

8865/98

LIMITE

PV/CONS 42

**DRAFT**

**MINUTES**

of the 2104th meeting of the Council  
(General Affairs)

held in Luxembourg on 8 and 9 June 1998

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1. **Approval of the provisional agenda**

doc. 9124/98 OJ/CONS 42

The Council approved the above-mentioned agenda with the addition of the following items under "Any other Business" :

- Ethiopia/Eritrea
- Regulations governing Members of the European Parliament.

2. **Adoption of the list of "A" items**

doc. 9125/98 PTS A 41

The Council adopted the "A" items listed in 9125/98 PTS A 41 with the exception of item 14 "Draft list of the "acquis" of the Union and of its Member States in the field of Justice and Home Affairs (as at 30 March 1998)" which was withdrawn from the agenda. The documents under item 2 "Western Balkans region – Bosnia and Herzegovina: EU declaration leading up to the September elections" should read as follows:

doc. 9341/98 YU 42  
+ COR 1

3. **Resolutions, decisions and opinions adopted by the European Parliament at its part-session in Strasbourg on 11/15 May 1998**

doc. 8459/98 PE-RE 37

The Council took note of the Resolutions, Decisions and Opinions adopted by the European Parliament at the above part-session, on the understanding that they had been or would be taken into consideration when the problems to which they related were examined.

4. **Agenda 2000**

- **Report to Cardiff European Council**

docs 8994/98 AGENDA 73 ECOFIN 139  
8998/98 AGENDA 80

The Council, in the light of comments by delegations, agreed that Part Two of the report to the Cardiff European Council analysing progress on the main issues would be submitted by the Council (see doc. 9000/98 ADD 1), and that the introductory summary contained in Part One would be submitted under the authority of the Presidency (see doc. 9000/98).

## 5. Preparation for the Cardiff European Council

The Council was informed by the President about the arrangements for the Cardiff European Council and the main subjects likely to be addressed at that meeting by the Heads of States or Government.

## 6. Western Balkans

docs 8474/98 PESC 133 COWEB 28  
8473/98 PESC 132 COWEB 27

### Federal Republic of Yugoslavia

#### - Kosovo

The Council adopted the declaration of the European Union on Kosovo set out in Annex I to these minutes.

#### - Montenegro

The Council warmly welcomed the results of the parliamentary elections in Montenegro which it considered to be a popular endorsement of President Djukanovic's reformist policies. It underlined the importance which it attached to the process of democratisation throughout the former Yugoslavia, and announced its firm intention to continue its support for the political and economic reforms which President Djukanovic is pursuing in Montenegro. Ministers requested the appropriate instances to consider as soon as possible the scope for offering further assistance to Montenegro, including the reintroduction of Autonomous Trade Measures (ATMs) for products for which Montenegro was the sole producer within the FRY.

The Council furthermore adopted, under part "A" of its agenda, a joint action appointing Mr. Felipe Gonzalez as Special Representative for the FRY.

## **- Bosnia and Herzegovina**

On the occasion of its first meeting with the Foreign Minister of Bosnia and Herzegovina, accompanied by the Deputy Foreign Ministers, the Council welcomed the progress in Bosnia and Herzegovina that made such a visit possible and reaffirmed its commitment to a sovereign, united and independent Bosnia and Herzegovina.

The Council issued a Declaration on Bosnia and Herzegovina's place in Europe, on the basis of the London PIC Conclusions of December 1995 and subsequent such meetings and with a view to the Steering Board meeting at ministerial level on 9 June 1998, as well as on the basis of the European Union's Regional Approach, as defined by the Council conclusions of February 1996 and April 1997 (see Annex II to these minutes).

Furthermore, the Council took note of the revised draft terms of reference for the EU/Bosnia and Herzegovina consultative task force (see doc.9341/98, Annex III), which would form the basis for discussions at the 10 June inaugural session. It requested the Presidency and the Commission thereafter to submit to the Council final terms of reference for approval.

### **7. Relations with the ACP States**

- Draft negotiating directives for an EU-ACP agreement on partnership for development**

docs 9250/98 ACP 74 DEVGEN 39  
9269/98 ACP 75 DEVGEN 40

The Council held an in-depth discussion on the main outstanding issues of the trade chapter of the draft negotiating mandate on the basis of a note from the Presidency (see doc. 9269/98).

The Council focused on the following three items :

- the future trade relationship with the Least Developed Countries (LDCs);
- the alternatives to the free trade areas proposed in the draft mandate, in particular the possibility to use the GSP for solving the problems of the future trade regime of non LDC ACP States who are not in a position to join FTAs with the EU;
- the future of the specific protocols on sugar, beef and bananas giving preferential Community treatment for these commodities.

The Council requested the Permanent Representatives Committee to continue work on these issues, on the basis of a Presidency compromise proposal emerging from the Council debate, and to report back to the Council for its session of 29 June.

It was recalled that it is the objective of the Presidency to reach an overall agreement on the negotiating mandate on 29 June in view of the opening of negotiations, scheduled for 30 September.

#### **8. Pakistan/India Nuclear Tests**

doc. 9296/98 PESC 159 CONOP 10 COASI 20 CODUN 7 **RESTREINT**

The Council adopted the statement by the European Union on India and Pakistan set out in Annex III.

#### **9. Iran**

Following the Council's decision on 30 March 1998 to resume a comprehensive dialogue with Iran, the Council welcomed the report on the first meeting of the dialogue held in Brussels on 19 May 1998 between the European Union Troika and Iran at Regional Director level. Noting the positive and constructive discussions which took place on this occasion, the European Union looks forward to starting soon a substantive and comprehensive dialogue with Iran in a spirit of increased international co-operation.

## **10. Mediterranean Policy**

### **- follow-up of the ministerial meeting in Palermo (3-4 June 98)**

The Council welcomed the success of the ad hoc Euro-Mediterranean Ministerial Meeting in Palermo on 3-4 June, revitalizing the Euro-Mediterranean Partnership and setting the stage, on the basis of the Chairman's conclusions, for the Third Ministerial Conference to be held in Stuttgart under the forthcoming German Presidency in April 1999.

## **11. Indonesia**

Recalling its conclusions of 25 May 1998, the Council reiterated the need for political reform and early elections in Indonesia, as well as progress towards a credible economic reform process that satisfies the international financial institutions.

The Council called for the swift release of all political prisoners, including those from East Timor and agreed to continue to press for the early release of Xanana Gusmão.

The Council looked forward to early reinstatement of the EU Heads of Mission Troïka visit to East Timor and called for a renewed commitment to the UN-sponsored talks and a just, global and internationally acceptable solution on East Timor.

## **12. ASEM 4**

The Council did not discuss this item.

### 13. AOB

- **Ethiopia / Eritrea**  
(Request from the Italian delegation)

The Council adopted the following conclusions :

"The European Union is dismayed that open hostilities have broken out between Ethiopia and Eritrea. They call upon both sides to cease hostilities immediately and to pull back their armed forces to positions they were in before the conflict erupted. The European Union further calls upon both parties to resume peaceful negotiations, accepting, if they so wish, the assistance of any third party acceptable to them. For its part, the European Union stands ready to provide any assistance that could help such negotiations."

- **Regulations governing Members of the European Parliament**  
(Request from the Dutch delegation)

The Council notes that the Dutch delegation has drawn attention to the question of the regulations governing Members of the European Parliament.

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**Re Item 6. on the agenda****EU STATEMENT ON KOSOVO**

"We are deeply concerned at the intense fighting in Kosovo. The reports of widespread house-burning and indiscriminate artillery attacks on whole villages indicate a new level of aggression on the part of the Serb security forces. We are disturbed by reports that these attacks are beginning to constitute a new wave of ethnic cleansing. We strongly condemn this action which, together with the systematic exclusion of international observers from affected areas, demonstrates that Belgrade is engaged in a campaign of violence going far beyond what could legitimately be described as a targeted anti-terrorist operation. We insist on an immediate stop to all violent action and call for the withdrawal of Special Police and Army units.

We are particularly concerned by the growing stream of refugees into northern Albania caused by the continuing conflict. This illustrates the threat posed to regional security and stability by the deteriorating situation in Kosovo. We are strongly interested in the return of refugees to their homes in Kosovo, preferably with monitoring by the UNHCR. The EU will play its part in addressing the refugee problem in a comprehensive way within the region itself.

The Council is equally concerned by the growing human cost of the violence. It is in close touch with the relevant humanitarian agencies and stands ready to offer its assistance. Full access of humanitarian organisations, in particular the ICRC, to the areas of conflict is indispensable. Furthermore, international forensic experts should have the opportunity to carry out the necessary investigation in order to clarify the circumstances in which civilians have died. The FRY authorities have an obligation to cooperate with the ICTY.

We further believe that it is time to strengthen the international monitoring capacity in Kosovo, in order to provide a more accurate picture of developments and to encourage a political solution. The EU will consider a contribution to this through the ECMM.

We continue to condemn any use of violence for political ends on either side. The European Union is determined to play its part in stopping the flow of money and weapons to the Kosovo Liberation Army (KLA). Neighbouring states have a particular responsibility to ensure that their territory is not used in support of KLA activity. We will continue to work with them to ensure that their security is not jeopardised by the continuing violence in Kosovo.

The priorities in Kosovo are to end violence and to establish a genuine political process, which is the only viable alternative to continuing conflict. We are disappointed by the very limited progress made so far in the talks between Belgrade and Pristina. We call on Belgrade to take urgent steps to reduce the tension in the province so as to create the stable environment necessary for political progress. We reaffirm our support for Ibrahim Rugova's resolve to seek a political solution through dialogue. The EU supports the granting of a special status, including a large degree of autonomy for Kosovo, within the Federal Republic of Yugoslavia.

President Milosevic bears a special responsibility as head of the FRY government for promoting a peaceful settlement to the problems of Kosovo. He should not believe that the international community will be taken in by talk of peace when the reality on the ground is ever greater repression. In the light of the grave deterioration of the situation on the ground, involving the excessive use of force by the Serb security forces, the Council has today adopted a Common Position for a ban on new investments in Serbia. The Commission will act rapidly to make the necessary proposal for implementation of the ban on new investments in Serbia. The Council will adopt the regulation on the freeze of funds of the FRY and Serbian Governments as soon as possible. The European Union remains ready to press ahead with other measures against Belgrade if the authorities there fail to halt their excessive use of force and to take the steps needed for genuine political progress. Furthermore, the EU encourages international security organisations to pursue their efforts in this respect and to consider all options, including those which would require an authorization by the UNSC under Chapter VII.

The Council regretted and condemned President Milosevic's refusal to permit the Gonzalez mission to commence work on the basis of the Council discussions and conclusions, expressed its continuing support for Felipe Gonzalez as its Special Representative and approved the Joint Action to give practical effect to this support."

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**Re item 6. on the agenda****EU STATEMENT ON BOSNIA AND HERZEGOVINA**

"1. The EU believes that Bosnia and Herzegovina (BiH) has started on a path leading to closer integration with Europe and European structures. The elections in September offer you, the Bosnian people, a key opportunity to take this process further: to shape your own destiny by building a new Bosnia and Herzegovina and establishing democracy in your country and your communities. You can seize this opportunity by choosing leaders who will pursue the future you want for yourselves and your children; and who will manage your country's affairs honestly and responsibly.

2. The EU will continue to help you if you help yourselves and accept your responsibilities under the Dayton/Paris Agreement to build a peaceful, democratic and open nation, where religious and cultural differences no longer divide communities, but are respected and tolerated. This is the way for Bosnia and Herzegovina to find her future in the family of European nations and confirm her European perspective, and for you, her people, to find peace and prosperity.

**Europe and Bosnia and Herzegovina: Unity with Diversity**

3. The EU confirms that Bosnia and Herzegovina belongs in Europe. Its Regional Approach sets out the conditions Bosnia and Herzegovina, as well as other countries in the region, must meet in pursuing their aspirations to participate in European structures. The conditions for Bosnia and Herzegovina are starting to be met.

4. At the moment, with the active engagement of the High Representative, Carlos Westendorp, the necessary building-blocks of a modern nation are being put in place: central institutions and instruments such as a common currency are being consolidated; the rule of law is taking hold; progress is being made towards a free media; municipal election results, with one notable exception, have been implemented; freedom of movement and the right of return are becoming a reality and co-operation with the International Criminal Tribunal in the Hague is at last gathering momentum. There is now real hope that BiH's divided past can be succeeded by a shared future. The September elections offer a key opportunity to reconcile her communities and construct a new civil society, and for her leaders as a result to assume their full responsibilities to govern.

5. The EU looks forward to the pace of peace implementation increasing in 1998 and calls on all the Bosnian authorities to make BiH a fully-functioning democratic and multi-ethnic state on equal terms with her neighbours, and to develop active and effective political and economic co-operation between the BiH State and the two Entities. Good governance and the principles of transparency and fairness must become habitual practice. Leaders must be properly accountable to their communities.

6. Before the September elections, Bosnia and Herzegovina needs to establish the structures for self-sustaining and irrevocable peace, through accelerated implementation of the Dayton/Paris Agreement, so that all her people can share in the benefits. In particular, State and Entity political and administrative institutions must discharge their responsibilities effectively. Security for BiH's people must be enhanced through further confidence-building measures in the military sphere and full police restructuring and reform.

7. The European Union looks to BiH's leaders to conduct the election campaign in a fair and open manner and to set their sights by the standards of the best European practice.

8. The rights, freedoms and democratic safeguards that most other countries in Europe take for granted must become second nature for Bosnia and Herzegovina's people too. Respect for universal human rights and the rule of law, based on a properly functioning judicial system, must prevail. A free, independent and open media is crucial for building a democratic future.

9. The vital process of reconciliation must be consolidated. All indictees remaining at large must come before the Hague Tribunal: as long as they remain beyond the reach of justice they prevent a nationwide sense of security and undermine Bosnia and Herzegovina's efforts to leave her past behind.

10. The EU looks for substantial progress, in this year of refugee return, in getting displaced persons and refugees safely back to their homes. It calls on the Bosnian authorities to implement rapidly the commitments arising from the Refugee Return Conferences at Sarajevo and Banja Luka, and to remove all obstacles to return.

11. Recent European experience shows that diversity does not preclude unity. Bosnia and Herzegovina's ethnic diversity should be seen as a potential source of strength.

### **Bosnia and Herzegovina's Relations with her Neighbours**

12. Close and cooperative relations between Bosnia and Herzegovina and her neighbours are essential for peace and stability in the region, and to enable democracy and prosperity to take hold. But these relations must also uphold Bosnia and Herzegovina's independence, sovereignty and unity within her current borders. There is no place in the European family for ambitions to establish "Greater Serbia" or "Greater Croatia".

13. The EU reiterates the requirement in the Regional Approach for FRY and Croatia to uphold all aspects of the Dayton Agreement. Action is needed urgently on all-way refugee return and to bring special relations into line with the Bosnia and Herzegovina Constitution. The EU's relations with FRY and Croatia will reflect these factors, and the general readiness of these two countries to use their influence constructively to help Bosnia and Herzegovina take her place in Europe.

### **Economic Transformation**

14. Overcoming the effects on Bosnia's economy of the former managed economic system and of the war is not easy. But establishment of a market economy is the best way to bring prosperity to BiH and her people. The recent economic successes of many countries in central Europe show what can be achieved. So economic reform and development, on the basis of the recent agreement with the IMF, are urgently needed, as is action to tackle corruption. Cooperation with international financial institutions, notably the World Bank and the EBRD, will be increasingly important. If the appropriate conditions are met, the EU will progressively cooperate with BiH on economic reform.

15. The international community cannot do all this for Bosnia and Herzegovina. To attract investment and create growth and jobs, Bosnians themselves, Government and Assembly, at State and Entity level, must take action. Fair and comprehensive laws on privatisation and property are needed, to be underpinned by a functioning and non-discriminatory legal system. Transparency is needed in the privatisation process. Chambers of Commerce have a role too, in promoting foreign trade and good business practices. These steps will enable the economy to grow and flourish.

### **The EU's Contribution**

16. The Regional Approach sets out ways by which, if Bosnia and Herzegovina meets the conditions set out in it, the EU will be ready to make its relations with her closer and more intense. But the relationship has other elements too.

17. The EU will remain the major single donor in Bosnia and Herzegovina, as confirmed once again at the Brussels Donors Conference last month. By 1999 it will have spent in BiH 1 billion ECU in reconstruction and technical assistance, as well as a further 1 billion ECU in humanitarian aid. Provided BiH remains on track with the IMF, the EU's aid programme will be extended to include macro-financial assistance. It is helping BiH to begin the transition to a market economy, a pre-condition for a cooperation agreement on the lines of those with other countries in the region.

18. Moreover, the EU will encourage efforts to build a democratic society and extend political pluralism, including establishing multi-ethnic parties. This will help Bosnia and Herzegovina to meet rapidly the standards for Council of Europe membership. The EU as well as Member States bilaterally will promote exchanges in governmental and nongovernmental fields. The Council invites the European Parliament to consider enhancing its own contacts with Bosnia and Herzegovina.

## **EU/Bosnia and Herzegovina Consultative Task Force**

19. In the unique circumstances prevailing in Bosnia and Herzegovina following the Dayton/Paris Agreement, the EU also proposes to create with BiH a joint Consultative Task Force. Its purpose will be to help BiH establish a fully-functioning state and develop means of meeting some of the technical prerequisites to closer cooperation with the Union, in particular with the aim of assisting Bosnia and Herzegovina prepare for possible contractual relations with the EU in the future. The EU is pleased that the authorities of Bosnia and Herzegovina, including at Entity level, have agreed to this proposal.

20. The Consultative Task Force will be a practical, working body at expert level, bringing together EU experts to work with the Bosnian authorities at State and Entity level on a range of technical issues. Taking account of the Dayton/Paris Agreement, as well as relevant UN Security Council resolutions, it will liaise as appropriate with the High Representative and other bodies, such as the IMG, to ensure that its work adds value to activities that are already under way, as well as those to be carried out in the future.

21. The Presidency and Commission will represent the EU in the Consultative Task Force. The first meeting will take place in Brussels on 10 June and thereafter in Sarajevo. The Consultative Task Force will submit its findings and recommendations to the appropriate Bosnian authorities."

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**Re item 8. on the agenda****DECLARATION BY THE EUROPEAN UNION  
ON INDIA AND PAKISTAN**

"The European Union reiterates its condemnation of the nuclear tests carried out by India and Pakistan. These tests pose a grave threat to international peace and security, and seriously damage global efforts to prevent the proliferation of weapons of mass destruction and to bring about nuclear disarmament.

The European Union considers that the Indian and Pakistani nuclear tests have created further instability in the South Asian region at a time when India and Pakistan remain divided by a number of complex and long-standing issues. The European Union is also concerned about the risk of adverse economic consequences, particularly for the poor. These are matters of legitimate concern to the international community. The European Union calls upon the leaders of both countries to engage urgently in dialogue on regional stability issues, including with China, and to agree Confidence Building Measures to reduce tension.

The European Union remains fully committed to the Treaty on the Non-Proliferation of Nuclear Weapons as a cornerstone of the global non-proliferation regime and an essential foundation for the pursuit of nuclear disarmament. Its goal continues to be adherence by all countries, including India and Pakistan, to the NPT as it stands, without any modification.

The European Union welcomes the determination of the five Nuclear Weapons States to fulfil their commitments relating to nuclear disarmament under Article VI of the NPT.

The European Union reaffirms its commitment to the early entry into force of the Comprehensive Nuclear Test Ban Treaty (CTBT). Recalling its Declaration of 25 May 1998, following the Indian nuclear tests, the European Union urges India and Pakistan to:

- sign the CTBT as it stands, and move to ratify it;
- work actively to secure the opening of negotiations in Geneva on a treaty banning the production of fissile materials for nuclear weapons;
- confirm publicly their intention to exert stringent controls over the export of material, equipment and technology controlled under the Nuclear Suppliers Group Trigger and Dual Use Lists and the Missile Technology Control Regime Annex;

- enter into commitments neither to assemble nuclear devices nor to deploy such devices on delivery vehicles, and to cease the development and deployment of ballistic missiles capable of delivering nuclear warheads.

Member States, who have worked for a delay in consideration of loans to India in the World Bank and other international financial institutions, will likewise review the advisability of IFI lending to Pakistan in the relevant institutions in the light of the economic and financial circumstances.

The Council recalls that in its Declaration of 25 May, it asked the Commission to consider in its review of the General System of Preferences the implications of India's nuclear tests and of her progress in acceding to international non-proliferation agreements for India's continued eligibility for GSP preferences. It now asks the Commission to extend this consideration to Pakistan.

The Council further recalls that in its Declaration of 25 May, it had asked the Commission to take steps to accelerate the conclusion of the EC Cooperation Agreement with Pakistan and to explore how to intensify development links with her. The Council now withdraws those requests.

The European Union will follow closely the situation in South Asia and will take all necessary measures should India and Pakistan not take early steps to accede to the relevant international non-proliferation treaties and to resume their bilateral political dialogue."