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contents

Report on European Union from the Ministers of Foreign Affairs to the European Council, Copenhagen, 3-4 December 1982	5
Commission report on European Union to the European Council, Copenhagen, 3-4 December 1982	19

**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.

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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 instru-

ment which, alongside Community and inter-governmental 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 Foundation¹ 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 resolution² 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 Union³ and progress has been made in that examination.

¹ Bull. EC 3-1982, points 1.2.1 to 1.2.3.

² OJ C 179, 16.7.1982.

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.¹ 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.²

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.¹ 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.²

Analysing the situation of women in modern society, the Council adopted a resolution on the promotion of equal opportunities for women.³

In October 1982 the Commission sent the Council its proposals on the revision of the European Social Fund.⁴ 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;⁵
- a Directive laying down air quality standards for lead;⁶
- a Directive laying down methods for the surveillance and monitoring of environments affected by waste from the titanium dioxide industry;⁶
- a Decision on the consolidation of precautionary measures concerning chlorofluorocarbons in the environment.⁷

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.⁸

In rail transport the Council adopted a Decision concerning price formation in respect of the international carriage of goods by rail.⁹

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

¹ OJ L 247, 23.8.1982.

² OJ L 327, 3.12.1980.

³ OJ C 186, 21.7.1982.

⁴ Bull. EC 10-1982, points 1.2.1 to 1.2.8 and OJ C 308, 25.11.1982.

⁵ OJ L 210, 19.7.1982.

⁶ OJ L 378, 31.12.1982.

⁷ OJ L 329, 25.11.1982.

⁸ OJ L 301, 28.10.1982.

⁹ OJ L 234, 9.8.1982.

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

¹ Bull. EC 6-1982, point 2.1.156.

² OJ L 184, 29.6.1982; OJ L 247, 23.8.1982.

³ OJ L 230, 5.8.1982.

⁴ OJ L 173, 19.6.1982.

⁵ OJ L 213, 21.7.1981.

⁶ Supplement 4/81 - Bull. EC.

⁷ OJ L 174, 21.6.1982.

⁸ OJ L 157, 8.6.1982.

⁹ OJ L 375, 30.12.1981.

¹⁰ OJ L 248, 24.8.1982.

¹¹ OJ L 317, 13.11.1982.

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, *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 *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 *acquis communautaire* in the fruit and vegetables and olive oil sectors, with a view to enlargement.

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.

Approximation of laws

The Council adopted a Directive on information to be published on a regular basis³ 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

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.

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.

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,

¹ OJ L 162, 12.6.1982; OJ L 164, 14.6.1982.

² OJ C 336, 23.12.1981.

³ OJ L 48, 20.2.1982.

⁴ OJ L 167, 15.6.1982.

⁵ Bull. EC 5-1982, points 2.3.10 and 2.3.11; Bull. EC 10-1982, point 2.3.4.

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 conciliation 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

Enlargement

The accession negotiations have made important strides forward during 1982 in line with the wish expressed by the European Council on a number of occasions — most recently in June 1982 — for progress to be made in this area.

A first series of chapters was settled with Portugal in February, namely: capital movements, transport, regional policy, economic and financial questions and Euratom. The Community has defined its position on certain chapters in a second series, and these are now being negotiated. The chapters involved are those relating to the industrial sector — customs union, ECSC, external relations — and the chapters on the right of establishment and taxation. The most recent Ministerial meeting of the conference was held at the end of November.

A series of chapters has also been settled with Spain, namely: capital movements, transport, regional policy, right of establishment, economic and financial questions and approximation of laws. The search for solutions in respect of another series of chapters is now at the stage where negotiations should be concluded in the very near future. The chapters concerned are those relating to the industrial sector — customs union, ECSC, external relations — and the chapters on taxation and patents. The next ministerial meeting of the conference is scheduled for December next.

The inventory, accompanied by appropriate proposals on the problems posed by enlargement for Community policies and for each of the

Member States, which the June European Council asked the Commission to compile, has now been presented by the latter.³

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,

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 memorandum¹ 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 Stabex² 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.³ 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 1 000 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-

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 en-

couragement for food production in the developing countries and of thematic measures (reafforestation, 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.

