European Union

Reports for 1982
– by the Ministers of Foreign Affairs and
– by the Commission

The Commission report was also published as COM (82) 783,
25 November 1982

Blank pages not reproduced: 4 and 18
Report on European Union from the Ministers of Foreign Affairs to the European Council, Copenhagen, 3-4 December 1982

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Report on European Union from the Ministers of Foreign Affairs to the European Council
The year 1982 marked the 25th anniversary of the signing of the Treaties of Rome and the 30th anniversary of the entry into force of the Treaty of Paris. On the occasion of the celebration of the first of these anniversaries the President of the Council stated that 'Since first being given institutional form in the European Coal and Steel Community in 1952, Europe has acquired a tangible reality...; it has become a reality and has reached out to encompass new fields and new States...'.

Action in 1982 both in the framework of the Treaties establishing the European Communities and in that of political cooperation takes the same line; it has enabled progress to be achieved in the various fields of the Union and the common conception of European Union to be translated into reality. The purpose of this report is to recall the main results of that action. These results have been marked by solidarity in the face of the challenges, both internal and external, which have confronted the Community, and this in turn has enabled progress to be made in laying the foundations of ever-closer union between the peoples of Europe.

Very considerable interest was aroused among the peoples of the Member States as Europe was being constructed. In order to maintain this interest, it seemed necessary to design an instrument which, alongside Community and intergovernmental action, would bring this Europe, which is so little appreciated, closer to the citizens for whom it was brought into being. With this in mind, the Member States concluded an agreement establishing a European Foundation 1 whose task it will be to improve mutual understanding among the peoples of the European Economic Community, to promote a better understanding of the European cultural heritage, both in its rich diversity and in the points it has in common, and to foster a greater understanding of European integration.

In furtherance of this same end, the Representatives of the Governments of the Member States meeting within the Council adopted on 30 June 1982 a supplementary resolution 2 to the resolution adopted on 23 June 1981 concerning the adoption of a passport of uniform pattern.

In response to a request from the European Council at its meeting on 26 and 27 November 1981, the Ministers of Foreign Affairs of the Member States of the European Community, in cooperation with the Commission, began examination of a joint German and Italian initiative on European Union 3 and progress has been made in that examination.

1 Bull. EC 3-1982, points 1.2.1 to 1.2.3.
3 Bull. EC 11-1981, points 1.2.1 to 1.2.6 and 3.4.1.
Activity within the framework of the Treaties establishing the European Communities

Economic and social situation

In common with all the industrialized countries, the Community has been faced with a worrying economic and social situation. The recession is also making itself felt in the growing economic difficulties encountered by the developing countries. These must cope with an economic recession which began in the mid-1970s and has since been assuming the proportions of a world crisis. The short-term effects of this recession are not hard to calculate. They are lower levels of production, which lead in turn to lower living standards. The longer-term social effects are also beginning to be felt. Unemployment is rife and young people entering the labour market are unable to understand that the society which has trained them does not need them. Older persons who have served society for many years suddenly find that they are superfluous. This situation leads inevitably to the questioning of traditional values and of the very foundations on which the society constructed 20 or 30 years ago is based.

In the face of this situation, the Council of Ministers of Economic and Financial Affairs and Ministers of Labour and Social Affairs, meeting on 16 November 1982, pinpointed measures to deal with the various negative aspects of the crisis. These measures relate to:

- international economic and financial stability;
- convergence and economic stability within the Community;
- investment;
- the internal market;
- industrial policy;
- young people and the labour market;
- adjustment of working time.

The Council has noted that the European Monetary System has operated smoothly over the last three years and has made an essential contribution to bringing about more stable and ordered exchange relations in the Community, and economic and monetary policies more geared to achieving stability and economic development.

The Council nevertheless considers that efforts to bring about the convergence of economic policies must be stepped up, if the aim of creating a zone of monetary stability in Europe is to be attained. The Council has called on the Monetary Committee and the Committee of Governors of Central Banks to continue examining any possible technical improvements to the system.

In view of developments in the monetary situation, the Ministers of Finance decided to realign the central rates of certain currencies within the European Monetary System.

The Council devoted particular attention to investment policy. Having adopted in March 1982 a second Decision empowering the Commission to contract loans for the purpose of promoting investment within the Community, the Council noted on 15 November 1982 that any lasting rise in investment depended largely on an improvement in the situation and on the economic outlook as well as increased self-financing.

Iron and steel

One of the worrying aspects of the socio-economic situation is the problem of those sectors seriously hit by the crisis, in particular iron and steel.

As regards external relations under this heading, the Council welcomes the solidarity shown by Europe when concluding the arrangement with the United States of America and is confident that its proper mutual implementation can remove the difficulties that have arisen.

As to the internal aspect, the Council gave its assent under Article 58 of the ECSC Treaty to the draft Commission Decision concerning the extension of production quota arrangements in the steel sector for one year from 30 June 1982. In addition to products covered hitherto, the new arrangements also include wire rod. Furthermore, the changes involve provisions for updating reference output, in particular for reinforcing bars and merchant bars, higher thresholds in the event of exceptional difficulties, adjusting a company's reference in order to take account of changes in production capacity as part of a restructuring programme and provisions covering the cases of merger, separation or formation of a new company.

1 Bull. EC 11-1982, point 1.2.1 et seq.
2 Bull. EC 2-1982, point 2.1.1; Bull. EC 6-1982, point 2.1.3.
As far as price policy is concerned, the Council also gave its assent concerning trade obligations.

As regards the social aspect of this dossier, the Council adopted a Decision concerning a contribution for 1982/83 to the ECSC financed by a transfer from the EEC budget to the ECSC.

Pursuant to this Decision, an additional contribution of 100 million ECU is granted to the ECSC out of the general budget of the Communities for the financial years 1982 and 1983 to allow implementation of the 1981/84 special temporary aids programme.

This amount is to contribute towards ensuring the continuation of Community financing of special temporary allowances in favour of workers in iron and steel firms and iron-ore mines in the Community whose jobs are directly or indirectly abolished or threatened in consequence of a restructuring plan adopted by the undertaking, group of undertakings or public authorities in accordance with the general objectives for steel.

Social affairs

The Council adopted an important Directive on the protection of workers from harmful exposure to metallic lead and its ionic compounds at work. This Directive is of particular significance in view of the range and importance of the sectors and the considerable number of workers concerned. It is the first individual Directive within the meaning of the Directive adopted on 27 November 1980, which introduced a set of framework provisions for future regulations at national and Community level in the field of the protection of workers against harmful agents.

Analysing the situation of women in modern society, the Council adopted a resolution on the promotion of equal opportunities for women.

In October 1982 the Commission sent the Council its proposals on the revision of the European Social Fund. These proposals would involve far-reaching changes in the structure of the Fund by providing for Fund intervention in the areas hardest hit by unemployment in industrialized regions, by enhancing the Commission's guiding function in this area and by putting an end to legal protection of regions which enjoy absolute priority.

Environment

At its meeting in June 1982 the Council approved several acts marking a further stage in the introduction of a Community policy of environmental protection and improvement of the quality of life. Of note in this connection are:

- the Regulation on the implementation in the Community of the Washington Convention on International Trade in Wild Fauna and Flora;
- a Directive laying down air quality standards for lead;
- a Directive laying down methods for the surveillance and monitoring of environments affected by waste from the titanium dioxide industry;
- a Decision on the consolidation of precautionary measures concerning chlorofluoro-carbons in the environment.

At international level, the Community also played an active part in the 'special meeting' of the Governing Council of the United Nations Environment Programme which took place in Nairobi in June 1982.

Transport

The Council held an important meeting in June, when it adopted a number of Decisions.

The Council reached agreement in the field of inland waterway transport on a Directive laying down technical requirements for inland waterway vessels.

In rail transport the Council adopted a Decision concerning price formation in respect of the international carriage of goods by rail.

In addition, the Representatives of the Governments of the Member States of the European Coal and Steel Community, meeting within the Council, approved a Decision authorizing the Commission to enter into negotiations with

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4 Bull. EC 10-1982, points 1.2.1 to 1.2.8 and OJ C 308, 25.11.1982.
Yugoslavia on the carriage of coal and steel by rail.1

The Council adopted two new provisions designed to promote combined transport.2

In the sphere of road transport, the Council adopted a Decision on the conclusion of the Agreement liberalizing in certain cases the international carriage of passengers by road by means of occasional coach and bus services (ASOR).3 The Council subsequently deposited the instrument of Community approval of the ASOR Agreement with the European Conference of Ministers of Transport.

With regard to air transport, the Council adopted a Directive constituting an updated version of Directive 80/51/EEC on the limitation of noise emissions from subsonic aircraft.

Finally, the Council adopted:
- the second Directive on summer time arrangements for 1983, 1984 and 1985;4
- a Directive on measures to facilitate the effective exercise of freedom of establishment and freedom to provide services in respect of activities of self-employed persons in certain services incidental to transport and travel agencies and in storage and warehousing.5

Energy

Having noted a fall in energy consumption and in demand for petroleum products, the Council felt that there was a need not only for further progress towards attaining the objectives which the Community had set itself, which were to restructure demand in order to achieve more efficient use of energy and to develop energy sources other than oil, but also to keep a constant watch on the results obtained in the Community. It noted that the Commission intended paying special attention, in future examinations, to the priority areas defined in its communication on the development of a Community energy strategy6 and which the Commission felt called for Community action.

The Council also stressed the need for Member States to develop gradually a common approach on price formation. In this connection, the Council considered that government policies must aim to reduce gradually the artificial obstacles preventing reliable information from reaching the market.

Research

The Council took two important decisions in this area. It adopted a programme of research and development in raw materials.7 This programme comprises the following basic features:
- continuation and extension in an integrated framework of a number of research activities hitherto undertaken as separate programmes;
- incorporation of two programmes already adopted and under way (secondary raw materials and uranium);
- execution by either indirect action (shared-cost contracts between the Commission and public or private research organizations in the Member States) or by action on the part of the Member States, coordinated at Community level;
- funding for the programme of 54 million ECU.

It also adopted a research and teaching programme (1982/86) in the field of controlled thermonuclear fusion.8

The Council also adopted:
- a multiannual research and training programme in the field of biomolecular engineering, taking the form of indirect action;9
- a sectoral research and development programme of the European Economic Community in the field of medical and public health research — concerted action (1982/86);10
- a European Economic Community research and development programme for a machine translation system of advanced design.11

Agriculture

During the period under review the Council fixed farm prices for the 1982/83 marketing year and related measures. Its decisions (62

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1 Bull. EC 6-1982, point 2.1,156.
6 Supplement 4/81 - Bull. EC.
Regulations) have produced an average increase in ECU amounting to 10.4%.\(^1\)

In so doing, the Council was concerned to bring about better price relativities (which led, \textit{inter alia}, to the adoption in the case of cereals of an increase below the level of the aforementioned average figure) and to take steps to ensure better market management.

At the same time, the Council adopted Regulations on the adjustment of the \textit{acquis communautaire} in the wine sector aimed at maintaining a desirable market balance and at helping to rationalize the situation in this sector.

The Council also agreed to speed up examination before the end of 1982 of proposals and communications regarding the \textit{acquis communautaire} in the fruit and vegetables and olive oil sectors, with a view to enlargement.

\section*{Regional policy}

In October 1981 the Commission transmitted to the Council a proposal amending the Regulation establishing the European Regional Development Fund.\(^2\) At its meeting in April 1982 the Council held an initial policy discussion on two fundamental features of this dossier, namely, the geographical concentration of the quota system and the coordination of regional policies.

\section*{Approximation of laws}

The Council adopted a Directive on information to be published on a regular basis \(^3\) as a follow-up to the Directives on conditions for admission to official stock exchange listing and conditions for distribution of the listing particulars to be published for such admission, adopted in March 1979 and March 1980 respectively.

The Council also adopted a Directive on the approximation of the laws of the Member States relating to cosmetic products.\(^4\)

\section*{Compensation to the United Kingdom}

The Council discussed the budgetary solution to be found for the United Kingdom for 1982 on the basis of a Commission proposal. The Foreign Ministers reached an agreement in principle at their informal meeting on 24 and 25 May, and the final conclusions as to compensation were worked out by the Ministers on 26 October 1982.\(^5\)

Ministers will now have to take a decision on the solution to be found for the ensuing problems.

\section*{Greek memorandum}

In March 1982 the Greek Government submitted a memorandum on relations between Greece and the European Communities. In a reply dated 10 June the Commission stressed the need to tackle the particular problems facing Greece and to take them into account in the framework outlined by the Commission. The Council then asked the Commission to remain in contact with Greece in order to obtain maximum information on the various aspects of this problem. These contacts began in September 1982 and have been particularly active.

\section*{Relations between the institutions}

The Presidents of the European Parliament, the Council and the Commission signed a joint declaration on 30 June on various measures to improve the budgetary procedure. On that occasion the President of the Council stated his opinion that the signing was a major event in relations between the Community institutions as they needed to be able to cooperate in the joint task of building Europe.

It was in the same spirit that the Council sent a letter to the European Parliament on 6 April 1982 clarifying and making certain improvements to relations between the European Parliament and the Council, regarding for instance programme speeches by the Presidency, written and oral questions, appearances of the Presidents of the various specialized Councils before parliamentary committees and optional consultation and fresh consultation of the European Parliament.

In a letter dated 25 October 1982 the European Parliament was informed that, as far as possible,
the President was prepared to take part in urgent debates on Community subjects.

The Council has begun examining the resolution adopted by the European Parliament on 10 March 1982 on a draft uniform electoral procedure for electing the members of the European Parliament.1

The Council has also begun examining:

- the Commission proposals for improving the reconciliation procedure between the European Parliament, the Council and the Commission;2
- the Commission communication on the role of the European Parliament in the preparation and conclusion of international agreements and accession treaties.2

External relations

Community policy on external relations has always been marked by solidarity and many examples have been given. The Community and the Member States again demonstrated this solidarity in many areas during 1982, but in particular:

- by supporting the United Kingdom through the adoption of common measures during the Falklands crisis;
- by undertaking purely humanitarian action in the form of gifts to the poorest sections of the Polish population;
- by continuing to give priority attention to the problem of world hunger.

At trade-policy level, measures to combat protectionist tendencies aimed at safeguarding the international trading system and relations with the other major industrialized countries have continued to be a major source of concern to the Community.

In this connection the Community would emphasize that despite the constantly growing worldwide economic crisis and the various problems pointed out in this report, the basic rules of GATT trading principles have been complied with and the Community is continuing its efforts to see that those principles continue to be followed.

The advent of a growing dispute with the United States, which has deepened following the Versailles Summit, at which the Communities were represented by the President of the European Council and the President of the Commission, prompted a vigorous reaction from the Council, which regretted the practice of unilateral measures and emphasized the need for disputes to be settled with strict regard for approved international commitments, while indicating its readiness for a dialogue.

The continuing considerable imbalance in trade with Japan to the detriment of the Community,

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1 OJ C 87, 5.4.1982; Bull. EC 3-1982, point 2.4.5.
2 Supplement 3/82 - Bull. EC.
3 Supplement 8/82 - Bull. EC.
despite the many consultations with that country over a number of years, has led to the Council decision to initiate the procedure under Article XXIII of the GATT, which covers measures by one party which are likely to cancel out or to jeopardize the advantages deriving for the other party from the Agreement. In the Community's view, such is the case with Japan, whose exports of manufactured products have developed on a major scale over the last 20 years, whereas the level of penetration of the Japanese market by manufactured products from the Community has remained practically the same.

On the occasion of the 10th anniversary of the signing of the free-trade agreements linking the Community with the EFTA countries, which are among the Community's major trading partners, the Council adopted a statement expressing satisfaction at the excellent way in which these agreements had operated and confirmed the Community's interest in improving and intensifying cooperation with its EFTA partners.

The Council laid down the main lines of Community participation in the GATT ministerial meeting.

Negotiations for the renewal of the Multifibre Arrangement were concluded on terms which covered the basic concerns of the Community, and the Council was thus able to notify the Community's acceptance of MFA III. The Council therefore took a decision at the same time providing for denunciation of the Multifibre Arrangement by the Community no later than 31 December 1982 should the Community be unsuccessful in negotiating satisfactory bilateral agreements. Some of these agreements have already been negotiated.

Following the imposition of martial law in Poland in December 1981, the Council terminated sales of food products to that country on exceptional terms and initiated the above-mentioned humanitarian measure. In the same connection, the Council adopted measures to reduce imports of certain products originating in the USSR.

In the field of relations with the developing countries, it should first of all be noted that the Commission has recently sent to the Council and the European Parliament an important memorandum calling for overall thinking on trends in Community development policy, both autonomous and contractual, with a view to identifying the principles and guidelines which should direct the course of this policy during this decade. The Council has begun its examination of this memorandum.

The accession of Zimbabwe, Antigua and Barbuda, and Belize brings the number of ACP Member States of the Lomé Convention to 63. The Convention, to which the Community is known to attach special importance, has continued to be implemented smoothly. The meeting of the ACP-EEC Council of Ministers in Libreville on 13 and 14 May 1982 led to a review of cooperation and, in particular, to the solution of a problem concerning the application of the Stabex system, thanks to exceptional and additional finance granted by the Community for 1982. Prior to that, a solution had also been found to the dispute over the level of guaranteed prices for ACP sugar.

The Council began examination of another important Commission communication on the implementation of a Mediterranean policy by the enlarged Community to take account of the foreseeable effects of enlargement. Relations with the Mediterranean countries were also marked by the positive conclusion of all negotiations for the renewal of the Financial Protocols with the Maghreb and Mashreq countries, involving an overall budget of some 1000 million ECU made available to the countries in question by the Community in the form of grants or loans for the next five years.

A ministerial meeting with Egypt led to a strengthening of the cooperation ties based on the 1977 Agreement. At the ministerial meeting with Cyprus on 25 October the Community told Cyprus that the Council had adopted negotiating directives for the Commission with a view to defining mutual trade arrangements between the Community and Cyprus for 1983. The conclusion of the Protocol of adjustment to the Cooperation Agreement with Yugoslavia following Greek accession signalled a revival in relations, thanks also to the short-term solution unilaterally arrived at by the Community on the ‘baby beef’ problem.

The Council has recently made a start on discussion of the Commission proposals concern-

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1 Supplement 5/82 - Bull. EC.
2 System for the stabilization of ACP and OCT export earnings.
3 Bull. EC 6-1982, point 1.2.1 et seq.
ing relations between the Community and Malta.

In the sphere of basic products the Community continued its policy of active participation in international commodity agreements, in particular by signing the sixth Tin Agreement, ratifying the Rubber Agreement and making further efforts to accede to a new improved Sugar Agreement.

Cooperation with India, Asean and other partners in Asia continued normally. The extension of cooperation with Latin America continued to be of major importance to the Council. The framework Cooperation Agreement with Brazil, which entered into force on 1 October, will give a new dimension to cooperation with that country.

At its meeting on 22 November the Council (general affairs) decided, in the light of the declarations by the European Council of March and June 1982, to increase the technical and financial aid from the Community to Central America for 1982.

The fight against world hunger continues to be a top-priority objective which the Community is endeavouring to promote in all its aid programmes, as well as in its food aid programme. The action plan against world hunger has also continued to be implemented, with the Community being in the process of implementing a new form of action in the form of support for food strategies, starting with a number of African countries. The Council has also undertaken a feasibility study on longer-term encouragement for food production in the developing countries and of thematic measures (reaforestation, campaign against endemic diseases, environment).

The Community has continued to relieve misery, wherever it may have occurred, through its emergency aid measures and refugee aid. The programme of aid for the non-associated developing countries, the number one priority of which remains the development of food production, has been greatly expanded in 1982. The Community has stated its readiness to extend its cooperation to the energy sector also, in the form of support for energy planning in those developing countries desiring it. The Council has also been concerned with the question of Community aid in relation to the role of women in the developing countries.

The Generalized Scheme of Preferences for 1982 will contain further improvements to the scheme for the previous year, particularly for the poorest countries.

The Community has been unstinting in its efforts to help find a consensus in favour of the actual launching of global North-South negotiations, to which it remains profoundly attached. The results of the Western Economic Summit at Versailles bear witness to these efforts, since all those attending the Summit held the view that the opening of global negotiations represented a ‘major political objective’. The Community regrets that no agreement has so far been reached on the actual opening of these negotiations.
Political cooperation

1. Growing international and regional conflicts and tension of concern to Europe have once more underlined the need for close political cooperation amongst the Ten. Only frequent and thorough consultations can enable the Ten to bring their common positions and joint action to bear with the necessary vigour and thereby contribute to finding solutions to international conflicts and to the preservation of peace and stability in Europe and in the world.

2. The report of the Foreign Ministers on political cooperation (EPC) adopted on 13 October 1981 in London (the London report)¹ provided for a strengthening of political commitment and for a strengthening of the existing procedures and mechanism of the political cooperation through a number of innovations which have been carried out successfully. Thus the crisis procedure has been applied on a number of occasions. The support given to the Presidency from preceding and succeeding Presidencies has proven to be most valuable in securing continuity within the EPC. As also laid down in the London report, the Commission has been fully associated with political cooperation and represented at EPC meetings at all levels.

3. The significance of the cooperation with the European Parliament is underlined in, *inter alia*, the London report, in which the close relations between the EPC and the Parliament are described in detail. In addition to the already existing procedures, the Foreign Ministers have recently expressed their readiness to keep the Parliament, if it so desires, informed on the outcome of the special EPC crisis meetings provided for in paragraph 13 of the London report.

4. As laid down in the London report, the Ten have noticed an increased desire from a number of third countries to enter into closer contact with them. The Ten have responded effectively to these requests, particularly *vis-à-vis* countries of special interest to them. Regular contacts within the framework of the EPC have been established with the applicant countries, Spain and Portugal. These procedures should be seen as a preparation for the two countries' full participation in the EPC once they become members of the Community.

5. The Ten attach great importance to the relations with the United States and emphasize the continuous need for close consultations. To this end the President of the EPC has met with his American colleague. Furthermore, a first meeting between the political director of the Presidency assisted by the political directors of the preceding and succeeding Presidencies and high-level officials from the United States took place in September 1982 to substantiate the dialogue across the Atlantic. At that occasion both sides stressed the importance of and the need for close consultations and coordination.

East-West relations

6. Serious setbacks in East-West relations have been a major element in the deteriorating international situation during recent years. The past years have brought new and disturbing violations of the principles on which the United Nations is based and the Helsinki Final Act. The continued occupation of Afghanistan with the evident willingness of the Soviet Union to pursue its aims by use of its massive military potential have contributed to create a climate of distrust and tension. The tragic events in Poland since last December which took place under pressure have also had a major negative impact on overall East-West relations. These events, taking place in the heart of Europe, cause deep concern among the Ten.

7. To halt the present negative trend and to develop substantial and balanced East-West relations aimed at genuine detente, the causes underlying the negative developments in East-West relations should be removed in order to restore respect for the principles of the United Nations Charter and the Helsinki Final Act and to ensure mutually advantageous cooperation through dialogue and negotiations. The Ten have already shown their readiness to contribute to a positive development of East-West relations and they have urged the Soviet Union to demonstrate a similar inclination.

Conference on Security and Cooperation in Europe

8. The Ten attach particular importance to the coordination of their views on the CSCE. Inten-

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¹ Supplement 3/81 - Bull. EC.
sive consultations continued throughout the year and served to enhance the contribution made by the Ten at the Madrid meeting which was resumed on 9 November 1982. The Ten, now as before, view the CSCE process as a useful tool for furthering their objectives in the East-West dialogue. The Ten hope that it will be possible at the resumed session of the Madrid meeting to reach agreement on a balanced and substantial concluding document. Such a document should mark tangible progress within the human dimension of the Helsinki Final Act and contain a precise mandate for a conference on disarmament in Europe. In the opinion of the Ten the draft concluding document submitted in December 1981 by eight neutral and non-aligned countries remains a good starting point for the negotiating process in Madrid. The Ten have submitted some essential and reasonable draft amendments to this document for negotiation which reflects recent developments in the East-West relations.

**Poland**

9. Ever since the imposition of martial law in December last year the Ten have followed developments in Poland with profound concern. In sincere compassion with the Polish people the Ten have, on several occasions, reiterated their requests to the Polish authorities to lift martial law, free those arrested and restore a genuine dialogue with the Catholic Church and Solidarity. Although the recent release of Lech Walesa may indicate a step in the desired direction the Ten regret that the prospects for an early improvement of the situation in Poland remain uncertain.

**Middle East**

10. The Ten have continued their active diplomacy with a view to promoting a comprehensive peace settlement in the Middle East. As confirmed by the declaration of 20 September 1982 on the Middle East,¹ such a settlement to be concluded with the participation of all parties, which means that the PLO will have to be associated with negotiations, should be based on the principles of security for all States in the region including Israel's right to exist, justice for all peoples, including the right of self-determination for the Palestinians with all that this implies, and mutual recognition by all the parties involved.

11. During the first months of the year efforts were concentrated on securing Israeli withdrawal from the remaining part of Sinai. The Israeli evacuation took place on schedule and was completed on 25 April. In its statement on the Middle East of 30 March the European Council noted that the participation of four Member States of the European Community in the Multinational Force and Observers in Sinai (MFO) was a positive contribution in connection with the completion of the Israeli withdrawal from Sinai.²

12. During spring the then President of the Council of Ministers, Mr Leo Tindemans, held a series of contacts with the parties concerned to explore their attitude further. Mr Tindemans reported to his colleagues on 21 June. In his comprehensive report Mr Tindemans, among other things, pointed out the need for continuity in the endeavours of the Ten.

13. The development of the Arab-Israeli conflict took a dramatic turn with the Israeli invasion of Lebanon in June. The Ten vigorously condemned the invasion in their declarations of 9 and 29 June,³ and called for the complete and prompt withdrawal of Israeli forces as well as the departure of all foreign forces except those which may be authorized by the Government of Lebanon.

14. However, following the dramatic and tragic events in Lebanon, there were signs of a positive development in the area. In his speech to the UN General Assembly on behalf of the Ten on 28 September 1982,⁴ Mr Uffe Ellemann-Jensen, the current President of the Council of Ministers, stressed that the Ten are encouraged that the essential principles which in their view must be accepted and reconciled as the basis for a comprehensive, just and durable settlement are commanding increasing acceptance. In the same speech Mr Ellemann-Jensen welcomed the new American initiative contained in President Reagan's speech on 1 September 1982. It offers an important opportunity for peaceful progress on the Palestinian question and a step towards the reconciliation of the parties' conflicting aspirations. All parties should seize the present...

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¹ Bull. EC 9-1982, point 2.2.55.
² Bull. EC 3-1982, point 1.3.6.
³ Bull. EC 6-1982, points 2.2.74 and 2.2.75.
⁴ Bull. EC 9-1982, point 3.4.1.
opportunity to initiate a process of mutual rapprochement leading towards a comprehensive peace settlement. In this connection, Mr Uffe Ellemann-Jensen emphasized the importance of the statement adopted by Arab Heads of State and Government at Fez on 9 September, which is seen by the Ten as an expression of the unanimous will of the participants, including the PLO, to work for the achievement of a just peace in the Middle East encompassing all States in the area, including Israel. In the speech Mr Uffe Ellemann-Jensen also called for a similar expression of a will to peace on the part of Israel.

15. The Ten believe that discussions of the Franco-Egyptian draft resolution by the Security Council could play a useful part in establishing a common basis for a solution of the problems of the area.

16. In New York Mr Ellemann-Jensen met with Mr Faruq Khaddoumi, Head of the PLO Political Department. Mr Ellemann-Jensen in this context expressed the wish of the Ten to see the Palestinian people in a position to pursue their demands by political means and that the achievement of these should take account of the need to recognize and respect the existence and security for all.

17. Mr Ellemann-Jensen visited Beirut on 4-6 November 1982, to express the Ten's support of the Lebanese Government and the unity and independence of Lebanon and to discuss assistance for reconstruction. Mr Ellemann-Jensen also visited Amman (6-8 November), as Jordan plays a crucial part in ongoing peace efforts.

18. The Ten have on various occasions pointed out the danger which the conflict between Iran and Iraq continues to cause to the stability in the region. They have in their declarations called for a peaceful solution to the conflict on the basis of the relevant United Nations resolution.

Afghanistan

19. The Soviet military occupation in 1979 of Afghanistan, a former non-aligned and independent country, remains a source of grave concern to the whole world and continues seriously to affect the stability of the region. More than 20% of the Afghan population have had to flee their home country, and unbroken resistance in Afghanistan clearly shows that the Afghan people reject the political system forced upon them. In their joint statement at the opening of the 37th UN General Assembly the Ten strongly urged consideration of the European Council proposal of 30 June 1981 for a comprehensive political settlement. Through a two-stage international conference the proposal seeks to bring about the cessation of external intervention and the establishment of safeguards to prevent such interventions in the future, taking into full account the legitimate interests of the countries in the area. The Ten note with interest the efforts undertaken by the Secretary-General and his personal representative aiming at a political solution. Any solution should be reached between all parties concerned, should be based upon the principles of the United Nations resolutions, and should include the withdrawal of foreign troops. At its meeting on 29-30 March 1982 the European Council denounced the negative attitude of the Soviet Union, which has successively rejected proposals made by the Ten, the non-aligned movement, the Islamic Conference and the UN General Assembly. The Ten also supported the initiative by the European Parliament making 21 March 1982 'Afghanistan Day'.

South-East Asia

20. Like Afghanistan, Kampuchea has been invaded and occupied by a foreign power. All efforts to bring about a solution to the Kampuchea problem have foundered so far by the refusal of Vietnam to accept the relevant United Nations resolutions as the basis for a genuine political settlement. The Ten have continued to develop their relations with the Association of South-East Asian countries (Asean), and the Belgian Foreign Minister, Mr Tindemans, attended the annual Asean ministerial meeting in Singapore in June on behalf of the Ten. The Ten note with interest new developments which could contribute towards a comprehensive political solution. Resistance forces have come together and announced the formation of a coalition. There have also been contacts recently between Vietnam and other governments in the region. The Ten note with satisfaction that the resolution on Kampuchea at the 37th UN General Assembly was adopted by an overwhelming — and even increased — majority. They remain prepared to support any initiative
which aims at establishing a truly representative government in a neutral and independent Kampuchea.

**Africa**

21. The Ten have continued to consult on a wide range of African issues.

22. They have in particular repeated their unequivocal condemnation and rejection of the policy of apartheid in South Africa. They have continued their efforts to promote peaceful change. To this end the Ten have continued to study how to best use the collective weight of the European Community and they have continued a critical dialogue with South Africa.

23. The Ten remain convinced of the need for early independence for Namibia in accordance with Security Council Resolution 435. They have commended the Western Five for their untiring efforts to this end. They have expressed support for all parties who have striven to bring about independence for Namibia.

**Latin America**

24. The Ten have on several occasions reaffirmed the importance they pay to their relations with Latin America. They have, therefore, both collectively and as individual States, aimed at strengthening the relations with the States in Central America, the Caribbean region and South America. At its meeting on 29-30 June 1982 the European Council instructed the Foreign Ministers to study the appropriate means to strengthen cooperation between the Ten and this region. At their meeting on 20 September the Foreign Ministers agreed on a number of steps to be taken with that purpose.

25. The Ten have expressed their serious concern about the growing tension in Central America, which in their view is mainly caused by long-standing and grave economic and social problems. They are convinced that only the implementation of a political dialogue and negotiations with the participation of all the parties concerned will bring about a peaceful settlement. The necessary political solutions should be sought and found by the parties to the conflict themselves.

26. The Ten deplored the invasion of the Falkland Islands by Argentina, where force was used against a Member of the Ten. They are, however, optimistic that this issue will not be an obstacle to the further development of their relations with the countries of Latin America.

**Cyprus**

27. The Ten continue to take the greatest interest in the Cyprus problem. They have stated their policy on many occasions, most recently in the general debate of the 37th United Nations General Assembly, when the President of the Ten expressed support for the efforts of the Secretary-General of the United Nations to bring about a just and lasting solution that will effectively maintain the unity, territorial integrity and independence of the Republic of Cyprus.

**The United Nations**

28. The Ten have strengthened further their already close cooperation in the United Nations system. Regular consultations have become the norm not only in the General Assembly and its various bodies, but also in the specialized agencies, international conferences and other organs of the United Nations. In all these fora the Ten have endeavoured to harmonize their voting positions as well as to reach agreement on common statements and common explanations of vote with a view to presenting the common positions of the Ten on as many subjects as possible.

**Disarmament**

29. At the United Nations second special session devoted to disarmament (7 June to 10 July 1982) the 10 Member States of the European Community were represented at a high political level and participated actively in the work of the special session. Besides giving their views in common general statements in the plenary and in the main committees of the special session, the Ten also contributed with common replies to enquiries from the Secretary-General of the United Nations concerning the subjects 'the relationship between disarmament and development' and 'the relationship between disarmament and international security'.
Commission report on European Union
Introduction

1. This report on the progress of the Community towards European Union is the sixth 1 of its kind from the Commission to the Council and the Member States since the Tindemans report 2 in 1975.

2. During 1982 the European Community has been severely tested by events. Trade disputes and monetary disturbances have confronted the Community with an imperative need to act together in defence of the common interest. By and large, the Community has responded well to these challenges.

3. However, solidarity in the face of external events has not been matched by internal reform. In particular, the adaptation of the common agricultural policy and the financing of the Community have threatened more than once to block the decision-making process as a whole at critical moments. They are endangering the negotiations on the third enlargement, to include Spain and Portugal in the Community.

Some progress has been possible in economic and social policies, but not enough to offer the firm prospect that, in 1983, the Community will be able to make a decisive advance towards economic recovery and reducing unemployment. It is essential to make possible a macroeconomic strategy based on a genuinely integrated internal market, on industrial, energy and research and development policies that are fully consistent at a European level, and supported by structural financial instruments capable of exerting a greater influence.

4. Nevertheless, in 1982, valuable groundwork has been done which could enable progress to be made towards a European Union. In this respect the Commission believes that the Community’s success in meeting external challenges is a timely reminder. In steel, for example, it has been demonstrated, once again, that external solidarity is most effective when based on a developed common policy for internal as well as external aspects of the question. In contrast, the lack of common policies, or their weakening by long-standing and unresolved disagreements, is a constant impediment to external solidarity, as it is, more broadly, to economic recovery within the Community.

5. This report now examines in more detail the principal developments within the Community in 1982, relating to progress towards European Union.

Political and institutional Europe

6. In June 1982 tripartite discussions between the Presidents of the European Parliament, the Council and the Commission were brought to a successful conclusion with the signing of a joint declaration on budgetary questions. 3 This agreement is designed to improve the operation of the budgetary procedure and thus to avoid, to the extent possible, recurrent delays in the adoption of the Community’s budget. The agreement covers, in particular, the classification of expenditure and its division between compulsory and non-compulsory categories. It provides a clarification of the procedures to be followed and of Parliament’s role.

This agreement inaugurates, it is to be hoped, a period in which there can be a more harmonious functioning of the budget procedures of the Community.

7. As regards the European Union more broadly, two major initiatives have been taken:

The first of these is the proposal for a European Act, 4 jointly made by the Foreign Ministers of the Federal Republic of Germany and the Italian Republic in November 1981. It includes a declaration relating to economic integration. The proposal is designed to bring together the present Community process and the European political cooperation process and, at the same time, to extend intergovernmental cooperation to new areas. It also aims to improve the functioning of the Community’s institutions, by making some adjustments to the balance of responsibilities between them, by improving mechanisms for coordinating the political and economic arms of the Community and by a clarification of understandings about voting procedures.

The second is wider-ranging and more ambitious in character. In July 1982 the European Parlia-

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1 Supplements 8/77, 1/79, 9/79, 4/80, 3/81 - Bull. EC.
2 Supplement 1/76 - Bull. EC.
3 OJ C 194, 28.7.1982; Bull. EC 6-1982, point 1.1.1 et seq.
4 Bull. EC 11-1981, points 1.2.1 et seq. and 3.4.1.
ment adopted a resolution defining its attitude to the reform of the existing Treaties and the achievement of a European Union. The resolution concerns, in particular, a definition of the tasks of the Union, the financing of the Union and the definition of a new balance of responsibilities between the Community's institutions. The European Parliament intends to examine a full draft for a new Treaty in 1983 and has announced its desire to see organized a conference on the future of the Treaties at the end of 1983.

8. Finally, the Commission has submitted proposals to the Council and to the European Parliament concerning the role of the European Parliament in the preparation and conclusion of international agreements and accession treaties. These suggestions represent, in the opinion of the Commission, practical improvements which do not require a change in the division of powers between the institutions as laid down in the Treaties.

Economic and social Europe

9. Two realignments have been made within the European Monetary System, in February and in June of 1982, related to an insufficient convergence of economic policies. Nevertheless, these realignments, and the internal policy measures which accompanied them, again confirmed the ability of the system to make orderly adjustments, in accordance with fundamental economic criteria, while preventing erratic or irrational exchange rate movements.

The Commission hopes that its proposals for a strengthening of the European Monetary System will obtain the approval of the Council of Ministers. A wider international stabilization of exchange rates will be helped by such a strengthening.

10. The economic recovery which was forecast for the second half of 1982 has not materialized. The prospects for 1983 are not encouraging. The Commission has therefore proposed to the Council that the coordination of economic policies, and the financial policy mix within the Community, should ensure a better level of activity, while continuing to pursue a return to the essential fundamental equilibria. The Commission has identified three main issues for internal economic policy towards which its policies are directed. They are:

- inadequate investment and insufficient effort for technological development;
- excessive rigidities in wage and price formation and the low profitability of enterprises; and
- an inappropriate structure of public expenditure and a rapid increase in public expenditure relative to gross national product.

11. Measures to strengthen the underlying economic environment, in particular in the field of investment, are essential to economic recovery and are the basis for a return to more satisfactory levels of employment. However, they need to be accompanied by specific measures in the employment field, relating to the reduction and reorganization of working time under certain conditions, and the improvement of employment opportunities for young people, in fulfilment of guidelines laid down by European Council at its meeting in March 1982. The Commission's proposal to the Council concerning the reform of the European Social Fund, and its draft of a Council resolution concerning a policy for vocational training in the European Community are part of this same plan of action.

The Community has continued its efforts to ensure a coherent approach to industries in need of major restructuring. It has been necessary to maintain and adapt the regime of production quotas in the face of a further decline in market prospects for the steel industry. In general, the Commission has continued to play an active role in ensuring the compatibility of State aids with Community objectives and has taken steps to obtain a more coordinated and effective intervention by Community funds, notably the Regional and Social Funds, in aid of the conversion of regions in industrial decline. Finally, it has proposed measures in support of new industries, particularly information technologies, and in support of innovation in general.

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1 OJ C 238, 13.9.1982; Bull. EC 7/8-1982, points 2.4.1 and 2.4.3.
2 Bull. EC 3-1982, point 1.4.1. et seq.
3 Bull. EC 10-1982, points 2.1.2 and 2.1.3.
4 Bull. EC 10-1982, points 1.2.1 to 1.2.8 and OJ C 308, 25.11.1982.
5 Bull. EC 10-1982, point 2.1.31.
6 Bull. EC 10-1982, points 1.1.17 to 1.1.19.
7 Bull. EC 10-1982, points 1.1.7 to 1.1.11.
12. The failure to make determined progress towards a genuine Community-wide internal market remains of concern to the Commission. Despite political undertakings at the highest level, the latest being the conclusions of the European Council in June 1982, no significant progress can be claimed. Proposals to develop the internal market are still, for the most part, blocked in the Council, despite efforts to present them as a coherent whole, and in their wider context. In addition, it should be noted that proposals about transport policy are also blocked.

Worse, there has been a proliferation of national measures aimed at reducing rather than freeing the movement of goods and services within the internal market. Such actions are a serious threat to one of the main pillars of the Union and equally to the pursuit of a policy based on the common interest, which is the only basis for an early economic recovery. The Commission is acting with determination to combat them.

13. During 1982 prolonged discussions have continued about the role of the Community budget, in particular as a source of direct assistance to structural adjustment, and about the impact of Community financing on Member States. They have put further difficulties in the way of the development of Community policies.

These questions are also related to the question of the expansion of the Community's own resources. They will need to be resolved if the Community is to be able to finance the existing and the new policies it needs, especially in view of the third enlargement.

14. The adaptation of the common agricultural policy is one key element in the development of Community policies. Despite a difficult social environment, the Community was able to adopt price proposals for 1982/83 which kept the rate of growth of the EAGGF Guarantee Section below the rate of growth in aggregate budgetary resources, which introduced a hierarchy of prices reflecting the desire to close the gap between Community and world market prices for some key products, and which introduced the principle of limiting price guarantees by means of production thresholds for four major products (cereals, colza, milk, processed tomatoes). However, apart from wine, insufficient progress has been made towards strengthening support systems for Mediterranean agriculture.

Europe in the world

15. 1982 has been a turbulent year. In December 1981 martial law was imposed in Poland. In April 1982 the Falklands crisis broke. In July 1982 Israel invaded Lebanon. Economic relations with the United States and with Japan are passing through an exceptionally difficult phase. The simmering crisis related to the growing indebtedness of a number of important developing countries reached a new acuity. The European Community has been called to respond to these events. It has shown its ability to maintain its cohesion and to respond in a timely fashion.

16. As regards the situation in Poland, the Community has taken practical steps in support of its repeated condemnations of the imposition of martial law. Concessionary sales of Community foodstuffs ceased, but aid has been made available swiftly to the Polish population through the intermediary of non-governmental agencies. Restrictions on the export by the USSR of goods to the European Community have been introduced. The European Council, meeting in March 1982, has underlined the grave repercussions that the situation in Poland will have for security and cooperation in Europe and for East-West relations overall. This has been borne out already by the difficult atmosphere surrounding the ministerial meetings of the CSCE in Madrid this year and by an agreement amongst the major Western industrialized powers to pursue a prudent course in commercial and financial relations with the Warsaw Pact countries. The reclassification of the USSR within the OECD Export Credit Arrangement is intended to reduce the subsidy element in export credits to that country.

17. The Falklands crisis posed problems that were particularly delicate for the Community. Nevertheless, the Community agreed with rapidity to the imposition of an embargo on exports from Argentina to the Community. Despite the difficulties in some Member States, Community solidarity was adequately maintained for the duration of the military conflict.

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1 Bull. EC 11-1982, points 2.1.7 and 2.1.8.
18. During 1982 relations between the European Community and the United States were strained, notably by the unilateral decision of the United States to impose economic sanctions on some Community enterprises. These sanctions were applied to enterprises supplying materials using licences or components of US origin for the construction of the trans-Siberian gas pipeline. The European Community has played an active role in intensive consultations between the United States and her main partners. Meanwhile the sanctions have been lifted.

Following the Western Economic Summit held at Versailles in June 1982, consultations are also in progress on interest rates and international monetary cooperation and on cooperation in the development of high technology. Steps have been taken at the ministerial meeting of the IMF at Toronto, in September 1982, to consolidate the financing of world trade and development.

19. In the midst of a world recession, trade disputes are inevitably more acute. The Community has pursued difficult discussions with the United States on trade in steel to a successful conclusion. Negotiations for the renewal of the Multifibre Arrangement have sought a fair balance between the interests of the Community and of the developing world.

The Community has been able, in 1982, to adopt a global common strategy for the development of trading relations with Japan. At a Council meeting in March 1982, a programme of action was begun, aiming to tackle the problem at its source, namely the low import propensity of the Japanese economy and the need for Japan to reflect its international responsibilities in the conduct of its macroeconomic policy.

This year, the Community celebrated the 10th anniversary of the signature of the free trade agreements with EFTA. Relations with these countries continue to develop very satisfactorily.

20. Relations between the European Community and the developing world as a whole have continued to progress. In particular, the Community has made major efforts in 1982 to strengthen its action to combat hunger in the world. A new form of action, the food strategy, is being introduced in partnership with a number of countries in Africa.

The Community is actively preparing, on the basis of communications from the Commission, a general review of the Community’s relations with the developing world. Discussions have begun on relations with the Mediterranean basin as a whole, in view of the forthcoming enlargement. Discussions are also beginning on a memorandum on the Community’s development policy, in view of the forthcoming renegotiation of the Lomé Convention. However, the failure to launch global negotiations between the North and the South despite the progress achieved in this respect during the Western Economic Summit at Versailles is a continuing disappointment.

21. Negotiations on the third enlargement of the Community to include Spain and Portugal have continued to advance. They have now reached a point at which the Community must prepare to examine the few remaining, but most difficult, matters. In response to a request from the European Council, the Commission has prepared an updated review of the most important outstanding issues. The Community remains fully aware of its obligations towards the newly established democracies. Nevertheless, this aspect of its external policy, more even than any other, would be helped by the adaptation and development of a number of Community policies.

**Europe and the Europeans**

22. Much attention has been focused on the debates within the European Parliament on the proposed Directive on company law concerning employee information and consultation procedures. The European Parliament is completing its examination, and discussions may soon start in Council.

23. The Representatives of the Governments of the Member States have signed the agreement setting up the European Foundation, which is designed to increase understanding between European peoples and facilitate their participation in the development of a European Union.

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2 Bull. EC 3-1982, point 2.2.35.
3 Bull. EC 6-1982, point 1.3.1 et seq.
4 Bull. EC 6-1982, point 1.2.1 et seq.
5 Supplement 5/82 - Bull. EC.
6 Supplement 8/82 - Bull. EC.
7 Bull. EC 3-1982, points 1.2.1 to 1.2.3.
A further step has also been taken towards the creation of a uniform passport. However, despite renewed calls for action from the Commission and from the European Parliament, there is no progress towards the simplifying of checks at internal Community frontiers: indeed, in some cases such checks are being reinforced.

24. Once again, this has not been a good year as regards public opinion. Clearly public opinion is more influenced by internal dissension, and by its inability to see the European Community as a force for internal economic recovery, than by the Community’s undoubted role in external affairs.

25. The Commission views with concern a tendency in public life to emphasize that which separates nations rather than that which binds peoples together. The European Parliament, the Council and the Commission stand to remind Europeans of their common interest and identity in an increasingly dangerous world. There can be no more practical way to do this than to make 1983 a year for progress towards European Union.
At its meeting in The Hague in 1976 the European Council invited the Ministers of Foreign Affairs and the Commission to report to it once a year on the results obtained and the progress which can be achieved in the short term in the various sectors of the Union, thus translating into reality the common conception of the European Union.

On 3 and 4 December 1982 the two latest reports were submitted to the European Council, which authorized publication.