

THE EUROPEAN COUNCIL

**MAASTRICHT
23-24 MARCH 1981**

Documents in the dossier include:

Conclusions

Session of the European Council
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Maastricht European Council

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Meeting of the European Council in Maastricht

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Session of the European Council

Maastricht, 23 and 24 March 1981

Conclusions

Economic and social situation

The European Council devoted a considerable part of its meeting to a detailed and searching review of the present state of the European Community.

There was unanimous agreement that in the present difficult economic conditions the Community remains an essential achievement and an indispensable instrument for limiting the effects of the recession and bringing about the return, on a sound and stable basis, of sustained economic growth and satisfactory levels of employment. To achieve this purpose and reduce the level of inflation the European Council concluded that the continuation of prudent monetary policies, a healthy budgetary management, and the reorientation of public and private expenditure in the direction of productive investment are major elements. The European Council expressed the view that the reinforcement of the economic structure of the Member States requires an effort that must be maintained over a number of years and that short-term demand stimuli will turn out to be ineffective.

The European Council welcomed the recent economic measures taken by the Governments of some member countries.

In the field of monetary policy, an intensification of the dialogue with the United States of America is desirable, in particular with a view to achieving a concerted attitude on monetary policy and interest rates. The European Council requested the Council (Ministers of Finance) to act accordingly and also to pursue its work with a view to making the best possible use of the mechanisms of the European Monetary System.

High and divergent inflation rates are a threat both to the prospects of growth and to the economic and monetary cohesion of the Community. In this context the European Council also discussed the effects caused by rigid systems of indexation of incomes and expressed the opinion that an adjustment of such mechanisms should be considered.

The high and rising rates of unemployment, especially among youth, are a cause of deep concern to the European Council. It was agreed that the fight against this evil should be conducted, not only by the Member States, but also at the Community level. The basic requirement for a gene-

ral turn for the better lies in the recovery of the employment situation in the private sector. A lasting improvement in this situation requires a structural reinforcement of the European economy through cost restraint and a rise in productive investments and productivity. The European Council considers that in the present situation intensive consultation with the social partners is of vital importance.

In this context the European Council recalled its earlier conclusion with regard to the Joint Council of Ministers of Economic Affairs, Finance, Social Affairs and Employment to consider general economic and social problems and in particular unemployment. It stressed its conviction that a thorough preparation of such a Council meeting is of the highest importance.

The pursuit of a coherent energy policy remains of great importance for the reinforcement of the European economy. Reduction of dependence on imported oil and the utilization of alternative fuels are vital to employment and the balance of payments.

With regard to the future development of the Community, proposals on the restructuring of Community policies in accordance with the decisions taken on 30 May 1980 will be presented in time for consideration at the European Council's next meeting.

The European Council has discussed the problems of fisheries. It expressed concern at the failure to reach agreement because of its effects on European integration and on those who work in the fisheries sector. It therefore invited the Council (Ministers of Fisheries) to meet this week to resolve the problems.

The European Council requested the Council (Ministers of Agriculture) to continue and to intensify its discussions on the proposals on agricultural prices and economies for 1981/82 with the will to reach agreement by 1 April 1981.

The development of other Community policies remains an urgent task if the Community's viability is to be assured in the longer term and if the goals of economic convergence are to be reached.

With regard to industry, coordinated efforts should be made to foster the development of high-technology and innovative enterprises in order to increase the competitive strength of the European economy. Restructuring of industries should be allowed to proceed in an orderly fashion with due regard to the maintenance of conditions of fair competition and to the social aspects.

Member States should refrain from engaging in a competitive escalation of State aid to industry which would, in the end, be self-defeating and destructive. In particular, the restructuring of the steel industry is a priority objective. The European Council supports all the elements of the conclusions of the Council (Industry) on 3 March. It stresses particularly the need to maintain the unity of the market, by scaling down and gradually eliminating the State aid and by reducing less competitive capacities.

The Community can further contribute to economic recovery by fully utilizing existing mechanisms for policy coordination and by ensuring that the existing funds and financial mechanisms contribute as much as possible to agreed social and economic objectives and the reduction of unemployment. Particular attention should be given in this context to the possibilities of providing advanced technological training and education for youth.

The European Council believes that in so doing the European Community can successfully traverse the period of economic recession and contribute significantly to the return of more favourable conditions.

Spain

The European Council expressed its great satisfaction at the reaction of the King, Government and people of Spain in the face of the attacks recently made against the democratic system of their country.

This reaction strengthens the political structures which will enable a democratic Spain to accede to the democratic community represented by the European Community.

North-South relations

The European Council stressed and reconfirmed the advantage of the opening of concrete negotiations between the industrialized countries and the developing countries with regard to serious international economic problems. With an eye to this and to the international conferences foreseen, the European Council instructed the General Affairs Council to examine the Commission proposals on Community policy in the North-South dialogue and to report to it at its next meeting in June.

European passport

The European Council expressed its satisfaction with the substantial progress recently made with regard to the introduction of a European passport.

Seat of the institutions

The Heads of State and of Government decided unanimously to confirm the status quo in regard to the provisional places of work of the European institutions.

Middle East

The European Council took note of the interim report by Mr C.A. van der Klaauw, the President-in-Office, on the initial results of the Middle East mission which he is at present carrying out on behalf of the Ten on the basis of the Venice Declaration of 13 June 1980 and the Luxembourg Declaration of 2 December 1980. The Council noted with satisfaction the welcome given to the mission to date and considered as encouraging the attention and interest with which the parties so far consulted viewed the European efforts.

In the light of the consultations Mr van der Klaauw will hold during the weeks to come, a final report will be presented to the meeting of the European Council on 20 and 30 June 1981.

Lebanon

The European Council notes with great concern the latest developments in southern Lebanon, which have led to the tragic deaths of three Nigerian Unifil soldiers stationed there in the cause of reestablishing peace and security in the region.

As the European Council has stated on many occasions, the independence, sovereignty and territorial integrity of Lebanon must be fully respected.

The European Council considers that only the complete implementation of Unifil's mandate can create the conditions necessary for a progressive return of the south of the country to Lebanese sovereignty.

In order to enable Unifil to carry out its mandate in its entire area of operations up to the internationally recognized boundaries, the ten Member States of the European Community, some of which contribute troops to Unifil, call for the immediate and full cooperation of all interested parties.

In this connection, the European Council supports the statement made on 20 March 1981 by the current President of the Security Council warning against the placing of any obstacle in the way of the efforts of Unifil to discharge its mandate in full.

Afghanistan

The European Council notes with grave concern that the military operations by Soviet troops against the Afghan people, who are resisting this external interference, continue without interruption. The tragic course of events in Afghanistan constitutes a severe ordeal for the Afghan people and expresses itself in the form of a massive flood of refugees who are a heavy burden for neighbouring countries, in particular for Pakistan. The developments in Afghanistan remain a threat to the stability of relations in the region and worldwide.

In face of the situation resulting from the Soviet invasion of Afghanistan, the European Council has called many times, and in particular at its meeting in Venice in June 1980, for respect for the sovereignty and territorial integrity of Afghanistan and for an end to all interference in the internal affairs of that country. The Council has stated on many occasions the need for a solution which entails the withdrawal of foreign troops from Afghanistan and which permits the Afghan people to exercise freely their right to self-determination, and for Afghanistan thus to return to its traditional status as an independent State, neutral and non-aligned.

The European Council supports any initiative which could lead to the desired result and welcomes in particular the initiative which was the subject of the resolution of the United Nations of 20 November 1980, and that put forward recently by France.

Poland

The European Council reaffirms its position on Poland as expressed in its statement of 2 December 1980. This statement is as valid today as it was then.

The Council notes that Poland has shown that she is capable of facing her internal problems herself in a spirit of reason and responsibility. It is in the interest of the Polish people that Poland should continue to do so in a peaceful manner and without outside interference. It is also in the interest of stability in Europe.

The Council is following recent developments in Poland with great concern. It underlines the obligation of all States signatory to the Helsinki Final Act to base their relations with Poland on the strict application of the Charter of the United Nations and the principles of the Final Act.

It emphasizes that any other attitude would have very serious consequences for the future of international relations in Europe and throughout the world.

The European Council heard a report by Mr Genscher on his recent visit to Poland.

The European Council recalls that the Ten have already responded, both individually and in the Community framework, to the Polish request for economic support. They are disposed, within the limits of their means and in collaboration with others, to continue their contribution to the recovery of the Polish economy so as to complement the effort of the Polish people itself.

Having regard to the present situation, the European Council expressed understanding for the Polish wishes for extra food supplies. It requested the Commission and the Council, in agreement with the partner countries which are already taking part in the Paris discussions, to examine these wishes as soon as possible. It called on the Council, the Commission and the Member States to decide on their participation in this action as a matter of urgency.

1. Maastricht European Council

1.1.1. On 23 and 24 March the European Council met in Maastricht, in the Dutch province of Limburg, with Mr van Agt, Prime Minister of the Netherlands and President of the Council and of political cooperation, in the chair. The Commission was represented by Mr Thorn and Mr Ortoli.

This was the first European Council formally attended by the Heads of State or of Government of the now ten Member States, since Greece had joined the Community on 1 January and took part in the proceedings on the same footing as the other Member States. The Greek Prime Minister had in fact attended the Luxembourg European Council on 1 and 2 December 1980, but with observer status only when specifically Community matters were discussed.¹

In Maastricht, Community problems dominated the discussions, reflecting the desire to give a political fillip to the search for agreement on a number of difficult issues, such as fisheries, steel and certain aspects of the 1981/82 farm price review, and raising hopes which subsequent Council meetings often failed to fulfil. International affairs were also to the fore, under the 'political cooperation' head, and these were, as expected, the subject of a number of declarations: on Poland, Afghanistan and the Middle East.

The Commission had made its usual contribution to the preparations by providing the European Council with a series of papers to facilitate or guide its discussions. Major papers covered the economic, social and financial situation, preparations for a joint meeting of Finance and Social Affairs Ministers, commercial relations between the Community and the United States and Japan, and the North-South Dialogue. In addition, the scene was set for this Maastricht European Council by several bilateral meetings between Heads of Government of Community countries, visits to the United States by representatives of four Member States, the talks that Mr Genscher, the German Foreign Minister, had in Moscow, and the circuit of the Community's capitals made by Mr Thorn, President of the Commission, on taking office.

The participants were not of one mind as to the interpretation to be put on the outcome of this European Council; at all events the uncompromising attitude of the British Prime Minister seems to have provoked a degree of irritation and misgivings for the future in some of the delegations.

Results

1.1.2. The Community topics dealt with at the Maastricht meeting and the outcome of the discussions are set out in a summary issued by the Presidency; this is accompanied by the political cooperation declarations.

Community matters: the Presidency's summary

1.1.3. The following is the full text of the summary issued by the Presidency to the national delegations and made public after the meeting. It deals primarily with various aspects of the economic and social situation and the prospects for the future on that front.

Economic and social situation

1.1.4. The European Council devoted a considerable part of its meeting to a detailed and searching review of the present state of the European Community.

There was unanimous agreement that in the present difficult economic conditions the Community remains an essential achievement and an indispensable instrument for limiting the effects of the recession and bringing about the return, on a sound and stable basis, of sustained economic growth and satisfactory levels of employment. To achieve this purpose and reduce the level of inflation the European Council concluded that the continuation of prudent monetary policies, a healthy budgetary management, and the reorientation of public and private expenditure in the direction of productive investment are major elements. The European Council expressed the view that the reinforcement of the economic structure of the Member States requires an effort that must be

¹ Bull. EC 12-1980, point 1.1.1.

maintained over a number of years and that short-term demand stimuli will turn out to be ineffective.

The European Council welcomed the recent economic measures taken by the Governments of some member countries.

In the field of monetary policy, an intensification of the dialogue with the United States of America is desirable, in particular with a view to achieving a concerted attitude on monetary policy and interest rates. The European Council requested the Council (Ministers of Finance) to act accordingly and also to pursue its work with a view to making the best possible use of the mechanisms of the European Monetary System.

High and divergent inflation rates are a threat both to the prospects of growth and to the economic and monetary cohesion of the Community. In this context the European Council also discussed the effects caused by rigid systems of indexation of incomes and expressed the opinion that an adjustment of such mechanisms should be considered.

The high and rising rates of unemployment, especially among youth, are a cause of deep concern to the European Council. It was agreed that the fight against this evil should be conducted, not only by the Member States, but also at the Community level. The basic requirement for a general turn for the better lies in the recovery of the employment situation in the private sector. A lasting improvement in this situation requires a structural reinforcement of the European economy through cost restraint and a rise in productive investments and productivity. The European Council considers that in the present situation intensive consultation with the social partners is of vital importance.

In this context the European Council recalled its earlier conclusion with regard to the joint Council of Ministers of Economic Affairs, Finance, Social Affairs and Employment to consider general economic and social problems and in particular unemployment. It stressed its conviction that a thorough preparation of such a Council meeting is of the highest importance.

The pursuit of a coherent energy policy remains of great importance for the reinforcement of the European economy. Reduction of dependence on imported oil and the utilization of alternative fuels are vital to employment and the balance of payments.

With regard to the future development of the Community, proposals on the restructuring of Community policies in accordance with the decisions taken on 30 May 1980¹ will be presented in

time for consideration at the European Council's next meeting.

The European Council has discussed the problems of fisheries. It expressed concern at the failure to reach agreement because of its effects on European integration and on those who work in the fisheries sector. It therefore invited the Council (Ministers of Fisheries) to meet this week to resolve the problems.

The European Council requested the Council (Ministers of Agriculture) to continue and to intensify its discussions on the proposals on agricultural prices and economies for 1981/82² with the will to reach agreement by 1 April 1981.³

The development of other Community policies remains an urgent task if the Community's viability is to be assured in the longer term and if the goals of economic convergence are to be reached.

With regard to industry, coordinated efforts should be made to foster the development of high-technology and innovative enterprises in order to increase the competitive strength of the European economy. Restructuring of industries should be allowed to proceed in an orderly fashion with due regard to the maintenance of conditions of fair competition and to the social aspects.

Member States should refrain from engaging in a competitive escalation of State aid to industry which would, in the end, be self-defeating and destructive. In particular, the restructuring of the steel industry is a priority objective.⁴ The European Council supports all the elements of the conclusions of the Council (Industry) on 3 March.⁵ It stresses particularly the need to maintain the unity of the market, by scaling down and gradually eliminating the State aid and by reducing less competitive capacities.

The Community can further contribute to economic recovery by fully utilizing existing mechanisms for policy coordination and by ensuring that the existing funds and financial mechanisms contribute as much as possible to agreed social and economic objectives and the reduction of unemployment. Particular attention should be given in this context to the possibilities of providing advanced technological training and education for youth.

¹ OJ C 158, 27.6.1980 (Council conclusions of 30 May 1980, para. 7); Bull. EC 5-1980, points 1.1.1 to 1.1.18.

² Bull. EC 2-1981, points 1.2.1 to 1.2.10, point 2.1.42 and Table 3.

³ Points 2.1.64 to 2.1.104.

⁴ Bull. EC 2-1981, points 1.4.1 to 1.4.11.

⁵ Points 2.1.15 and 3.4.1.

The European Council believes that in so doing the European Community can successfully traverse the period of economic recession and contribute significantly to the return of more favourable conditions.

Spain

1.1.5. The European Council expressed its great satisfaction at the reaction of the King, Government and people of Spain in the face of the attacks recently made against the democratic system of their country.

This reaction strengthens the political structures which will enable a democratic Spain to accede to the democratic community represented by the European Community.

North-South relations

1.1.6. The European Council stressed and reconfirmed the advantage of the opening of concrete negotiations between the industrialized countries and the developing countries with regard to serious international economic problems. With an eye to this and to the international conferences foreseen, the European Council instructed the General Affairs Council to examine the Commission proposals on Community policy in the North-South Dialogue¹ and to report to it at its next meeting in June.

European passport

1.1.7. The European Council expressed its satisfaction with the substantial progress recently made with regard to the introduction of a European passport.

Seat of the institutions

1.1.8. The Heads of State and of Government decided unanimously to confirm the *status quo* in regard to the provisional places of work of the European institutions.'

Political cooperation: declarations

1.1.9. The European Council adopted the following declarations on international matters discussed in the political cooperation context.

Middle East

1.1.10. 'The European Council took note of the interim report by Mr C.A. van der Klaauw, the President in Office, on the initial results of the

Middle East mission which he is at present carrying out on behalf of the Ten on the basis of the Venice Declaration of 13 June 1980² and the Luxembourg Declaration of 2 December 1980.³ The Council noted with satisfaction the welcome given to the mission to date and considered as encouraging the attention and interest with which the parties so far consulted viewed the European efforts.

In the light of the consultations Mr van der Klaauw will hold during the weeks to come, a final report will be presented to the meeting of the European Council on 20 and 30 June 1981.'

Lebanon

1.1.11. 'The European Council notes with great concern the latest developments in southern Lebanon, which have led to the tragic deaths of three Nigerian UNIFIL soldiers stationed there in the cause of re-establishing peace and security in the region.

As the European Council has stated on many occasions, the independence, sovereignty and territorial integrity of Lebanon must be fully respected.

The European Council considers that only the complete implementation of UNIFIL's mandate can create the conditions necessary for a progressive return of the south of the country to Lebanese sovereignty.

In order to enable UNIFIL to carry out its mandate in its entire area of operations up to the internationally recognized boundaries, the ten Member States of the European Community, some of which contribute troops to UNIFIL, call for the immediate and full cooperation of all interested parties.

In this connection, the European Council supports the statement made on 20 March 1981 by the current President of the Security Council warning against the placing of any obstacle in the way of the efforts of UNIFIL to discharge its mandate in full.'

Afghanistan

1.1.12. 'The European Council notes with grave concern that the military operations by Soviet troops against the Afghan people, who are resisting this external interference, continue without interruption. The tragic course of events in Afghanistan constitutes a severe ordeal for the Afghan people and expresses itself in the form of a massive flood of refugees who are a heavy burden

¹ Points 1.2.1 to 1.2.8.

² Bull. EC 6-1980, point 1.1.6.

³ Bull. EC 12-1980, point 1.1.13.

for neighbouring countries, in particular for Pakistan. The developments in Afghanistan remain a threat to the stability of relations in the region and worldwide.

In face of the situation resulting from the Soviet invasion of Afghanistan, the European Council has called many times, and in particular at its meeting in Venice in June 1980,¹ for respect for the sovereignty and territorial integrity of Afghanistan and for an end to all interference in the internal affairs of that country. The Council has stated on many occasions the need for a solution which entails the withdrawal of foreign troops from Afghanistan and which permits the Afghan people to exercise freely their right to self-determination, and for Afghanistan thus to return to its traditional status as an independent State, neutral and non-aligned.

The European Council supports any initiative which could lead to the desired result and welcomes in particular the initiative which was the subject of the resolution of the United Nations of 20 November 1980, and that put forward recently by France.²

Poland

1.1.13. 'The European Council reaffirms its position on Poland as expressed in its statement of 2 December 1980.² This statement is as valid today as it was then.

The Council notes that Poland has shown that she is capable of facing her internal problems herself in a spirit of reason and responsibility. It is in the interest of the Polish people that Poland should continue to do so in a peaceful manner and without outside interference. It is also in the interest of stability in Europe.

The Council is following recent developments in Poland with great concern. It underlines the obligation of all States signatory to the Helsinki Final Act to base their relations with Poland on the strict application of the Charter of the United Nations and the principles of the Final Act.

It emphasizes that any other attitude would have very serious consequences for the future of international relations in Europe and throughout the world.

The European Council heard a report by Mr Genscher on his recent visit to Poland.

The European Council recalls that the Ten have already responded, both individually and in the Community framework, to the Polish request for economic support.³ They are disposed, within the limits of their means and in collaboration with others, to continue their contribution to the recovery of the Polish economy so as to complement the efforts of the Polish people itself.

Having regard to the present situation, the European Council expressed understanding for the Polish wishes for extra food supplies. It requested the Commission and the Council, in agreement with the partner countries which are already taking part in the Paris discussions, to examine these wishes as soon as possible. It called on the Council, the Commission and the Member States to decide on their participation in this action as a matter of urgency.'

Reaction of the Commission

1.1.14. The outcome of the Maastricht European Council was reviewed at the Commission meeting on 25 March, and at a press conference given by Mr Thorn on 27 March.

Statements by the President

1.1.15. At his press conference in Brussels, Mr Thorn stated that this Council had given the Ten an opportunity to reflect and had enabled them to have serious discussions and a valuable exchange of ideas, although no spectacular decisions had been reached.

Mr Thorn felt that discussions on the economic, social and financial situation had proved particularly helpful; the Commission's background document had been very useful and appreciated by all the delegations.

On fisheries, the President explained that he had failed in his efforts at Maastricht to separate the issues of the external agreement and a common fisheries policy; the Council meeting on 27 March had also rejected the idea, so the problems remained linked. Nevertheless, he felt that the atmosphere had been much more relaxed than at the previous Council meeting, no doubt because it had been recognized at Maastricht that this matter had to be resolved as quickly as possible. Current expectations were for a general arrangement being agreed in the late spring.

As regards the seat of the Community institutions, and particularly Parliament, Mr Thorn referred to the resolutions adopted by the House in November 1980 and to the conclu-

¹ Bull. EC 6-1980, point 1.1.9.

² Bull. EC 12-1980, point 1.1.14.

³ Points 1.2.1 to 1.2.6.

sions of the Maastricht Council. He stressed that his duty as President of the Commission was clear-cut: the Commission was the guardian of the Treaties, and as its President he would see that they were honoured. Mr Thorn added that in this particularly difficult time for the Community the question of its seat was important enough, but that there were much more vital matters to be attended to.

As for the declaration on Poland, the Commission saw it as its number one priority to give effect to the European Council's intentions as regards food aid for Poland. On 27 March Mr Thorn had therefore met the economics attaché of the Polish Embassy,

who had explained his country's needs. These were being examined by the Commission, with a view to proposals for decision being put to the Council.¹

¹ At its 30 March—1 April meeting the Council, recalling the position taken by the European Council at Maastricht, decided, in the words of the press release issued after the meeting, that 'in the present circumstances and on an exceptional basis the Community would give Poland an opportunity of purchasing the following products and quantities at favourable prices: sugar 50 000 tonnes, butter 10 000 tonnes, hard cheese 5 000 tonnes, whole-milk powder 2 000 tonnes, skimmed-milk powder 30 000 tonnes, meat 30 000 tonnes, edible oils 20 000 tonnes or colza seed 50 000 tonnes, grains (rye, barley 200 000 tonnes, wheat 200 000 tonnes.'

No. 11/1981
March 25, 1981

MEETING OF THE EUROPEAN COUNCIL IN MAASTRICHT

The following is the text of the summary of the proceedings of the European Council which was held in Maastricht in the Netherlands on March 23 - 24, 1981. The Heads of State and Government of the 10 member countries of the European Community devoted a considerable part of their time to a detailed and searching review of the present state of the European Community.

There was unanimous agreement that in the present difficult economic conditions the Community remains an essential achievement and an indispensable instrument for limiting the effects of the recession and bringing about the return, on a sound and stable basis, of sustained economic growth and satisfactory levels of employment. To achieve this purpose and reduce the level of inflation the European Council concluded that the continuation of prudent monetary policies, a healthy budgetary management, and the reorientation of public and private expenditure in the direction of productive investment are major elements. The European Council expressed the view that the reinforcement of the economic structure of the Member States requires an effort that must be maintained over a number of years and that short-term demand stimuli will turn out to be ineffective.

The European Council welcomed the recent economic measures taken by the governments of some member countries.

In the field of monetary policy, an intensification of the dialogue with the United States of America is desirable, in particular with a view to achieving a concerted attitude on monetary policy and interest rates. The European Council requested the Council (Ministers of Finance) to act accordingly and also to pursue its work with a view to making the best possible use of the mechanisms of the European monetary system.

High and divergent inflation rates are a threat both to the prospects of growth and to the economic and monetary cohesion of the Community. In this context the European Council also discussed the effects caused by rigid systems of indexation of incomes and expressed the opinion that an adjustment of such mechanisms should be considered.

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The European Council has discussed the problems of fisheries. It expressed concern at the failure to reach agreement because of its effects on European integration and on those who work in the fisheries sector. It therefore invited the Council (Ministers of Fisheries) to meet this week to resolve the problems.

The European Council requested the Council (Ministers of Agriculture) to continue and to intensify its discussions on the proposals on agricultural prices and economies for 1981/82 with the will to reach agreement by April 1, 1981.

The development of other Community policies remains an urgent task if the Community's viability is to be assured in the longer term and if the goals of economic convergence are to be reached.

With regard to industry coordinated efforts should be made to foster the development of high-technology and innovative enterprises in order to increase the competitive strength of the European economy. Restructuring of industries should be allowed to proceed in an orderly fashion with due regard to the maintenance of conditions of fair competition and to the social aspects.

Member States should refrain from engaging in a competitive escalation of state aid to industry which would, in the end, be self-defeating and destructive. In particular, the restructuring of the steel industry is a priority objective. The European Council supports all the elements of the conclusions of the Council (Industry) on March 3. It stresses particularly the need to maintain the unity of the market, by scaling down and gradually eliminating the state aid and by reducing less competitive capacities.

The Community can further contribute to economic recovery by fully utilizing existing mechanisms for policy coordination and by ensuring that the existing funds and financial mechanism contribute as much as possible to agreed social and economic objectives and the reduction of unemployment. Particular attention should be given in this context to the possibilities of providing advanced technological training and education to youths.

The European Council believes that in so doing the European Community can successfully traverse the period of economic recession and contribute significantly to the return of more favourable conditions.

SPAIN

The European Council expressed its great satisfaction at the reaction of the King, Government and people of Spain in the face of the attacks recently made against the democratic system of their country. This reaction strengthens the political structures which will enable a democratic Spain to accede to the democratic community represented by the European Community.

NORTH / SOUTH RELATIONS

The European Council stressed and reconfirmed the advantage of the opening of concrete negotiations between the industrialized countries and the developing countries with regard to serious international economic problems. With an eye to this and to the international conferences foreseen, the European Council instructed the General Affairs Council to examine the Commission proposals on Community policy in the North/South dialogue and to report to it at its next meeting in June.

EUROPEAN PASSPORT

The European Council expressed its satisfaction with the substantial progress recently made with regard to the introduction of a European passport.

SEAT OF THE INSTITUTIONS

The Heads of State and of Government decided unanimously to confirm the status quo in regard to the provisional places of work of the European institutions.

Separate statements were also made in the context of the European political cooperation on the Lebanon and the Middle East, Afghanistan and Poland.

Following are the texts of these statements:

DECLARATION ON THE MIDDLE-EAST

The European Council took note of the interim report by Dr. C.A. Van der Klaauw, the President in office, on the initial results of the Middle-East mission which he is at present carrying out on behalf of the Ten on the basis of the Venice Declaration of 13 June 1980 and the Luxemburg declaration of December 2, 1980. The Council noted with satisfaction the welcome given to the mission to date and considered as encouraging the attention and interest with which the parties so far consulted viewed the European efforts.

In the light of the consultations Mr. Van der Klaauw will hold during the weeks to come. A final report will be presented to the meeting of the European Council on June 29 and 30, 1981.

DECLARATION ON THE LEBANON

The European Council notes with great concern the latest developments in Southern Lebanon, which have led to the tragic deaths of three Nigerian UNIFIL soldiers, stationed there in the cause of re-establishing peace and security in the region.

As the European Council has stated on many occasions, the independence, sovereignty and territorial integrity of Lebanon must be fully respected.

The European Council considers that only the complete implementation of UNIFIL's mandate can create the conditions necessary for a progressive return of the south of the country to Lebanese sovereignty.

In order to enable UNIFIL to carry out its mandate in its entire area of operations up to the internationally recognized boundaries, the Ten Member states of the European Community, some of which contribute troops to UNIFIL, call for the immediate and full cooperation of all interested parties.

In this connection, the European Council supports the statement made on 28 March 1981 by the current president of the Security Council warning against the placing of any obstacle in the way of the efforts of UNIFIL to discharge its mandate in full.

DECLARATION ON AFGHANISTAN

The European Council notes with grave concern that the military operations by Soviet troops against the Afghan people, who are resisting this external interference, continue without interruption. The tragic course of events in Afghanistan constitutes a severe ordeal for the Afghan people and expresses itself in the form of a massive flood of refugees who are a heavy burden for neighbouring countries, in particular for Pakistan. The developments in Afghanistan remain a threat to the stability of relations in the region and worldwide.

In face of the situation resulting from the Soviet invasion of Afghanistan, the European Council has called many times, and in particular at its meeting in Venice in June 1980, for respect for the sovereignty and territorial integrity of Afghanistan and for an end to all interference in the internal affairs of that country. The Council has stated on many occasions the need for a solution which entails the withdrawal of foreign troops from Afghanistan and which permits the Afghan people to exercise freely their right to self-determination, and for Afghanistan thus to return to its traditional status as an independent state - neutral and non aligned.

The European Council supports any initiative which could lead to the desired result and welcomes in particular the initiative which was the subject of the resolution of the United Nations of 20 November 1980, and that put forward recently by France.

DECLARATION ON POLAND

The European Council reaffirms its position on Poland as expressed in its statement of December 2, 1980. This statement is as valid today as it was then.

The Council notes that Poland has shown that she is capable of facing her internal problems herself in a spirit of reason and responsibility. It is in the interest of the Polish people that Poland should continue to do so in a peaceful manner and without outside interference. It is also in the interest of stability in Europe.

The Council is following recent developments in Poland with great concern. It underlines the obligation of all states signatory to the Helsinki final act to base their relations with Poland on the strict application of the Charter of the United Nations on the principles of the final act. They emphasize that any other attitude would have very serious consequences for the future of international relations in Europe and throughout the world.

The European Council heard a report by Mr. Genscher on his recent visit to Poland.

The European Council recalls that the Ten have already responded, both individually and in the Community framework, to the Polish request for economic support. They are disposed, within the limits of their means and in collaboration with others, to continue their contribution to the recovery of the Polish economy so as to complement the efforts of the Polish people itself.

With regard to the present situation, the European Council expressed understanding for the Polish wishes for extra food supplies. It requested the Commission and the Council, in agreement with the partner countries which are already taking part in the Paris discussions, to examine these wishes as soon as possible. It called on the Council, the Commission and the Member States to decide on their participation of this action as a matter of urgency.

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