

Bulletin  
of the European Communities

Supplement 1/79

## European Union

Reports for 1978  
by the Ministers of Foreign Affairs  
by the Commission

Report of the Commission also published as  
COM (78) 653 final, 20 November 1978

Blank page not reproduced: 4

EUROPEAN COMMUNITIES  
Commission

This publication is also available in the following languages:

DA	ISBN	92-825-0823-4
DE	ISBN	92-825-0824-2
FR	ISBN	92-825-0826-9
IT	ISBN	92-825-0827-7
NL	ISBN	92-825-0828-5

A bibliographical slip can be found at the end of this volume.

Articles and texts appearing in this document may be reproduced freely in whole or in part so long as their source is mentioned.

*Printed in Belgium 1979*

ISBN 92-825-0825-0

Catalogue Number: CB-NF-79-001-EN-C

---

# contents

---

	<i>Page</i>
Report by the Ministers of Foreign Affairs to the European Council on European Union . . . . .	5
Commission Report on European Union . . . . .	11

Report  
by the Ministers of Foreign Affairs  
to the European Council  
on European Union

1. In the first report submitted by the Ministers of Foreign Affairs to the European Council on 5 and 6 December 1977,<sup>1</sup> the Ministers recalled the guidelines evolved by the European Council itself in its statement of 29 and 30 November 1976 on European Union.<sup>2</sup> According to this statement, European Union should:

be built by strengthening the practical solidarity of the nine Member States and their peoples, both internally and in their relations with the outside world;

gradually be provided with the instruments and institutions necessary for its operation and make itself felt effectively in the daily life of individuals.

2. In their second report, the Ministers of Foreign Affairs do not wish to submit a stock-taking of the Union at the end of 1978, but to point to certain typical examples of the progress made in the various fields of Union since the first report. Three plans above all, which were prepared in the course of 1978 and to which the Ministers of Foreign Affairs attribute particular political priority, will have a far-reaching influence on future developments. These are:

- (i) the elections to the European Parliament;
- (ii) the European Monetary System;
- (iii) the second enlargement of the European Community.

3. However, besides these major plans for the future, the problems with which the European Community and its Member States are daily faced should not be overlooked. Because of their importance, there is great temptation to concentrate exclusively on these immediate problems. Particularly at the level of the internal measures, it appears that the measures approved or planned, in so far as they serve to achieve an immediate goal, should also be viewed in the longer term, namely in relation to the progressive construction of European Union.

## European elections

4. The preparations for the general direct elections to the European Parliament have begun in the Member States, after the Decision and Act of the Council of the European Communities of 20 September 1976 came into force on 1 July 1978 and after the Council definitively set the dates for these elections as 7 to 10 June 1979.

5. In relation to the dates for the elections, the Declaration on Democracy<sup>3</sup> by the European Council of 8 April 1978 confirmed the will to ensure that the values of the legal, political and moral order are respected and to safeguard the principles of representative democracy, of the rule of law, of social justice and of respect for human rights. The Declaration is annexed to this report.

6. Although the elections to the European Parliament by direct universal suffrage certainly represent the most obvious evidence of the Europe of the citizen, further efforts have been made to make the reality of the construction of Europe felt in the daily life of individuals. Further progress has also been made towards granting special rights to the citizens of the nine Member States, along the lines indicated in the statement by the Heads of Government at their meeting in Paris in December 1974<sup>4</sup> and in the joint statement on basic rights in April 1977.<sup>5</sup> This subject was also discussed during the Round Table talks which the European Parliament organized in October at the European University in Florence.

---

<sup>1</sup> Supplement 8/77 — Bull. EC.

<sup>2</sup> Bull. EC 11-1976, point 2501.

<sup>3</sup> Bull. EC 3-1978, preliminary chapter.

<sup>4</sup> Point 11 of the Communiqué issued by the Heads of Government; Bull. EC 12-1974, point 1104.

<sup>5</sup> Bull. EC 3-1977, preliminary chapter; OJ C 103 of 27.4.1977.

## European economic and monetary policy

7. The guidelines elaborated at the Bremen meeting of the European Council<sup>1</sup> are designed to achieve increased economic growth in Europe, to combat inflation, to reduce unemployment and to create an area of monetary stability in Europe by introducing a European monetary system. The achievement of these aims might not only promote the economic development of the Community and accelerate its integration towards economic and monetary union but could also contribute to solving worldwide economic and monetary problems. At the Bonn Summit<sup>2</sup> the other major economic powers welcomed and generally supported the Community's position on all these matters and work has subsequently gone forward to carry out the various commitments made.

8. The Council Decision empowering the Commission to contract loans in order to promote investment in the Community<sup>3</sup> sets up a new financial instrument which will further contribute to the Community's investment efforts. This should make it possible to realize investment projects designed to bring about increased convergence and integration of the economic policies of the Member States in accordance with the Community's priority targets.

9. As regards regional policy the new Regulation (which is still being examined by the Council) will, taking account of the economic and social situation in the various regions and zones of the Community, enable aid from the European Regional Development Fund to be diversified so that the Fund can contribute both to Community support for regional policy measures by the Member States and to specific Community regional development measures.

## Europe and the world

10. The Ministers of Foreign Affairs wish to point out that the European Community continued last year to play an important part

in international relations. In particular, the Community further developed its relations with non-European countries and so made Europe's voice heard throughout the world. Particular reference should be made to the signing of the Trade Agreement between the European Economic Community and the People's Republic of China in April, the opening of negotiations with the African, Caribbean and Pacific countries for the renewal of the Lomé Convention<sup>4</sup> and the Ministerial meeting with the ASEAN States in November.<sup>5</sup>

11. Substantial progress was made in the GATT multilateral trade negotiations which the Community hope it will be possible to conclude in the near future.

## Enlargement of the European Community

12. The European Community has embarked upon the negotiations to bring about its second enlargement. The accession of the three European States which have returned to democracy—Greece, Portugal and Spain—should lead to a strengthening and consolidation of the Community and to the success of European integration as a whole. Since the Decision of 8 February 1978<sup>6</sup> considerable progress has been made in the negotiations with Greece. It should be possible to conclude these negotiations in the fairly near future. The negotiations with Portugal opened in October,<sup>7</sup> while the preliminary work on Spain's application for accession is being continued within the Community. The Ministers of Foreign Affairs are resolved to continue the work on the enlargement process with all dispatch and to bring

<sup>1</sup> Sections 1 and 2 of the Conclusions of the Presidency; Bull. EC 6-1978, point 1.5.2.

<sup>2</sup> Bull. EC 7/8-1978, point 1.1.3.

<sup>3</sup> OJ L 298 of 25.10.1978; Bull. EC 10-1978, point 2.1.10.

<sup>4</sup> Bull. EC 7/8-1978, points 1.3.1 to 1.3.5.

<sup>5</sup> ASEAN: Association of South-East Asian Nations. Bull. EC 11-1978, points 1.4.1 to 1.4.5.

<sup>6</sup> Bull. EC 2-1978, points 1.4.1 to 1.4.4.

<sup>7</sup> Bull. EC 10-1978, points 1.1.1 to 1.1.5.

it to a successful conclusion as soon as possible.

### European political cooperation

13. In 1978 the Nine Member States of the Community, meeting in the context of political cooperation have dealt with a series of important world political issues, which has strengthened their position as a partner in discussion with other countries and regions.<sup>1</sup>

With the aforesaid prospect of enlargement, they have paid special attention to the inclusion of the three applicant countries in political cooperation activities. Greece and Portugal have already been informed officially of the objectives and procedures of European political cooperation and of the inseparable nature of their belonging to the Communities and their participation in political cooperation. In view of the advanced stage of the accession negotiations, Greece is now being regularly informed of the outcome of the political cooperation proceedings. The Nine will do likewise, in due course, with regard to Portugal and Spain.

Following this second enlargement, Turkey will be the only country whose relations with the Community are based on an association agreement which may lead to eventual accession. The Nine have therefore proposed to the Turkish Government, through the Presidency, a special procedure for exchanging information.

The close cooperation of the Nine in the CSCE<sup>2</sup> proceedings continued throughout the Belgrade meeting<sup>3</sup> and also proved very fruitful during the meeting in Bonn in preparation for the Scientific Forum. The Nine continued with this cooperation at the meeting of experts in Montreux on the topic of the peaceful settlement of disputes and are combining their efforts in preparing the meeting of experts on Mediterranean matters in Valletta.

In the context of the United Nations, the Nine demonstrated their efficiency and solidarity at the extraordinary session of the

General Assembly on disarmament (May-June), at the present General Assembly in New York and at the World Conference on Racism in Geneva (August). Together, they worked out at the 33rd General Assembly ways and means of strengthening measures to maintain peace in the framework of the United Nations and submitted a draft resolution. Also in connection with the United Nations, the Nine showed that they were united in their fight against racism and for the observance of human rights throughout the world.

The Nine have devoted particular attention to developments in the Middle East. At the European Council in Bremen (6 July 1978)<sup>4</sup> and in a declaration dated 23 October, they voiced their concern about the situation in Lebanon and gave their support to the forces endeavouring to restore peace, unity and sovereignty in Lebanon. On 19 September 1978, the Ministers of Foreign Affairs referred to the declaration made by the European Council on 29 June 1977,<sup>5</sup> and after welcoming the Egypt-Israel peace efforts, as early as November 1977, expressed the hope that the outcome of the Camp David Conference would represent a further decisive step along the road to a just, full and lasting peace in the Middle East.<sup>6</sup>

The Nine have also continued to contribute fully to the proceedings of the Euro-Arab Dialogue and have agreed with the Arab side on the date and place of the meeting of the General Committee to be held in Damascus in the near future.

Jointly or separately, the Nine have regularly endeavoured to promote peaceful solutions to the problems and conflicts in the Continent of Africa. They have shown willing, as far as they were able, to step up their economic assistance to these ends as well. In par-

---

<sup>1</sup> Bull. EC 11-1978, point 3.4.1.

<sup>2</sup> Conference on Security and Cooperation in Europe.

<sup>3</sup> Bull. EC-1978, point 2.2.5.

<sup>4</sup> Bull. EC 6-1978, point 1.5.2.

<sup>5</sup> Bull. EC 6-1977, point 2.2.3.

<sup>6</sup> Bull. EC 9-1978, point 2.2.8.

ticular, they demonstrated their solidarity with the efforts to find peaceful and democratic solutions for Namibia and Zimbabwe, and with the humanitarian action undertaken by some of their partners. They have also pursued their policy towards South Africa aimed at the progressive development in that country of society free from discrimination.

Asian questions occupy a growing place in political cooperation. In this respect the most important event was the Conference held in Brussels in November 1978 bringing together the Ministers of Foreign Affairs of the Nine and those of the member countries of the ASEAN.

The Nine have had regular contacts with the European Parliament and in this context the Presidency submitted the annual report on political cooperation activities and organized three colloquies with the Political Committee. The Nine also replied to numerous parliamentary questions, sometimes followed by a debate in the European Parliament.

#### **Cooperation in the fight against international terrorism**

14. The continuation of the joint work in fighting international terrorism also reflected a special concern of the Nine. The Conference of Ministers of Justice (10 October 1978) not only dealt with questions relating to the European Convention on the Elimination of Terrorism but also examined proposals for the creation of a European legal space. The Conference of Ministers of the Interior or those with similar responsibilities (30 November 1978) also made considerable progress.

# Commission Report on European Union

COM (78) 653 final, 20 November 1978

1. As it did this time last year,<sup>1</sup> the Commission is reporting on the main results to date and possible further progress in the short term towards the goal of European Union. This is thus its second report on the subject since the Tindemans Report.<sup>2</sup>

2. This year may be regarded, firstly, as a time of reflection before certain major decisions are taken by the European Council. Constructive thinking on how Europe should develop has been particularly marked by the conclusions of the Copenhagen<sup>3</sup> and Bremen<sup>4</sup> European Council sessions. European construction has received stimulus from the Heads of Government which the institutions are now trying to turn into economic, social and monetary realities.

3. Concerning its economy, the Community is still in a difficult situation. Industrial activity remains uncertain and unemployment at an unacceptable level. However, the rate of inflation has been reduced, thereby creating more favourable conditions. Measures to assist sectors in difficulty have brought about a strengthening of Community cohesion in the face of the crisis. The effects of the various concerted economic recovery schemes launched during 1978 have yet to be felt, but cautious optimism is gradually appearing in Community industrial circles.

4. At the Copenhagen European Council the Heads of State or Government agreed on 7 to 10 June 1979 for the European elections.<sup>5</sup> The actual preparations for the elections in each Member State are already well advanced. The declaration on democracy adopted at the same European Council session confirmed the democratic nature of the Community's evolution, the Heads of State or Government reaffirming their resolve to ensure the observance of legal, political and moral values and to safeguard the principles of democracy based on the rule of law, social justice and human rights.

#### Internal consolidation

5. With reference to internal affairs, a few significant points should be noted. To meet

the situation on the steel market, anti-crisis Community discipline was instituted in December 1977.<sup>6</sup> While work on the reorganization of the European steel industry continued, supplementary measures were adopted in June 1978 to reinforce the machinery already established.<sup>7</sup>

6. Turning to another sector, the Commission has managed to curb the abnormal rise in textile imports.<sup>8</sup> The framework now in place should enable the industry to become competitive once again.

7. In both these two sensitive sectors a structural problem has arisen because of developments on the international market. To cope with this the Community has introduced measures to reduce imports for a limited period. At the same time restructuring has been undertaken to make the industries more competitive. Lastly, the Community has not omitted to take the requisite social welfare measures.

8. The Community has extended its financial instruments somewhat. The Social Fund was revised in December 1977.<sup>9</sup> Similarly, regional policy has now entered the final phase of concertation, while appropriations have been increased. The Commission has received a new instrument for Community borrowing and lending to encourage investment.

9. The Commission is presenting the European Council in December with its general views on how the common agricultural policy should be developed,<sup>10</sup> so as to obtain political support for the main lines proposed

---

<sup>1</sup> Supplement 8/77—Bull. EC.

<sup>2</sup> Supplement 9/75—Bull. EC.

<sup>3</sup> Bull. EC 4-1978, point 1.2.2.

<sup>4</sup> Bull. EC 6-1978, point 1.5.2.

<sup>5</sup> Bull. EC 3-1978, preliminary chapter.

<sup>6</sup> Bull. EC 12-1977, points 1.1.1 to 1.1.4.

<sup>7</sup> Bull. EC 6-1978, points 1.3.1. to 1.3.3.

<sup>8</sup> Bull. EC 12-1977, point 1.2.1; Bull. EC 7/8-1978, point 2.2.48.

<sup>9</sup> Bull. EC 12-1977, point 2.1.71.

<sup>10</sup> Bull. EC 11-1978, point 3.5.1.

in the paper. These involve restoring the balance on markets with a structural surplus by means of a cautious farm price policy and promoting the harmonious development of the Community by structural measures more closely in line with the needs of the Mediterranean regions: a start has already been made here with the Directives adopted by the Council in May.

### **European Monetary System – a step towards economic and monetary union**

10. Transition towards the goal of economic and monetary union (EMU) is a slow process. For years glimpsed as a distant utopia, EMU is now again becoming a plausible objective. The long-drawn-out economic crisis and the monetary disarray which has disrupted the financial markets have led to a penetrating analysis being made of the underlying causes.

11. Monetary stability and budgetary discipline coupled with effective financial solidarity have come to be seen as the only answer to the many mutually contradictory problems afflicting the European economy. The Copenhagen European Council opened the way, pinpointing the problems, for which the Bremen session suggested solutions. It will be up to the next European Council to take the necessary decisions. At Bremen the Heads of Government decided that at the same time a study should be made of the means of action needed to strengthen the economies of the less prosperous Member States within a European Monetary System. The Bremen monetary cooperation scheme was favourably received at the Bonn Western Summit. By reason of its repercussions on the other currencies, the creation of a zone of monetary stability in Europe would have an impact throughout the world.

### **Enlargement**

12. The size of the problems of future enlargement led the Commission to present

in April its general views on the subject.<sup>1</sup> In the paper it spelled out the requirements for successful enlargement. At the same time it studied how the institutions could be strengthened to deal with the problems of an enlarged Community.

In September the President of the French Republic sent the European Council a letter proposing general reflection on these matters and the creation of a Committee of Three Wise Men.

13. The Community's democratic vocation finds dynamic expression in this second enlargement. The accession of Greece, the cradle of our civilization, is a first milestone. The negotiations are progressing as scheduled and accession can be expected to take place at the beginning of 1981.

14. With regard to Portugal, the Commission delivered its Opinion<sup>2</sup> in May. Following the Council's favourable decision in June negotiations commenced.<sup>3</sup> As for Spain, the third applicant country, the Council has asked the Commission for an opinion, which is to be presented very shortly.<sup>4</sup>

### **Europe in the World**

15. The Community presence continues, and increasingly, to be felt on the world scene. In the Community's action here priority has been given to two fields: relations with the ACP States and the multilateral trade negotiations (MTN).

16. The current negotiations for the renewal of the Lome Convention reflect the fact that we share a common future with our overseas partners, with whom Europe is anxious to maintain a special relationship. Their development tallies with Europe's own needs for raw materials and markets for its

---

<sup>1</sup> Supplements 1/78 to 3/78 — Bull. EC.

<sup>2</sup> Supplement 5/78 — Bull. EC.

<sup>3</sup> Bull. EC 10-1978, points 1.1.1 to 1.1.5.

<sup>4</sup> Supplement 9/78 — Bull. EC.

manufactures. Pursuit of the North-South Dialogue is another of the Commission's concerns, directed at finding ways of affording security and stability to much-needed cooperation.

17. The big place occupied by the Community in international trade has led to the knitting of closer relations with its main trading partners. Kindred problems and conflicting interests are reflected in the Tokyo Round of the GATT negotiations. Although there are still disagreements with some important trading partners, all efforts are being concentrated on bringing the multilateral trade negotiations to a successful issue in the near future.

\*

18. 1978, then, has been a time of intensive preparation. The moment has come to focus on three priority fields—the European Monetary System (EMS) with all it involves, the operation and balance of the common agricultural policy, and the strengthening of the Community Institutions, to meet the challenge of enlargement.

19. Community preparations for the elections have also entered an active phase now. Europe's political parties have already set the election campaign in motion. Unspectacular the process of European unification may have been up to now, but from now on the Community, with all it has to show on both the credit and the debit side, is going to be right in the limelight. Debate can be expected to focus on the essential aspects of all that Europe is and involves. Searching technical study, continued thought and the convergence of political resolve that crystallized at the European Council session in Bremen have prepared the European scene for significant progress. Only by moving forward can the Community be fashioned and consolidated.

European Communities — Commission

**European Union — Annual reports 1978**

Supplement 1/79 of Bulletin of the EC

Luxembourg: Office for Official Publications of the European Communities

1979 — 14 p. — 17,6×25,0 cm

DA, DE, EN, FR, IT, NL

ISBN 92-825-0825-0

Catalogue Number: CB-NF-79-001-EN-C

BFR	DKR	DM	FF	LIT	HFL	UKL	USD
30	5,30	1,90	4,40	850	2,05	0,50	1

In accordance with the decision taken by the European Council in The Hague on 29 and 30 November 1976, the Ministers of Foreign Affairs submitted to the European Council on 4 and 5 December 1978 a report on the 'results achieved and on short-term progress achievable in the various areas of integration in which the common conception of European Union was becoming a practical reality'.

The Commission also submitted a report pursuant to that decision.

The European Council decided to publish these annual reports.