

PRESS DOSSIER

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PRESS CONFERENCE OF MR DELORS PRECEDING THE EUROPEAN COUNCIL IN RHODES

28 November 1988

In order to understand what the European Council is all about I think we should bear in mind that a great deal of headway has been made in the last four years; and generally speaking the house is in a state of good order. The Heads of State and Government are not going to waste their time discussing matters which have been passed upstairs to them, on appeal so to speak, because the Ministers haven't reached agreement, or because there is a dispute between Council and Parliament about the budget, or because there is a lack of resources. That is not going to happen. The Community is on the move and it is in that rather new context that we should see this European Council.

As of now, the European Council has three essential tasks to fulfil: They are meeting in order to take stock of the construction of Europe; to give a new impetus, a stimulus in certain areas where they feel things aren't moving fast enough; and to set priorities within the existing Treaties. That's what they are going to do in Rhodes.

On the first point, taking stock of the progress made towards the building of Europe, they'll be discussing a progress report on the 1992 Single Market based on the Commission's report made under Article 8b of the Single Act. Of course the Commission will be providing over and above that an assessment of the degree of achievement of the other objectives of the Single Act - something which a number of countries will be calling for because they set great store by a striking balance between the drive towards the Single Market and the achievement of the other objectives provided for in the Single Act.

The second role of the European Council will be to stimulate the work of the Council and the Commission. When examining carefully how far we've got with the Single Market they will, I'm sure, come to the conclusion that there are two areas where Community Institutions should give priority treatment: the fiscal dimension of the large market, with the approximation of consumer taxes, or approximation of capital earnings taxes; and Citizen's Europe, where there is a certain amount of disappointment.

Thirdly, looking ahead to new initiatives, new guidelines; we have not yet received the letter from the Greek Prime Minister, but on the basis of what the Foreign Minister had to say and what has been said, it appears that these guidelines for the future should perhaps concentrate on audiovisual policy in Europe or, if Mr Lubbers raises the point again, the status of immigrants and refugees in our Community. I myself had proposed that the European Council should lay special stress on the exchange of young people. The ERASMUS and COMETT programmes have been a great success but I don't think this will be accepted as a point for discussion by the Greek Presidency. With regard to the Community's role in foreign policy I think the Heads of State and Government and the Foreign Ministers will concentrate above all on East-West relations. As you know, I as President of the

Commission have always set great store by the Community speaking with one voice. This has implications for our work within our areas of competence.

I think they'll also talk about the Middle East. Over dinner in the evening they will also discuss the bilateral contacts which Mrs Thatcher and Chancellor Köhl have had with Mr Bush and Mr Reagan.

QUESTIONS

How a crisis can be avoided

In the last four years we have moved forward step by step and have avoided doctrinal squabbles and clashes. We have done more in the last three and a half years than we did in fifteen years of ideological confrontation between the functionalists, the federalists, the agnostics and the believers in what have you.

On Commissioners and their responsibilities

I have had no room for manoeuvre on the appointment of Commissioners. Either I heard about it on the radio or in the best cases I actually had a phonecall to give me the names. Now people should leave the Commission in peace to get on with its work and organize its working programme for the next four years. That is what I have said to a number of Heads of State and Government who have been rather insistent. Just let us get on with our work and decide how we're going to share out the jobs; also see what priorities we are going to submit to the Parliament for the next four years. There will be a debate in Parliament on our priorities for the next four years.

On the social dimension

On behalf of the Commission I made four commitments to the ETUC. First, harmonizing upwards working conditions, health and safety conditions, according to Article 118A of the Single Act. The texts are before the Council and Parliament, especially the framework directive on the use of machines by workers.

Secondly, since employers feel that it is useful to be able to use European Company Law for new companies a few months ago, with Lord Cockfield, we submitted an outline text to see what possible working basis there might be and we proposed three solutions for workers participation in companies. The Council have now given us their reaction and we will now prepare a Directive. This will be ready in a few months time.

Thirdly, I thought it would be a good idea to have a CHARTER OF RIGHTS for workers in the Community. This would show how we understand society and civilization, social dialogue and the rights of each individual on the labour market. I have asked the Economic and Social Committee to prepare a draft because I thought that body was a place where workers and employers were properly represented from all Member States.

The fourth commitment is to pursue social dialogue and indeed improve it, so as to take account of the hopes and expectations of everyone. On January 12 I shall be convening a Summit, as it were, a Tripartite Summit with employers and trade unions to see how we can really pursue this dialogue. Of course I have taken contact with Mr Marin on this, as necessary.

Consequently, I think that we have worked well on the social dimension in the last few months. We have not even completed all that was asked of us at the Hanover European Council since we were also asked for a comparative study of the rules applied in different Member States on conditions of work.

On the Community and the other Europe

I have often said publicly that in the years to come the Community, as it becomes more and more credible and attractive, will have to define precisely what its relations are with the other Europes: EFTA Europe, the Central Europe of the Eastern Bloc and then the orphans, Malta, Cyprus, Yugoslavia and Turkey. Over the next four years we have to think seriously about the relations we might have with such countries, in economic and financial terms and culturally, as well as in foreign policy terms.

On the meeting of the G7

I don't have any fears about the European Monetary System but I would nevertheless support what Mr Beregovoy and Mr Stoltenberg have suggested. I think it would be perfectly worthwhile to have the Group of 7 meeting, at the level of Ministers of monetary and economic and financial affairs. They will bring together their own views of what has happened over the last eighteen months, the period that has elapsed since the Louvre Agreements and then they'll have to look ahead to the prospects for the future. This means having a better knowledge of the intentions of the American Administration concerning their budget policy and their exchange rate policy. Personally I support this request for a meeting and I would hope that the results of the meeting will not become known. We don't want to disrupt the exchange markets.

On relations with Eastern Europe

I have expressed my concern about the risks of commercial outbidding between Western countries, but at a deeper level. This concern will be calmed if I had the feeling as a citizen that the Twelve countries that make up the Community would exercise a real influence on the development of East West relations. Some believe that we are having a real influence, I am a bit sceptical. In order to define a commercial relations and cooperation with COMECON countries we really need to know what the general context is.

I would like a wide ranging strategic discussion from twelve democracies who are both concerned by what is happening in the East at the moment but are also concerned not to drop their guard and to protect their ideals of liberty and make progress in this way towards peace.

Taxes on savings

I shall have to do a bit of homework over the Christmas holidays to try and find a solution. So far I have not come up with a solution which can secure the agreement of the Twelve and I am not the only one trying to find a solution. Lord Cockfield is working on it and so are our services. In fact they have done some excellent work but that is not enough to get all 12 countries to agree.

The Immigrant population

We'll be going into the matter in depth, bearing in mind the difficulties that have cropped up so far with regard to the right of asylum and many other issues. But this is a point which is only partially within the sphere of competence of the EEC and part of it would come under inter-governmental agreements. But it is certainly my intention when the next Commission gets to work to make a working proposal to cover all of the issues that are raised by immigrants, refugees, political refugees and the like within the Community, so that our democratic ideals can apply fully to them as well.

On the harmonization of value added tax

When the Economic and Finance Ministers discussed this last time informally, in Crete, I noted that the differences remained pretty deep as between two countries and the other ten. And I suggested that the Commissioner responsible, Lord Cockfield, might meet each Economic and Finance Minister to see what the real difficulties were. Lord Cockfield is at present doing this, meeting them all, and he will be giving a report on this at the end of December. On that basis the Commission can see where it can go, try to bring people a bit closer and try to do this as rapidly as possible. This dossier will not be left to one side by the Commission.

Young people

Because of the success in ERASMUS and COMETT we need encouragement from the European Council so that more human and financial resources can be earmarked for this and actually meet the demand.

In making this request I had two objectives, first to highlight the best achievement we have - a Citizen's Europe - and note the importance for researchers and students and even businessmen to be involved and to try to reach our first objective, which is that 10% of Community students could have a university course spread over different countries or perhaps have spent some time in a company in another Member State.

American refusal of a visa for Mr Arafat

As a European citizen I am surprised and disappointed. The Palestinian Movement has just taken in the view of the world as a whole a step forward.

Economic and monetary union

Everything has its own time and the Ad Hoc Committee hasn't yet finished its work. In the light of what you know about the economic and financial union, can this be done without a real change in the Treaty? Well the simple answer is no. When will all this be done - changes to the Treaty - that is an open question. I have stated the four basic positions of principle, concerning Economic and Monetary Union; the Committee is trying to take account of these basic points of view and of course we need a lot of good common sense in our work.

Role of national Parliaments

I said "be careful", in ten year's time 80% of economic legislation and perhaps social legislation too may come from the Community. So I said national Parliaments should be involved more in European work, that's all. I was just describing what I thought would happen. I wasn't expressing any desires or giving any political ideas. I believe that national parliaments should be brought more into the democratic process in preparing the texts and translation of texts into the various legislations. I think the whole thing has been misunderstood. That is perhaps my fault, but that's what I was saying. I wasn't saying anything new on European Institutions. For everything there is a season. The task now is to apply the Single Act in full.

FOUR YEARS OF REVITALIZATION

In 1984 a lethargic Europe, which had become bogged down in domestic squabbles, decided to breathe new life into the unification process. It realized that, in the face of growing worldwide competition, this was the only alternative to decline. On the initiative of Jacques Delors, President of the Commission, a central target was fixed: creation of a unified economic area - a large frontier-free market - by 1992. This implied the preparation of back-up policies (aid to less-favoured regions, the social dimension, the environment, etc.) and the policies needed to make a success of the venture (research and technology, economic and monetary union, etc.). This brought a new dual driving force into being: increased competition, thanks to the removal of trade barriers, and increased cooperation, thanks to the implementation of flanking policies.

Four years later, the picture is extremely positive on the whole. As the Hannover European Council noted in June 1988, progress towards a single European market has reached the "irreversible" stage. The Commission is concerned, however, at the lack of progress on taxation and a people's Europe.

A three-phase strategy

The first step towards revitalization was taken in 1985 following the enlargement of the Community to include Spain and Portugal. It took the form of a White Paper detailing the steps to be taken to dismantle physical, technical and fiscal barriers. The paper adopted the approach advocated by Jean Monnet, defining a programme, a timetable and a method. But it also highlighted the link between the creation of a single market and the adoption of flanking policies.

The Milan European Council in June 1985 adopted this detailed programme and timetable and recognized the need for revision of the Treaty of Rome to make the Community's decision-making procedures more effective and more democratic. The Single Act, introducing far-reaching institutional reforms, was adopted six months later.

The Single Act is based on three principles: speeding up decisions, improving decisions and making decisions more democratic. Wider use of qualified majority voting has put an end to the constant efforts to secure unanimity, which frequently resulted in agreement on the lowest common denominator. The option which was always open to the Council of leaving it to the Commission to implement legislation on the basis of general rules has now become standard practice. Lastly, Parliament has become genuinely involved in the legislative process, largely as a result of the introduction of a second reading.

The Single Act then defines the objective and provides the institutional means of creating "an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured" by 31 December 1992. But it also extends the scope of Community activities incorporating the following principles into the Treaty of Rome:

- the need to strengthen economic and social cohesion;
- the need to develop scientific and technological cooperation;
- the provision of monetary capacity with an eye to economic and monetary union;
- the harmonization of working conditions and the dialogue between management and labour;
- the need to protect the environment.

To ensure the credibility of this strategy, the Community had to secure financial resources commensurate with its new ambitions. This was achieved with the "Delors package", the third phase of the revitalization strategy, which was adopted by the Brussels European Council in February 1988. This means that the necessary decisions have been taken to adapt agricultural policy to new production patterns, to double the resources of the structural Funds to help the less-favoured regions, and to ensure stable and adequate financing.

At the service of competitiveness

The economic advantages of the overall strategy have been proved beyond doubt. A study of these was carried out by Mr Cecchini at the request of Lord Cockfield, the Member of the Commission with responsibility for the internal market. Using a survey of 11 000 industrialists, it quantified the high cost of the border controls which now divide the Community into twelve separate markets. It also calculated anticipated benefits

in terms of growth, job creation, economies of scale, enhanced productivity and profitability, the improvement of the conditions of competition, mobility of firms and employees, price stability and a wider choice for consumers. The gain in economic terms from the single European market has been put at ECU 200 000 million (1988 prices); GDP is expected to increase by 5% (cumulative effect over five or six years), and prices to fall by 6%. A positive impact on employment is expected in the medium term: some two million jobs should be created (or five million if the flanking policies are taken into account).

The mid-term review required by Article 8 b of the Treaty as amended by the Single Act, can therefore point to considerable progress in terms of both quality and quantity. By dint of regrouping some proposals and eliminating others, the Commission reduced the number of proposals required by the single market from 300 to 279 and has already forwarded 90% of these to the Council. The Council has adopted about 40% of them (if proposals approved on first reading are taken into account). Substantial progress has been made in relation to standards, services, the liberalization of capital movements, the opening up of public procurement, the mutual recognition of diplomas, and the Community transport market. Industrialists and financiers are well aware of the importance of the single market and are now incorporating it into their strategies.

... but of Europe's citizens

Europe must be more than a free trade area plus a few financial transfers. Acceptance of this fact by the Single Act has led to policies to flank the single European market.

The policy on economic and social cohesion seeks to help regions which are lagging behind or are in the throes of industrial conversion to share in the general advance. Substantial resources (ECU 12 000 million in 1992) have been allocated to it, although the effort is still modest in terms of Community GNP (0.3%). But reform of the structural Funds should lead to better programming, greater concentration of assistance, and hence improved efficiency.

This policy should make it possible to reduce the number of derogations to single market rules and to limit them to the transitional measures needed to ease adjustment to the European pace.

The social dimension provided for by the Single Act widens the scope for the adoption of legislation to improve working conditions (particularly in the area of health and safety). The Hannover European Council laid down a series of principles in this regard. Steps taken on the social front must not lower the level of protection already attained in the Member States. On the contrary, they must work to everyone's advantage. The Commission has therefore presented six proposals for directives to the Council on health and safety at the workplace. It intends to propose a Community charter of fundamental social rights (this is being drafted by the Economic and Social Committee) and to step up the social dialogue at Community level.

Environment policy is designed to combat the dangers that threaten the environment, with particular reference to those arising from air and water pollution. Agreements on discharges of sulphur and nitrogen dioxide on implementation of the Vienna Convention on the Protection of the Ozone Layer, and on standards for car exhausts provide answers to some of the issues which are causing growing concern, perhaps in some countries more than others, and derive from a priority policy that is still hampering the continuing need for unanimity.

Research and technological development policy should enable us to avoid duplication and wasted effort. The Esprit, Race and Brite programmes have spawned inter-industry links and have helped to promote effective application of the new technologies in areas as varied as telecommunications, biotechnology, and high definition television.

Economic and monetary union is enshrined in the Single Act too. Following progress on the European Monetary System thanks to the Basel and Nyborg agreements in September 1987, which developed certain EMS mechanisms and strengthened multilateral monitoring of economic and monetary policies, a seventeen-member committee, chaired by Mr Delors, was given the task of proposing a series of steps towards the gradual attainment of economic and monetary union.

Only the balanced development of these six policies will enable Europe to make the most of the dynamism generated by the revitalization strategy. That is why the lack of progress on a people's Europe in terms of right of residence, simpler frontier formalities (which imply intergovernmental cooperation on drugs, arms traffic and terrorism) is a cause for concern as are the delays attributable to the tricky business of approximating indirect taxation - a prerequisite for open frontiers - or the difficulties of drafting of plant health rules.

But things are on the move. The Community, the world's leading exporter, a partner open to the world, has become a force to be reckoned with: for the Americans and the Japanese who are nonplussed by its new-found assertiveness; for the eastern bloc which recognizes it either through the interface of Comecon or, in the case of Hungary and Czechoslovakia, through direct cooperation agreements; and for its European neighbours who are keen to share in the Community's "renaissance".

At home, the Community has contrived not only to innovate and propose but also to manage (thanks to a revamped common policy, agricultural spending now represents less than 60% of Community expenditure and adoption of the budget is no longer acrimonious) and to ensure compliance with common rules without attempting to deal with matters that are best handled at national level.

Never before has the Community been so close to achieving the basic aim assigned it by Article 2 of the Treaty of Rome: "to promote throughout the Community a harmonious development of economic activities, a continuous and balanced expansion, an increase in stability, an accelerated raising of the standard of living and closer relations between the States belonging to it".

COMPLETING THE INTERNAL MARKET : AN AREA WITHOUT INTERNAL FRONTIERS

THE PROGRESS REPORT

INTRODUCTION

1. At the European Council at Hanover in June of this year, the Heads of Government declared that progress towards the Completion of the Internal Market, the major objective set out in the Single Act:

"has now reached the point where it is irreversible, a fact accepted by those engaged in economic and social life".

It is the bounden duty of all the institutions of the Community to ensure that this is in fact so, and continues to be so to the very point of success.

2. What is at stake is the future prosperity of Europe, the standard of living of its citizens and the employment of its people. If anyone ever doubted the immense benefits that the integration of the European Market could bring, the findings of the Cecchini Study "The European Challenge. 1992: the Benefits of the Single Market" should dispel them. The prospect of a 5% growth in Community GNP, price reductions of 6% and 2 million new jobs. And if appropriate accompanying policies are adopted, a rise of 7% in GNP and 5 million new jobs, three years additional growth and a reduction of one third in the dole queues of Europe. What other policy could offer a tithe of this?

3. The completion of the Internal Market is also the foundation on which the other policies of the Community - as set out clearly and specifically in the Single Act - are based, namely cooperation in economic and monetary policy (economic and monetary union), social policy, economic and social cohesion, research and technological development, the environment, and European co-operation in the sphere of foreign policy.

In short, the completion of the Internal Market is not only the key to the Community's prosperity, it is the key to the Community's future. It is the key that will, and must, unlock the door.

