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E.C. SUMMIT LEADERS DISCUSS ENLARGEMENT, ECONOMIC ISSUES

European Community leaders at a March 29-30 summit meeting in Brussels called for immediate action on the treaty that will allow Spain and Portugal to join the Community on the target date of January 1, 1986.

The 10 Heads of State or Government (the European Council) "noted with great satisfaction" that the essential points in entry negotiations with the Iberian countries were settled last week. They said Community bodies and the applicant countries should finish drafting the accession treaty as soon as possible.

In a related action, the summit leaders agreed to launch a seven-year program of financial assistance to the Community's southern regions--with particular attention to Greece--to help them adjust to the enlargement.

The leaders also called for measures to increase employment, strengthen Europe's technological base and protect the environment.

They endorsed a strategy for creating jobs in the E.C. that includes a single large internal market by 1992, incentives for small and medium-sized businesses and improved labor-market efficiency. They said Europe's technological competitiveness should be bolstered by improving the business climate to encourage innovation and by increasing Community resources for research and development. They also said a Community environmental protection policy must be an essential component of the economic, industrial, agricultural and social policies of the Community and its member states, and designated 1987 "European Environment Year."

The summit communiqué follows:

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CONCLUSIONS OF THE EUROPEAN COUNCIL
BRUSSELS, MARCH 29 AND 30, 1985

ENLARGEMENT

The European Council noted with great satisfaction that the essential points in the accession negotiations with Spain and Portugal have now been settled, as a result, in particular, of the considerable effort made by all parties in the week leading up to the European Council resulting in solutions to the key issues of fisheries, agriculture, social affairs and the own-resources system.

The European Council called upon the Community bodies, together with the applicant countries, to complete the drafting of the accession treaty as soon as possible so that actual enlargement of the Community could take place on January 1, 1986, in accordance with the political resolve repeatedly expressed at the highest level.

THE ECONOMIC AND SOCIAL SITUATION

The European Council discussed the Community's current economic situation, which continues to be characterized by an unacceptable rate of unemployment, even though there has been an improvement in other economic factors such as inflation rates, balance of payments, the reduction of budget deficits, convergence of the economic policies of the Member States and the process of industrial restructuring.

The European Council reaffirmed the prime importance for each Government and the Community of combating unemployment through sustained, more employment-intensive economic growth, and asked the Economic and Finance Ministers to report on the matter to the next European Council.

It stressed the importance of completing the implementation of the economic strategy approved to that end in Dublin in December 1984 and the determination of all the Member Governments of the Community to pursue in a concerted manner all the measures and policies which go to make up that strategy.

In this connection, the European Council laid particular emphasis on the following four fields of action:

- (a) action to achieve a single large market by 1992, thereby creating a more favorable environment for stimulating enterprise, competition and trade; it called upon the Commission to draw up a detailed program with a specific timetable before its next meeting;
- (b) action to encourage the creation and development of small and medium-sized undertakings, particularly significantly reducing the administrative and legal constraints to which they are subject; it called upon the Commission to report to the Council on the problems in this sector and on the measures to be taken at national and

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Community level, particularly with regard to administrative simplification;

- (c) action to adjust and adapt working conditions to the new social, economic and technological circumstances in order to increase the efficiency of the labor market; it called upon the Commission to submit any proposal it might consider useful in this area;
- (d) specific action to expand employment, including a Commission study of the potential for using the Social Fund to promote innovative model schemes, and programs for solving the employment problems of certain disadvantaged social categories.

The European Council expressed its concern at the current international monetary instability which threatens to endanger the Community's economic recovery; it stresses the responsibility incumbent on all industrialized countries in the efforts to be made to achieve greater stability on exchange markets and to strengthen the international financial system.

The European Council stresses the importance of the decision adopted by the Council of Ministers with regard to all the factors which will enable a new round of multilateral trade negotiations to be initiated in Brussels as soon as possible.

This new round will represent an important contribution to the campaign against protectionism.

STRENGTHENING THE TECHNOLOGICAL BASE AND COMPETITIVENESS OF COMMUNITY INDUSTRY

The European Council reiterates the importance of strengthening the technological base and competitiveness of industry; it recalls that such strengthening was one of the major objectives of the guidelines which it adopted in March 1984 for the future development of the Community.

It considers that this aspect, which is vital for the Community's future, requires:

- firstly, improvement of the environment in which undertakings operate so as to encourage their capacity for industrial innovation and their commercial enterprise;
- secondly, better utilization of the Community dimension by States and above all by undertakings so as to enable the latter to develop in a competitive, unified and open market.

It reiterates its commitment to increasing the Community resources earmarked for research and development.

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The European Council welcomes the Commission's memorandum and endorses a number of specific objectives, namely:

- achieving complete unification of the internal market, in particular by the mutual recognition of standards, the creation of European standards in appropriate cases, the opening up of public contracts, and stricter rules on aid to industry;
- adapting the Community's external commercial policy to its objectives as regards new technologies, in the framework of the General Agreement on Tariffs and Trade;
- strengthening and making better use of the scientific and technological potential of the Community;
- making better use of human resources, in particular by means of increased mobility for students and researchers and by recognizing certain high-level establishments as Community "centers of excellence";
- encouraging innovation and establishing an information market;
- achieving a breakthrough in telecommunications.

The European Council calls on the Council of Ministers actively to pursue the examination of the Commission's current proposals, which already correspond to these objectives, and to initiate the examination of any new proposals which the Commission considers it appropriate to submit.

At each European Council, the Commission will submit a stage report on the progress achieved in strengthening technological cooperation and the competitiveness of the European economy.

ENVIRONMENT

In accordance with its decision taken in Dublin in December 1984, the European Council devoted part of its present meeting to the serious problems raised by the considerable deterioration of the environment and to the question of the remedial measures to be taken.

In this connection, the European Council noted with satisfaction the useful work done by the Environment Council in the field of combating air pollution caused by exhaust gases from motor vehicles; it is noted that this progress is an important stage in the achievement, on a Community scale, of a genuine overall and balanced environmental protection policy and expressed the desire, firstly, that this work take practical form as soon as possible and, secondly, that similar progress be made regarding pollution caused by large-scale combustion plants.

The European Council considers that a Community environmental protection policy must be based on the following considerations:

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- Having acknowledged that this policy can contribute to improved economic growth and job-creation, it affirms its determination to give this policy the dimension of an essential component of the economic, industrial, agricultural and social policies implemented by the Community and by its Member States.
- It acknowledges the need for the Member States to take coherent action in the Community framework to protect the air, the sea and the soil, since isolated action is unlikely to prove effective and may even be harmful.

It requests the Council of Ministers to expedite its proceedings and to make every effort, together with the Commission, to ensure that the years to come are marked by significant progress in Community action for the protection of the environment in Europe and throughout the world.

In this connection, the European Council has decided that 1987 will be designated "European Environment Year."

HUNGER IN THE WORLD

The European Council, concerned by the dramatic situation of certain African countries and the risk of its worsening, noted that the action it had decided on in Dublin to combat famine in Africa had been rapidly implemented. It welcomed the fact that the Community's action and the mobilization of the Member States had made it possible to go beyond the commitments entered into in Dublin and had given the lead for initiatives by other industrialized countries.

The Community and its Member States will continue to keep a close eye on developments in the situation, together with the other donors.

The European Council called for a continuation of the efforts already undertaken to improve the effectiveness of the action set in motion, thanks to the Community and international coordination, particularly on the ground, in order to ensure that deliveries reach all the famine victims.

The European Council stresses the need for short-term aid to be supplemented by medium- and long-term structural measures which alone can enable the countries concerned to re-establish their food production potential and, by their own means, face up in future to the problem of their food security.

The European Council noted the Commission's intention of sending it a report on the implementation of aid, following the fact-finding visit which Vice-President Natali is shortly to make to Africa.

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A PEOPLE'S EUROPE

The European Council examined the report from the Committee on a People's Europe; it considered its contents and agreed to both the proposals for immediate implementation and those relating to long-term objectives.

It therefore requests the Council of Ministers to take those decisions which are within its sphere of competence as quickly as possible. It also requests the Commission to take the necessary steps for putting the report's proposals into practice. Lastly, it invites the Member States to implement those decisions which are within their field of competence.

In this context, the European Council emphasizes that the achievement of abolishing frontier formalities must remain compatible with the need to combat terrorism and drug-trafficking.

The European Council requests the Council of Ministers to report to it at its meeting in June 1985 on the progress which has been made in the various sectors covered by the Committee's report.

The European Council requests the Committee to continue with its discussions and expects to have a further report, containing proposals on the other sectors already indicated, by the June 1985 meeting.

AD HOC COMMITTEE ON INSTITUTIONAL AFFAIRS

The European Council held an initial exchange of views on the final report submitted to it by the ad hoc Committee on Institutional Affairs in accordance with the mandate given to the Committee at the Fontainebleau and Dublin meetings.

The European Council welcomed both the approach outlined in the report and the content of the interesting proposals put forward, and expressed its warm appreciation of the Committee's excellent work.

Detailed examination of the Committee's proposals will continue over the coming months by means of bilateral contacts, in order to enable the European Council to arrive at final conclusions at its next meeting in June.

I.M.P.s

In accordance with the undertakings given at its meeting in Brussels on March 19 and 20, 1984, the European Council has decided to launch the Integrated Mediterranean Programs in favor of the southern regions of the present Community within the framework of the proposals made by the Commission.

These programs will last seven years; their aim will be to improve the economic structure of those regions to enable them to adjust under the best conditions possible to the new situation created by enlargement.

As far as financing arrangements and method are concerned, the European

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Council agrees with the broad outlines of the approach recommended by the Commission in its communication of February 21, 1985, i.e.:

- participation by the structural Funds for an amount of 2.5 billion European Currency Units (ECUs)*;
- an additional budget contribution amounting to 1.6 billion ECUs which will permit the Commission to supply the additional funds for the implementation of the programs approved by it;
- loans of 2.5 billion ECUs contracted by the regions concerned with the European Investment Bank (E.I.B.) and under the New Community Instrument (N.C.I.).

The two first categories of resources will benefit Greece for an amount of 2 billion ECUs.

The European Council feels that these figures and the accompanying provisions in this text meet once and for all the commitments undertaken by the Community concerning the "Integrated Mediterranean Programs."

The structural funds will continue to operate normally, on the basis of a Community-wide regional policy, in accordance with the regulations which have recently been revised.

The increase in real terms which will apply to the Regional and Social Funds and the European Agricultural Guidance and Guarantee Fund Guidance Section over the next seven years will help to finance the I.M.P.s, but without adversely affecting transfers from these Funds to other less-prosperous and priority regions of the Community.

On this basis, the European Council agrees with the proposals of the Commission designed to achieve full coordinated programs for the Mediterranean regions most in need through the operation of the three structural Funds.

As regards resource allocation, which should be based on the criteria contained in the Commission proposal, the European Council would emphasize that the allocation criteria should take account, first and foremost, of the actual needs of the different regions and their situation as regards economic and social development.

In particular, the European Council would draw attention to the special case of Greece, whose entire territory comes within the sphere of the Integrated Mediterranean Programs, and to the legitimate expectations of the Greek Government.

With regard to the quality of the program to be financed, which is an important factor in the success of the I.M.P.s, the European Council requests the Commission to place at the disposal of those Member States

* ECU = \$.69 on March 25, 1985.

who so request groups of experts needed for the assessment, preparation and implementation of the programs.

Lastly, the European Council would emphasize that it is important that the I.M.P.s measures for regions belonging to Italy and France should in particular use the E.I.B. and N.C.I. appropriations.

The European Council requests the Council to take a decision on the Commission proposal for a framework Regulation before June 30, 1985.