notes that these targeted actions are in accordance with the conclusions of the Extraordinary European Council meeting on 21 September 2001. The partners will continue to do everything in their power to shield civilian population groups.

The European Council is determined to combat terrorism in every form, throughout the world. In Afghanistan the objective is still elimination of the Al Quaida terrorist organisation, which is responsible for the attacks on 11 September and the leaders of which have not been handed over by the Taliban regime. We must now, under the aegis of the United Nations, work towards the emergence of a stable, legitimate and representative government for the whole of the Afghan people, one which respects human rights and develops good relations with all the neighbouring countries. As soon as that goal is attained, the European Union will embark with the international community on a far-reaching and ambitious programme of political and humanitarian aid for the reconstruction of Afghanistan with a view to stabilising the region. The Presidency, with the High Representative and the Commission, will maintain contact with all the countries in the region to associate them with this policy.

The European Council will continue its efforts to strengthen the coalition of the international community to combat terrorism in every shape and form.

2. The European Council has examined the implementation of the Action Plan against terrorism. Pursuant to that Plan, 79 operations have already begun. Those operations are continuing at a steady pace and have already produced their first results. Without losing its overall view of those operations it requests the Council to focus in particular on four points which must be put into effect as soon as possible:

- approval at the Council meeting on Justice and Home Affairs on 6 and 7 December 2001, on the basis of the progress already made, of the practical details of the European arrest warrant, the common definition of terrorist offences and the freezing of assets. The European Council reaffirms its determination to abolish the principle of double criminality for a wide range of actions, in particular terrorist offences that give rise to a request for direct surrender;
 - increased cooperation between the operational services responsible for combating terrorism: Europol, Eurojust, the intelligence services, police forces and judicial authorities. Such cooperation should in particular enable a list of terrorist organisations to be drawn up by the end of the year.
 - effective measures to combat the funding of terrorism by formal adoption of the Directive on money laundering and the speedy ratification by all Member States of the United Nations Convention for the Suppression of the Financing of Terrorism. Moreover, the commitments made in the FATF, the mandate of which must be broadened, must be turned into legislative instruments by the end of the year;
 - approval without delay of the Commission's proposals on air transport security.
3. Humanitarian aid for Afghanistan and the neighbouring countries is an absolute priority. The European Union and the Member States will make available, along with other donors, all the humanitarian aid necessary to cover the needs of the Afghan population and Afghan refugees. The Union will carry out its work in the framework of the United Nations, the ICRC and other humanitarian organisations. It expresses its appreciation of the offer by the Russian Federation to cooperate closely in the conveying of aid.

The European Council has examined the economic and financial impact of the Afghan crisis on the neighbouring countries which are taking in refugees. Reception of refugees in those countries can only be temporary, the objective being their return to Afghanistan once the crisis has been resolved. The Union will do everything possible to lessen the negative consequences for these countries at economic, financial and humanitarian level. In accordance with the conclusions of the General Affairs Council of 17 October 2001, the Union will intensify its relations with the countries in the region.

4. In the same context, the European Council has also examined the concrete proposals for cooperation which the US authorities made following the meeting on 27 September 2001 between the President of the European Council and the President of the United States. Technical examination of those proposals has already been initiated and they are already the subject of discussions between the US authorities and the Troika operational in Washington. Most of those proposals are already covered by the European Union's action plan. The Union is moreover prepared to engage with the United States in reciprocal initiatives such as:

- facilitation of mutual judicial assistance between the competent authorities of the United States and of the Member States, as well as extradition in connection with terrorism in accordance with the constitutional rules of the Member States;
 - enhancement of the joint efforts with regard to non-proliferation and export controls regarding both arms and chemical, bacteriological and nuclear substances capable of being used for terrorist purposes;
 - intensification of our cooperation to ensure the security of passports and visas, and the fight against false and forged documents.
5. The European Council has examined the threats of the use of biological and chemical means in terrorist operations. These call for adapted responses on the part of each Member State and of the European Union as a whole. No attack of this kind has occurred in Europe. The authorities will maintain increased vigilance and cooperation between the intelligence, police, civil protection and health services will be stepped up.

In tandem with the measures already taken, the European Council asks the Council and the Commission to prepare a programme to improve cooperation between the Member States on the evaluation of risks, alerts and intervention, the storage of such means, and in the field of research. The programme should cover the detection and identification of infectious and toxic agents as well as the prevention and treatment of chemical and biological attacks. The appointment of a European coordinator for civil protection measures will be part of the programme.

The Member States will react firmly with regard to any irresponsible individuals who take advantage of the current climate to set off false alarms, particularly by applying severe criminal penalties for such offences.

6. The European Council emphasises the crucial need to relaunch the Middle East peace process without any pre-conditions. Resolutions 242 and 338 must remain the foundation for a political settlement, based on the establishment of a Palestinian State and the right of Israel to live in peace and security. Such a settlement is necessarily conditional upon the cessation of violence and recognition of the principle of two States. The Presidency of the European Council is instructed, together with the High Representative and the Commission, to visit the countries directly concerned to determine the means by which the Union can foster the relaunch of such a process. The Union will attach special importance to reviving economic activity and investment in Palestinian territory.
7. The European Union will increase its efforts in other regions of the world to promote a fair international system based on security, prosperity, democracy and development. Law must be restored to areas of lawlessness. A return to stability in the Balkans remains one of the European Union's clear priorities.

8. To avoid any equating of terrorism with the Arab and Muslim world, the European Council considers it essential to encourage a dialogue of equals between our civilisations, particularly in the framework of the Barcelona process but also by means of an active policy of cultural exchange. The Union invites those responsible in the Member States to give concrete priority to the dialogue between cultures both at international level and within their societies.
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