

THE EUROPEAN COUNCIL

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Conclusions

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Session of the European Council

Luxembourg, 1 and 2 December 1980

Conclusions

In the face of the disquiet caused by developments in the international situation, the European Council is conscious of the responsibilities devolving upon Europe.

The Council considers that Europe's experience and resources make it one of the essential factors of equilibrium and peace in the world.

It is in the context of the solidarity which unites a strong America and a Europe confident of itself and of its role that dialogue and coordination between them will best serve the cause of peace and freedom.

The European Council will therefore ensure that Europe acquires greater cohesion and that its voice is heard.

Earthquake in southern Italy

The European Council expresses its deep emotion in the face of the disaster which has struck part of southern Italy. The Heads of State or of Government of the Member States of the Community and of Greece wish to convey their deepest sympathy to the stricken population, to the families mourning their dead, and to all those who, in these tragic circumstances, are suffering the destruction of their homes or the loss of their means of livelihood.

The peoples of the Member States of the European Community cannot remain indifferent to these tragic events. Over and above the spontaneous aid rendered by the Governments and other public authorities as well as by a multitude of citizens and associations in all our countries, it is the duty of the Community and its Member States, in the name of solidarity, to provide exceptional assistance in the present circumstances to the stricken areas.

The Council of the European Communities is invited to decide without delay, on a proposal from the Commission and as part of the normal budget procedure, to supplement the emergency aid with exceptional aid measures designed to make an effective contribution, mainly through a loan with an interest-rate subsidy, to the reconstruction programme in the affected areas in order to

mitigate the effects of the disaster on the economic and social situation of the regions concerned and to ensure that these measures can be effective as soon as possible.

Economic and social situation

The European Council noted that the repeated increases in the price of oil forced upon the consumer countries are the main cause of the world recession. Any further increase in the price of oil would also have serious consequences for the non-oil-producing developing countries.

The European Council considers that the prospects for the European economy have never required more vigilant attention.

The European Council is particularly concerned at the rapid increase in unemployment in the Member States of the Community. It reaffirms that the reduction of rates of inflation and improvements in the competitiveness of undertakings by suitable investments facilitating the necessary structural adjustments are the most appropriate ways of achieving improved growth and combating unemployment on a lasting basis. A combined effort by Governments with the collaboration of employers' and labour organizations is essential to cope with this situation. The various Community instruments must continue to serve, first and foremost, policies aimed at reducing structural unemployment and at improving infrastructure and the economic situation of the less favoured rural regions.

A special effort should be made in the Community and in all Member States to assist young people to find employment and to ensure that their training is geared to requirements.

The European Council reaffirms the importance in its view of a dialogue with employers' and labour organizations, and of coordination and exchanges of information between Member States on their employment policies. The Commission will intensify its studies, on the basis of which the Council, jointly composed of Economic Affairs, Finance and Social Affairs Ministers, will be required to consider the matter further.

The European Council draws attention once more to the pledges of all the Community Member States to reduce their dependence on oil by energy saving and by having recourse to other energy sources, including coal and nuclear power, and to do their utmost to prevent artificial stresses from occurring on the oil market. In this connection, the European Council noted the conclusions reached by the Council (Energy) on 27 November.

Financial questions and the EMS

The European Council examined the developments which had occurred since its last meeting in Venice in the monetary and financial spheres, both internationally and in the Community context.

It noted that payments imbalances remained a source of tension in international monetary and financial relations and particularly affected certain developing countries. It considers that the maintenance of a stable international monetary and financial system is a prerequisite if policies for the adjustment and recycling of capital are to contribute in parallel and in an orderly manner towards

overcoming the existing imbalances and if the measures taken to benefit the developing countries are to be pursued effectively. The European Council stressed that the work undertaken by the competent international institutions to work out solutions to the financial problems raised by the repeated increases in oil prices and to the needs of the developing countries should be actively pursued, with due regard for the independence and competence of the Bretton Woods institutions. It confirmed that the Community Member States would coordinate their positions in these discussions.

The European Council notes that the European Monetary System worked out two years ago has operated in an exemplary fashion despite all the new events which have occurred since then on the international scene. It has thus made an essential contribution towards establishing an improved monetary order, both at Community level and in order to respond better to the problems arising in international monetary relations.

It considers that the work in hand on the Community's monetary problems will have to be actively continued by the Council of Ministers particularly as regards adjustment of Community balance-of-payments loans and the gradual development of the use of the ECU. It noted the intention of the Council of Ministers and of the Committee of Governors to renew the agreements on medium-term assistance and the swap arrangements which form an integral part of the European Monetary System. It notes that all these measures will contribute to the further strengthening of the zone of monetary stability and solidarity in Europe. It also confirms the need to coordinate policies on interest rates and on exchange rates vis-à-vis non-member countries and as far as possible to act in concert with the monetary authorities in those countries.

The European Council confirms its determination to continue strengthening the European Monetary System until its transition to the institutional stage at the appropriate time. It calls upon the Commission and the Council of Ministers to continue their work.

Industrial innovation and development

The European Council examined with interest the Commission communication on innovation.

It considers that, in the necessary adjustment of their industrial structures, Community undertakings must aim resolutely at applying and developing activities based on an innovatory approach. This effort must be undertaken in conjunction with both sides of industry as a necessary component of an active policy on employment.

It hopes that the efforts made in this direction by the Member States will be better coordinated in order to improve the competitiveness of European products by making the best use of the dimension afforded by the common market. It requests the competent authorities of the Community to examine ways of eliminating the fragmentation of markets and improving incentives to innovation and the dissemination of knowledge.

International trade

The European Council emphasized the importance of keeping the world's trading system open under free and fair conditions. In this connection, they endorsed the Council's statement of 25 November about the Community's relations with Japan.

Mandate given to the Commission on 30 May 1980

The European Council referred to the mandate given to the Commission of the European Communities to carry out by the end of June 1981 an examination of the further development of Community policies, without calling into question either the common financial responsibility for these policies, which are financed from the Community's own resources, or the basic principles of the common agricultural policy.

Taking account of the situations and interests of all Member States, this examination will aim to prevent the recurrence of unacceptable situations for any of them.

Report of the Three Wise Men

The European Council examined the Report of the Three Wise Men on the basis of a detailed study made by the Ministers of Foreign Affairs.

The European Council found that the depth of the analysis of the institutional situation and the realism of the solutions proposed by the Three Wise Men - solutions based on a balanced assessment of the Community's problems and needs and the appropriate means for dealing with them - make of this report a rich source of ideas and suggestions for improving the machinery and procedures of the Community's institutional system.

It is because these ideas and suggestions are so plentiful that the European Council's deliberations, and the specific conclusions to which they give rise for the time being, do not entirely cover all the suggestions in the report of the Three Wise Men, nor do they exhaust the matter. Independently of any decisions which may be taken in the near future, the report is and will continue to be a fertile seedbed of ideas and suggestions on which the institutions and the Member States may draw for their deliberations on the Community's institutional system.

The European Council wishes to thank the Foreign Affairs Ministers for their study, which has formed the basis for the conclusions which it has reached and which will be published.

European Union

The European Council took note of the reports from the Ministers for Foreign Affairs and the Commission on the progress made towards European Union in the past year. It decided that, as in the past, these reports will be published in a suitable form.

