

**5- An extract of the presidency conclusions: Madrid European Council,
15 and 16 December 1995**

PRESIDENCY CONCLUSIONS

III.

**A EUROPE OPEN TO THE WORLD, ENJOYING STABILITY, SECURITY,
FREEDOM AND SOLIDARITY**

A. ENLARGEMENT

Enlargement is both a political necessity and a historic opportunity for Europe. It will ensure the stability and security of the continent and will thus offer both the applicant States and the current members of the Union new prospects for economic growth and general well-being. Enlargement must serve to strengthen the building of Europe in observance of the *acquis communautaire* which includes the common policies.

With that in mind, the European Council took note of the Commission reports on the effects of enlargement on the policies of the European Union, on alternative strategies in agriculture and on the progress of the pre-accession strategy for the associated countries of Central and Eastern Europe.

The European Council takes note of the Council report on relations with the associated CCEE during the second half of 1995 (Annex 6).

The PHARE programme, as supported by the European Council's decisions at its Cannes meeting, and the continued activities of the European Investment Bank will allow an overall increase in the input for accession preparations.

The European Council reiterates that the accession negotiations with Malta and Cyprus will commence, on the basis of the Commission proposals, six months after the conclusion of the 1996 Intergovernmental Conference, and will take its results into account. It is pleased that structured dialogue with both countries began in July 1995 within the framework of the pre-accession strategy. The European Council also confirms the need to make sound preparation for enlargement on the basis of the criteria established in Copenhagen and in the context of the pre-accession strategy defined in Essen for the CCEE; that strategy will have to be intensified in order to create the conditions for the gradual, harmonious integration of those States, particularly through the development of the market economy, the adjustment of their administrative structures and the creation of a stable economic and monetary environment.

The European Council calls upon the Commission to take its evaluation of the effects of enlargement on Community policies further, particularly with regard to agricultural and structural policies. The European Union will continue its review at its next meetings on the basis of reports from the Commission.

It asks the Commission to expedite preparation of its opinions on the applications made so that they can be forwarded to the Council as soon as possible after the conclusion of the Intergovernmental Conference, and to embark upon preparation of a composite paper on enlargement. This procedure will ensure that the applicant countries are treated on an equal basis.

It also calls upon the Commission to undertake a detailed analysis as soon as possible of the European Union's financing system in order to submit, immediately after the conclusion of the Intergovernmental Conference, a communication on the future financial framework of the Union as from 31 December 1999, having regard to the prospect of enlargement.

Following the conclusion of the Intergovernmental Conference and in the light of its outcome and of all the opinions and reports from the Commission referred to above, the Council will, at the earliest opportunity, take the necessary decisions for launching the accession negotiations.

The European Council hopes that the preliminary stage of negotiations will coincide with the start of negotiations with Cyprus and Malta.

(...)

ENLARGEMENT

RELATIONS WITH THE ASSOCIATED CCEE IN THE SECOND HALF OF 1995

The second half of 1995 saw continuing implementation of the pre-accession strategy for the Countries of Central and Eastern Europe defined at the Essen European Council on 9 and 10 December 1994 and an intensification of the Union's bilateral relations with the partner countries.

Several ministerial meetings, both bilateral (Association Agreements) and multilateral (structured dialogue) were held, at which important issues were discussed, confirming the soundness of the approach adopted and witnessing to vigorous and flourishing reciprocal relations.

The Associated Countries' oft-repeated desire to be anchored to the European Union was reflected in the four new membership applications submitted in 1995, adding to those made by Hungary and Poland in 1994.

The Council accordingly decided, on 17 July 1995 for Romania and Slovakia, on 30 October 1995 for Latvia and on 4 December 1995 for Estonia, to put in hand the procedures under Article O of the Treaty on European Union for consulting the Commission and obtaining the assent of the European Parliament.

I. BILATERAL RELATIONS

Following the entry into force of the Europe Association Agreements with Bulgaria, Romania, Slovakia and the Czech Republic, and the first Association Council meetings with these four partners in the first half of 1995, the Association Councils with Hungary and Poland held their second meetings on 17 July 1995. In addition to overall consideration given to the state and prospects of bilateral relations under the Europe Agreements, the Association Councils with Hungary and Poland each devoted a substantial part of its proceedings to two particularly important subjects: the one, progress in the process of integrating the partner country into the European Union under the pre-accession strategy and the other, regional cooperation and the partner's good-neighbourly relations with other countries of the region.

Moreover, within the specific institutional framework of each Association Agreement, the Association Committees with the Czech Republic, Romania and Bulgaria met on 14 and 15 September, 12 and 13 October and 9 and 10 November 1995 respectively, enabling progress to be made in implementing the Europe Agreements.

Lastly, in the period under review Parliamentary Association Committees held meetings with Poland on 5 and 6 September, with Bulgaria from 6 to 8 September, with Romania on 16 and 17 September, with Slovakia on 23 and 24 November and with Hungary on 28 and 29 November¹; there were also interparliamentary meetings with Lithuania (20 November), Latvia (22 November) and Estonia (24 November). These meetings, marked by frank and open discussion of important issues such as the process of integrating the Associated Countries with a view to accession, were an opportunity for the European Parliament to strengthen its links with the Associated Countries' Parliaments.

II. STRUCTURED DIALOGUE

Implementation of the structured dialogue defined in Essen continued apace during the second half of 1995, with the invitation to the Heads of State and of Government of the Associated Countries to meet alongside the Madrid European Council being the high point of the process. Several Ministerial meetings were held in the framework of the structured dialogue:

Justice and Home Affairs on 25 September; Agriculture on 26 September; Transport on 28 September; Education on 23 October; Economic and Financial Questions on 23 October; Foreign Affairs on 31 October; Internal Market on 23 November.

¹ The Parliamentary Association Committee meeting with the Czech Republic will be held on 18 December.

- The subjects discussed at the meeting of Justice and Home Affairs Ministers covered the adaptation of the legal system, police training, questions relating to organized crime (drug trafficking, money laundering, traffic in vehicles) and illegal immigration. In addition, a joint action programme for judicial cooperation to combat international organized crime was outlined.
- The Agriculture Ministers held a general exchange of views, which established the state of play regarding development of the common agricultural policy and the situation and prospects of the farming sector in the Associated Countries. After the Ministers of the Associated Countries had set out their ideas and priorities, the Commission commented on the development of agricultural policies in a global perspective and in the perspective of enlargement. The Commission will present a report to the Madrid European Council on the alternative strategies available in the agricultural sector in the context of accession.

The meeting of Transport Ministers focused on three questions: the integration process in the transport sector, a process based on a twofold strategy involving opening the market in tandem with legislative alignment; the Associated Countries' transport infrastructures, for which it was jointly considered that priority projects needed to be defined: integrated transport systems, the development of which required a common approach, involving the participation of the Associated Countries in Community programmes and activities. On this last point, the Commission was asked for the next meeting to explore – on the basis of the Additional Protocols to the Europe Agreements – the scope and arrangements for such participation, with particular reference to the funding of infrastructure projects.

The Education Ministers examined the question of the Associated Countries' participation in the Community programmes SOCRATES, LEONARDO and YOUTH FOR EUROPE III, recently adopted by the Council for the period 1995-2000. The European Union noted the interest shown by the Associated Countries in participating in these programmes, their priorities, and the specific preparatory measures taken by each country. The Associated Countries' participation in these programmes could serve as an experiment and an example for participation in other Community programmes.

- The Ministers for Economic Affairs and Finance discussed the reform of the financial sector, focusing on questions linked to reform of the banking sector and more specifically on banking supervision and bank privatization. Another major topic of discussion was the development of capital markets and the liberalization of capital movements. These detailed discussions gave the Associated Countries an opportunity to describe the progress that had already been made in these areas and to highlight those where closer cooperation was needed to enable them to press ahead with the process of integrating into the Community's internal market.

The meeting of Foreign Affairs Ministers, which had been prepared by COREPER and the Ambassadors of the Associated Countries, dealt first with the PHARE programme and its future role as a financial instrument in the strategy for preparing the Associated Countries for accession. Topical foreign policy issues, significant for Europe's stability, were also discussed; these included the situation in the former Yugoslavia and the challenges of rebuilding the region; various aspects of the Middle East Peace Process relating to consolidating peace and assisting the new Palestinian Authorities in the difficult tasks which lie ahead. Other important issues were discussed at a working lunch, namely: relations between the European Union and the United States, preparations for the 1996 Intergovernmental Conference and the conduct of the structured dialogue, a subject on which some Associated Countries put forward suggestions.

Lastly, the Ministers responsible for the internal market examined questions arising from implementation of the White Paper on the preparation of the Associated Countries for integration into the internal market, which the Commission presented to the Cannes European Council. These discussions, which are one further step in a lengthy and complex process, are designed to guide the technical discussions under way in this area and to maximize their outcome.

III. CFSP

The enhanced political dialogue with the Associated Countries of Central and Eastern Europe, as established by the Council Decision of 7 March 1994, continued unstintingly in the second half of 1995. It is to be noted that Cyprus and Malta joined the process further to a Council

Decision of 17 July 1995.

In addition to the meeting of Foreign Affairs Ministers on 31 October, a meeting of Political Directors was held on 20 October 1995. At that meeting, which was attended for the first time by the Baltic countries, the Political Directors took stock of the dialogue's operation and considered how it could be further consolidated and strengthened.

Following that meeting, the Political Committee adopted new guidelines for strengthening the political dialogue with the Associated Countries of Central and Eastern Europe, Cyprus and Malta.

Troika or plenary meetings of experts were held in the following areas: terrorism, (13 July), the United Nations (7 September), disarmament (12 September), security (19 September), OCSE (22 September), nuclear non-proliferation (26 September), chemical and biological non-proliferation (4 October), drugs (13 October), conventional arms exports (23 October), human rights (24 October), former Yugoslavia (17 November), Central Europe and Central Asia (22 November).

Coordination in third country capitals and within international organizations is developing well, in particular in the United Nations and its First Committee. A similar development was noted at the recent Conference on revision of the 1980 Convention, the "inhumane weapons" Convention.

The Associated CCEE have moreover endorsed an increasing number of declarations published by the Presidency on behalf of the European Union.

IV. SPECIFIC ASPECTS

In accordance with the conclusions of the Essen European Council, negotiations are under way on adapting the agricultural sections of the Europe Agreements further to enlargement and to the conclusion of the Uruguay Round, and with a view to developing commercial relations with these countries. On 4 December 1995 the Council adopted additional directives to those already given the Commission in March; these additional directives relate to flexibility in tariff quotas granted by the European Union and an increase in those quotas.

In the same context, on 8 August with the aim of avoiding any, even temporary, disruption in traditional trade flows, the Council adopted autonomous measures for 1995 concerning certain agricultural concessions under the Europe Agreements, in order to take account of the Agreement on Agriculture concluded under the Uruguay Round Multilateral Trade Negotiations. These autonomous measures, adopted on a basis of reciprocity and in compliance with the standstill principle, join two earlier series of autonomous measures which the Council adopted to take account of enlargement. In addition, a draft Regulation now under examination in the Council's subordinate bodies is designed to replace the three existing Regulations covering autonomous measures with a consolidated instrument effective from 1 January 1996.