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Supplement 4/80



European Union

Annual reports for 1980

Commission
of the European Communities

Supplements 1980

- 1/80 Report on the scope for convergence of tax systems in the Community
- *2/80 Council and Commission Committees
- *3/80 Employee information and consultation procedures
- 4/80 *European Union – Annual reports for 1980*

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of the European Communities

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European Union

Reports for 1980

- by the Ministers for Foreign Affairs and
- by the Commission

EUROPEAN COMMUNITIES

Commission

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

If the major decisions taken in the year now drawing to a close are analysed with some measure of detachment, it will be seen that they accord with the aims set by the European Council on 29 and 30 November 1976 when it requested the Ministers for Foreign Affairs to report to it once a year on results achieved and on the short-term progress achievable in the various areas of European Union.¹ These aims are as follows :

- (i) to construct European Union by strengthening the practical solidarity of the nine Member States and their peoples, both internally and in their external relations ;
- (ii) to provide European Union progressively with the instruments and institutions necessary for its action. Union should also be reflected in everyday life.

Strengthening of the practical solidarity of the nine Member States fits into the context of ever-increasing convergence of the economic performances and policies of the Member States and of the Community, the coordination of which must be ensured.

In this spirit of solidarity the Council, in conjunction with the Commission, adopted conclusions on 30 May 1980 regarding the unacceptable situation facing one of its Member States² and on 27 October 1980 adopted two Regulations,³ one instituting supplementary measures in favour of the United Kingdom and the other amending Regulation (EEC) No 1172/76 setting up a financial mechanism.

The Council also undertook on 30 May 1980 to adopt, in parallel with the application of the decisions which would be taken in other areas, the decisions necessary to ensure that a common fisheries policy was put into effect at the latest on 1 January 1981.

In addition the Commission was entrusted with the task of carrying out an examination of the development of Community policies by the end of June 1981 without calling into question the common financial responsibility for these policies, which are financed from the Community's own resources, or the basic principles of the common

agricultural policy : taking account of the situations and interests of all Member States, this examination will aim to prevent the recurrence of unacceptable situations for any of them.

As noted in the Presidency's conclusions at the European Council meeting in Venice,⁴ the Community's commitment to implement structural changes is a fundamental prerequisite, with enlargement in prospect, if the Community is to be able to meet its internal and international responsibilities authoritatively and effectively : if it is to respond to the hopes of the people of Europe who long for ever-greater solidarity between Member States in the various areas of political, economic and social activity : if it is to promote greater convergence between the economies and their harmonious development, and reduce inequalities between the various regions and the backwardness of the least-favoured regions : finally, if it is to achieve fully the objectives laid down in the Treaties in complete conformity with the ideals which inspired the far-sighted scheme of European unification.

Progress towards European Union involves both defending existing policies and defining new common policies, taking into account the challenges which the Community must meet. This can provide the framework for a large number of decisions.

In furtherance of the introduction of common policies for which the Treaties provide, the Council agreed, on 30 September 1980, to the introduction of a common policy on sheepmeat.⁵

On 21 July 1980 the Council adopted the Decision applying for the second time the Decision empowering the Commission to contract loans for the purpose of promoting investment within the Community.⁶

¹ Bull. EC 11-1976, point 2501.

² Bull. EC 5-1980, points 1.1.1 to 1.1.18.

³ OJ L 284 of 29.10.1980 : Bull. EC 10-1980, point 2.3.46.

⁴ Bull. EC 6-1980, point 1.1.4.

⁵ Bull. EC 9-1980, point 2.1.50. The common organization of the market in sheepmeat and goatmeat came into effect on 20 October : Bull. EC 10-1980, points 1.4.1 to 1.4.5.

⁶ OJ L 205 of 7.8.1980 : Bull. EC 7/8-1980, point 2.1.1.

On 21 July 1980 the Council also adopted Regulations setting up specific Community regional development projects (quota-free projects) with a view to remedying regional problems connected with the implementation of certain Community policies.¹

On the grounds that the Community's response to economic and social problems must be part of an overall strategy aimed in a non-inflationary manner at increasing growth potential, competitiveness and innovation, improving the employment situation and responding to the emergence of new social needs, the Council considered that, in this context, a more coordinated approach to employment problems should be arrived at with a view to achieving an employment policy at national and Community level which will reinforce the fight against unemployment. To this end, the Council adopted on 5 June 1980 a Resolution which determined the objectives of Community labour market policy and defined the measures to be taken and the means to be implemented within the framework of such policy.²

The attitude of active solidarity adopted by the Member States when faced with a serious crisis affecting the whole Community, even though individual Member States may be affected differently, is illustrated by the assent which, at the request of the Commission, the Council gave, under Article 58 of the Treaty establishing the ECSC, to the establishment of a system of production quotas for the Community steel industry.³ The Council took that opportunity to stress the importance it attaches to continued restructuring of the steel industry in the Community.

Developments in the economies of the Member States depend closely on the way in which they react to the impact of the oil crisis, which is now hitting Europe with full force. The Council discussed this problem on 13 May 1980 and on that occasion adopted two important Resolutions,⁴ one on Community energy objectives for 1990 and on convergence of the policies of the Member States, and the other on new lines of action by the Community in the field of energy. The Council and the Member States hope, by means of these texts, to reduce both the ratio

between the growth in GDP and the increase in energy consumption, and the proportion of the Community's energy bill accounted for by oil.

Nevertheless, as noted in the conclusions of the Presidency at the European Council meeting in Venice,⁵ it must be stressed that the repetition of increases in oil prices constitutes an obvious threat to international stability. Their effects upon inflation and consequently upon economic expansion, investment, employment and the balance of payments give rise to intolerable burdens for the industrialized regions and even more so for the emergent countries, the latter being confronted with truly insoluble problems of readjustment which can clearly not be resolved by recycling alone.

In addition to all these major problems, the Community has also applied itself to reflecting European Union in everyday life. The Decisions on summer time and driving licences should be noted in this connection.⁶

While progress towards European Union implies the adoption of instruments such as those referred to above, care must also be taken to endow the Union with the institutions necessary for it to function. It was with this in mind that in December 1978 the European Council invited a Committee of 'Three Wise Men' to consider the adjustments to the machinery and procedures of the institutions which are required for the proper operation of the Communities on the basis of and in compliance with the Treaties, including their institutional arrangements, and for progress towards European Union.⁷

The Ministers for Foreign Affairs studied this report and submitted the outcome of their discussions to the European Council, so that it

¹ Bull. EC 7/8-1980, point 2.1.63. The Decision was formally adopted on 7 October : OJ L 271 of 15.10.1980 : Bull. EC 10-1980, point 2.1.48.

² OJ C 168 of 8.7.1980 : Bull. EC 6-1980, point 2.1.42.

³ Bull. EC 10-1980, points 1.1.1 to 1.1.9.

⁴ OJ C 149 of 18.6.1980 : Bull. EC 5-1980, points 1.4.1 to 1.4.5.

⁵ Bull. EC 6-1980, point 1.1.4.

⁶ Bull. EC 6-1980, points 2.1.132 and 2.1.133.

⁷ Bull. EC 12-1978, point 2.3.1.

could itself discuss it with a view to taking the appropriate decisions or to giving the Ministers for Foreign Affairs the necessary directives on the basis of which a subsequent position could be prepared.

Many of the problems faced by the Member States and the Community are not peculiar to them. Thus, at the European Council in Venice,¹ given the slowdown in major economic areas, stress was laid on the importance of action to ensure that the risk of a general recession was averted through appropriate international collaboration.

With this in mind, the Community has always affirmed its determination to strengthen the open world trading system through joint efforts. The expansion of world trade, the improvement of the international division of labour and sustained economic growth are closely linked and are mutual prerequisites. The Community has always demonstrated its intention of taking steps against protectionism in international trade and accordingly calls for increased international cooperation and consultation.

It is in this spirit that the Community has continued to implement its policy of open relations with the outside world.

As regards the countries associated with the Community, stress should be placed on the reactivation of the Association and the development of relations between the Community and Turkey as agreed at the Association Council meeting on 30 June 1980,² and in line with the statement adopted by the Ministers for Foreign Affairs meeting in the context of political cooperation on 15 September 1980.³

Several countries have acceded to the second ACP-EEC Convention, which should shortly enter into force. All the partners in the Lomé Convention were receptive to the fact that one of the first international acts of independent Zimbabwe had been to request accession to this Convention,⁴ thereby marking a clear preference for this type of cooperation between Europe and the ACP States.

The Community has also pursued an active policy of relations with third countries.

Thus, the EEC-ASEAN Cooperation Agreement was signed on 7 March 1980.⁵ This Cooperation Agreement, the initiative for which was taken at the first ministerial meeting between the EEC and ASEAN in Brussels in November 1978, is the first agreement of this type, with a non-preferential character, made between the Community and a regional group of countries. It covers trade cooperation and economic and development cooperation.

On 2 April 1980 the Cooperation Agreement between the EEC and the Socialist Federal Republic of Yugoslavia was signed in Belgrade.⁶ This Agreement constitutes the fulfilment of the intentions manifested by Yugoslavia and the European Communities in their Joint Declaration of 2 December 1976, in which they expressed their wish to strengthen, consolidate and diversify cooperation between them in their mutual interest. The Cooperation Agreement is of the *sui generis* type, in view of Yugoslavia's position as a non-aligned, European and Mediterranean State which is a member of the Group of 77 developing countries.

On 28 July 1980, in Bucharest, the EEC and the Socialist Republic of Romania signed two agreements giving a new dimension to cooperation between the EEC and Romania.⁷ This cooperation is based on the principle of mutual advantages and obligations but takes fully into account the respective levels of development of the parties and in particular Romania's membership of the Group of 77.

Reference should also be made to the Cooperation Agreement between Brazil and the EEC signed on 18 September 1980.⁸ This Agreement, which is intended to replace the 1974 Trade Agreement, introduces a new dimension into EEC-Brazil

¹ Bull. EC 6-1980, points 1.1.2 to 1.1.13.

² Bull. EC 6-1980, points 1.4.1 to 1.4.7.

³ Bull. EC 9-1980, points 2.2.38.

⁴ Bull. EC 4-1980, points 1.4.1 to 1.4.6.

⁵ Bull. EC 3-1980, point 2.2.60.

⁶ Bull. EC 4-1980, point 2.2.48 ; Bull. EC 2-1980, points 1.2.1 to 1.2.3.

⁷ Bull. EC 7/8-1980, points 1.4.1 to 1.4.9.

⁸ Bull. EC 9-1980, point 2.2.56 ; Bull. EC 4-1980, points 1.3.1 to 1.3.4.

relations in that it is designed to encourage the expansion and harmonious development of commercial and economic cooperation in general between the two parties.

The Community is on the eve of expansion for the second time. On 1 January 1981, the accession of Greece to the European Communities will take effect. This accession is doubly symbolic in that, firstly, the Community is embracing a country which has had such a formative influence on the ideas of the whole of Europe. Secondly, the objectives set out in the Treaties establishing the European Communities remain valid today, as is shown by the fact that other countries aspire to join us to continue our joint endeavour to achieve these objectives.

This has clearly been the case for Portugal and Spain, whose accession negotiations are continuing. With a view to Portugal's accession, an agreement has been reached on pre-accession aid from the Community for that country.

II

The past year has been an exceptional year for European political cooperation. The Nine succeeded in presenting a united front on major international problems. This was particularly the case in the Afghan crisis, the crisis over the American hostages in Iran and preparations for the Conference on Security and Cooperation in Europe. It should be emphasized that the Nine decided to play a particular role in the Middle East, where the situation led them to make a more practical contribution towards peace. As part of this action the Nine introduced a new formula into European political cooperation by instructing the President-in-Office of the Council of Ministers to make contact with all the parties affected by the conflict.¹ Following what has now become common practice, the ministers examined the main foreign policy issues in the European political cooperation framework with a view to establishing common positions. This practice has gradually developed into a system which is now fully operational.

Acting on the principle of the correlation between membership of the Communities and participation in political cooperation, the ministers took the necessary measures to facilitate the transition for the countries which have applied for accession. Thus Greece now attends ministerial meetings and meetings of the Political Committee as an observer. As from 1 December it will be linked to the COREU network. Measures have also been taken to ensure that Portugal and Spain receive information through the Presidency on a preferential basis.

In the case of Afghanistan, the Nine contributed by their firm stand to securing, by an overwhelming majority, unequivocal United Nations condemnation of the Soviet invasion. The ministers would also draw attention to the fact that the European Council made statements on two occasions, namely 28 April² and 12 and 13 June.³ The Nine thus repeated their suggestion for a

¹ Bull. EC 6-1980, point 1.1.6.

² Bull. EC 4-1980, point 1.1.15.

³ Bull. EC 6-1980, point 1.1.9.

neutral, non-aligned Afghanistan outside the competition among the powers, which was first put forward in February. To this end the great powers and neighbouring States should undertake to respect the sovereignty and integrity of Afghanistan, to refrain from interfering in its internal affairs and to renounce any form of military presence in or association with it.

In the case of the Middle East, the position of the Nine and the guidelines for their future action were adopted at the European Council in Venice on 12 and 13 June.¹

On the basis of the Venice declaration, the President-in-Office, Mr. G. Thorn, Minister for Foreign Affairs of Luxembourg, made the prescribed contacts with all the parties concerned. He reported to the Ministers for Foreign Affairs, who then gave the necessary guidelines for drawing up their report to the European Council. It is now a matter for the European Council to decide on the future of European action in the Middle East.

As a follow-up to the guidelines on reactivating the Euro-Arab Dialogue given by the European Council in Venice, a restricted Euro-Arab meeting at political level (State Secretary) took place in Luxembourg on 12 and 13 November 1980.² At this meeting both sides, Arab and European, agreed on practical measures to get the dialogue proceedings moving again. They also stressed the need to hold a Euro-Arab meeting of Ministers for Foreign Affairs. Very careful preparations would have to be made for such a meeting, which could be held before the summer recess next year.

The problem of the American hostages held in Iran was followed attentively by the ministers, who severely censured this flagrant violation of the elementary rules of international law. The Nine interceded repeatedly through diplomatic channels in the hope of securing the unconditional release of the hostages. Finally on 22 April 1980 they adopted a series of measures against Iran.³ These measures entered into force on 17 May 1980.⁴

The ministers discussed the conflict between Iran and Iraq. They expressed the hope that all other countries, and particularly the great powers, would maintain their uncommitted stance so that the conflict would not spread. When declaring

their support for the mediation attempts by the United Nations and the Conference of Islamic States, they stated that the Nine were prepared to back up any international initiative which might bring about a solution. They stressed the importance for the international community at large of maintaining free movement of ships in the Gulf, which it was vital not to interfere with in any way.

As has been the case since the start of the CSCE proceedings, the Nine attached particular importance to the coordination of their views in this field. Their consultations were very intensive even before the Madrid meeting and also during it in order to make sure that the principal meeting was organized in such a way as to make for a smooth and well-structured debate with sufficient time devoted both to the examination of the implementation of the provisions of the Helsinki Final Act and to the discussion of new proposals. They consider that the agenda and the horizontal procedures safeguard their essential interests in this field. At the opening debate of the principal meeting, the President-in-Office outlined the objectives which the Nine would be pursuing together in Madrid. He particularly stressed the Member States' support for the French draft for a conference on disarmament and set forth the drafts which would enable progress to be made on the issues covered by Baskets 2 and 3.

The ministers also followed attentively developments in other international political problems.

As regards Cyprus, a country associated with the Community, they noted with satisfaction the resumption of talks between both communities under the aegis of the United Nations and hoped that results could finally be obtained such as to lead to a lasting reconciliation between the Greek and Turkish communities.

A careful examination was made of the situation in Turkey. Taking note of the military authorities' assurances as to the rapid restoration of democratic institutions and the respect of human rights,

¹ Bull. EC 6-1980, point 1.1.6.

² Bull. EC 11-1980, point 1.3.1 *et seq.*

³ Bull. EC 4-1980, point 2.2.60.

⁴ Bull. EC 5-1980, point 2.2.65.

assurances which they hoped would speedily materialize, the Ministers decided that the Community would continue its cooperation with Turkey.

The Ministers welcomed with great satisfaction the fact that Zimbabwe has attained independence in peaceful and democratic circumstances. They have paid tribute to the effort of mediation made by the Foreign Secretary of the United Kingdom and to the spirit of conciliation shown by all the parties.

The situation in Namibia is still a cause for their concern. The Nine support the efforts of the five Western powers to reach a settlement along the lines of Security Council Resolution 435.

As regards South Africa, the Nine continued to express their condemnation of the policy of apartheid and endeavoured to attenuate further the effects of this policy, particularly in the area of labour relations, by means of the code of conduct which they adopted on 20 September 1977. In a communiqué dated 28 July 1980, the Nine welcomed the encouraging initial results of the application of this code to European companies with subsidiaries in South Africa.¹

The Nine are gratified at the strengthening of the ties of association between the nations of South-East Asia. Following the ASEAN ministerial meeting on 26 June 1980, the Nine published a communiqué on 2 July in which they expressed their support for the principles underlying the work of these five Asian countries, particularly in connection with the situation in Indochina.² The Nine have to note to their regret that the situation in Kampuchea has not improved. The invasion by Vietnam and its sequels, i.e. the installation of a government by force and the massive exodus of the population, have not come to an end. The Nine are seeking to assume their share of aid for the refugees in order to alleviate their suffering.

The positive attitude of the Nine towards Latin America has been tempered in the case of certain countries by all too frequent violations of human rights. In the desire to ensure that these rights are respected, the ministers have often made individual representations via diplomatic and discreet channels. They particularly deplored the recent

military *coup d'état* in Bolivia, which is making the Community's relations with the Andean Pact, of which Bolivia is a member, more difficult. The negotiations with a view to a cooperation agreement between the European Community and the five Andean countries, which opened in Brussels on 5 May 1980,³ have thus been broken off.

The Nine devoted considerable attention to the harmonization of their attitudes within the United Nations and its specialized agencies and other international organizations. Coordination covered the very vast range of issues of all kinds dealt with in these organizations. A general statement was made on behalf of the Nine by the Minister of Foreign Affairs of Luxembourg, who is the President-in-Office of the Council, before the United Nations General Assembly.⁴ It was on this occasion, in particular, that the President-in-Office recalled the Nine's permanent commitment to respect for human rights throughout the world. Similarly, on behalf of the Nine, he addressed the Special Assembly on Palestine and the Special Assembly on international economic questions. It is by a common approach in such forums that the Community best demonstrates to the outside world that it exists as such.

Thanks to replies to oral and written questions, the quarterly symposia with the Political Affairs Committee and the annual report on political cooperation, relations with the European Parliamentary Assembly continue to be very close.

The agreement between the Member States of the European Communities concerning the application of the European Convention on the Suppression of Terrorism was signed in Dublin on 4 December 1979.⁵ On the other hand, it has not been possible for the Convention on Cooperation in Criminal Matters, which was finalized by the experts of the Nine, to be opened for signing.

¹ Bull. EC 9-1980, point 3.4.1, p. 92, footnote 1.

² Bull. EC 7/8-1980, point 2.2.66.

³ Bull. EC 5-1980, points 1.3.1 to 1.3.5.

⁴ Bull. EC 9-1980, point 3.4.1.

⁵ Bull. EC 12-1979, point 2.2.68.

Commission report on European Union

1. This report on the progress of the Community towards European Union is the fourth of its kind¹ from the Commission to the Council and the Member States since the Tindemans Report in December 1975.²

2. European Union, to whose establishment the Member States have pledged themselves, remains a Community objective, despite the difficulties which the Community is encountering and the crises it is having to face.

1980 witnessed important and serious developments which, without a strong sense of Community spirit, could have shaken the whole basis of the Community. The solution to the crisis over Britain's budgetary contribution and budgetary problems may in the future be seen as proof of the determination of Member States to continue to move towards European Union, whatever the obstacles.

Political and institutional Europe

3. The European Community is seen by the world outside as a coherent political structure playing its part on the international stage. Thus in 1980, a year of serious international tensions, the Member States showed their cohesion, both in their careful elaboration of common positions on external questions within political cooperation, and at major international meetings such as the Venice Western Summit.³

4. Internally, a feature of the Community's institutional affairs has been the vigour of the European Parliament. The new sense of purpose resulting from the European elections has been translated into the reality of the daily life of a Parliament which has become the forum where all shades of political opinion can be heard on the main Community issues.

The question of the 1980 budget was a major issue in the first part of the year. After the rejection of the draft budget by Parliament in December,⁴ the task of the Council and the Commission was made all the more complicated by the fact that this year's budget was connected with the problems of the British contribution,

farm prices and the organization of the market in sheepmeat.

After the Council meeting of 30 May the Council was in a position to present a draft budget which Parliament adopted at its part-session in July.⁵ The proceedings on 30 May⁶ had produced a solution to the problem of Britain's contribution under which this was to be reduced for the next two years and transfers of funds were to be made through an active policy of structural investment in favour of Britain. Arrangements were also devised for dealing with the problems of farm prices, sheepmeat and fisheries.

In the context of the overall solution the Community agreed to put in hand structural reforms aimed at a more balanced development of those common policies designed to bring about convergence between the Member States' economies and their harmonious development. The Commission was given a mandate to make a study by the end of June 1981 of the scope for adjusting and developing Community policies without calling into question either common financial responsibility based on own resources or the basic principles of the common agricultural policy. This study is to take account of the situations and interests of all the Member States, and to be aimed at ensuring that unacceptable situations do not recur in the future for one or more Member States.

Economic and social Europe

5. The crisis in the world economy inevitably had its impact on the Community, but by and large the Community mechanisms made it possible to withstand or at any rate to mitigate it. Thus the level of productive activity enabled the estimates of the growth in gross domestic product

¹ The first three reports were published in Supplements 8/77, 1/79 and 9/79 – Bull. EC.

² Supplement 1/76 – Bull. EC.

³ Bull. EC 6-1980, points 1.1.14 to 1.1.20.

⁴ Bull. EC 12-1979, points 2.3.4, 2.3.5 and 2.3.95.

⁵ Bull. EC 7/8-1980, points 2.3.6 and 2.3.70.

⁶ Bull. EC 5-1980, points 1.1.1 to 1.1.18.

in 1980 to be revised slightly upward, and unemployment to be contained.

6. On the monetary side, despite steadily rising oil prices, the Community reacted fairly well to movements which, had it not been for the solidarity established by the European Monetary System, would have caused major alterations in exchange rates. It took steps to prevent erratic capital movements resulting from the surpluses run by the oil-producing countries, one of its immediate aims being the recycling of this capital or its mobilization in operations for the benefit of developing countries.

Unfortunately, inflation remains worrying, particularly as it is unevenly distributed and could lead later on to balance-of-payments disequilibria and pressures on exchange rates.

7. Among the institutions' main concerns remains the creation of the genuine Community-wide internal market which was one of the Community's initial objectives. The Commission has been concerned by developments in the Community in the last few years as regards technical obstacles to trade and has accordingly taken a recent Court of Justice judgment¹ as a basis for a new departure in its drive against impediments to the free movement of goods. It expects the Council to reach a decision without delay on its proposed information procedure on technical standards and regulations.² It hopes that a joint effort by its own and the Member States' officials will halt the return of protectionism that has been noticeable in recent years and which could eventually result in renewed divisions into national markets.

8. The oil crisis is still weighing very heavily on the Community economy. The Council has made a notable contribution to the launching of a common energy policy by fixing the Community's energy targets for 1990³ and agreeing on the convergence of the Member States' energy policies. Another contribution has been its decisions on an energy-saving policy, whose importance in present circumstances hardly needs to be stressed.

In pursuit of its objective of scientific and technical progress, the Community has adopted a

new multiannual Joint Research Centre programme for 1980-83,⁴ which provides for the continuation of projects begun under the current programme and which contains in addition a number of new points, several of them closely connected with energy, environment and agriculture policy.

9. The state of the European steel industry this year caused the Community serious concern. When voluntary restraints on sales proved unworkable, the Commission, for the first time in the Community's history, announced a state of manifest crisis and instituted a system of production quotas.⁵ It took administrative steps to monitor the implementation of directives issued to the steel enterprises under Article 58 of the ECSC Treaty in order to bring the market back into balance.

10. The common agricultural policy was the focus of attention in the early part of the year. It was in order to influence the CAP that the European Parliament rejected the budget, and it was the CAP that was at the centre of the debate over Britain's contribution. None the less, the management of the agricultural and the fisheries policies was pursued this year, once the hurdle of the price-fixing had been cleared. It is obvious, however, that the adjustments which the incoming Commission will be proposing to the Council will be of great importance for the future of this sector.

11. The social situation in the Community has been directly affected by economic developments. With six million unemployed at the end of 1979, a dynamic Community employment policy is of the highest priority. The European Council meeting in Venice⁶ strengthened the resolve of the

¹ CJEC 20.2.1979 (*Cassis de Dijon*), 120/78 : [1979] ECR 649.

² OJ C 253 of 1.10.1980 : Bull. EC 7/8-1980, points 1.3.1 and 1.3.4.

³ OJ C 149 of 18.6.1980 : Bull. EC 5-1980, points 1.4.1 to 1.4.5.

⁴ OJ L 72 of 18.3.1980 : Bull. EC 3-1980, points 1.3.1 to 1.3.9.

⁵ OJ L 290 and L 291 of 31.10.1980 : Bull. EC 10-1980, points 1.1.1 to 1.1.9.

⁶ Bull. EC 6-1980, points 1.1.2 to 1.1.13.

Community institutions to launch such a policy by both cyclical and structural action. It was, for example, agreed that the employment implications of Community policies should always be assessed when they were being drawn up. To the extent that funds are available, every effort is also being made to see that social measures are put into effect in conjunction with the restructuring of certain crisis-hit sectors of industry. Conciliation with the two sides of industry, to which the Council has given fresh momentum, should enable the achievement of certain specific objectives in a number of the particularly sensitive industrial sectors.

Europe in the world

12. The solidarity of the Community has over a number of years developed more rapidly externally than internally. Whereas in many areas the introduction of common policies is making little progress, the Community continued to turn a dynamic face to the outside world during 1980 and to give the appearance of being well established on the international scene.

The impending accession of three more countries shows that the Community continues to exercise an attraction. The entry of Greece is fixed for 1 January 1981 and negotiations with Spain and Portugal are proceeding, despite public apprehensions to which the prospect of their accession has given rise in some Member States. The Community is none the less going ahead with negotiations which cover many questions and which have already enabled it to provide Portugal with immediate financial aid designed to assist the Portuguese economy in meeting the problems of accession.¹

13. The Community's open policy towards third countries had also led it to strengthen relations with Yugoslavia and, in another form, with Romania.

The Cooperation Agreement with Yugoslavia² is a new departure in Community/Yugoslav relations, and a particularly important one in the period through which Yugoslavia is passing. The agreement, which is *sui generis*, is of unlimited

duration and takes account of Yugoslavia's position as a European, non-aligned, Mediterranean country belonging to the Group of 77 developing countries.

The agreement with Romania³ on trade in manufactures completes the earlier agreements on textiles and steel products, and covers 90% of the Community's trade with Romania. The fact that it provides for a Joint Committee gives Community/Romanian relations a dimension which the technical understandings with Bulgaria, Hungary, Czechoslovakia and Poland do not have.

14. The Community has pursued its policy of cooperation agreements with a number of countries further afield. Its agreement with Brazil⁴ marks a new stage in relations between the Nine and Latin America: this instrument, an outline agreement on economic and trade cooperation on the lines of that with Mexico, constitutes a new dimension in Europe's economic and political relations with Latin America.

15. The Community has continued its endeavours this year to pursue an open and dynamic commercial policy while safeguarding the vital interests of Community industries. Following the GATT negotiations, it embarked on a review of its commercial policy towards the major industrialized countries, of which Japan is one of the most important.

As regards the United States the Community remained vigilant. Those problems which arose — man-made fibres, steel, etc. — were settled bilaterally, and without damaging relations between the two biggest trading partners in the world.

16. As in the past, the Community pursued in 1980 a dynamic policy of aid to the developing countries. The second Lomé Agreement was ratified during the year by a great many of the

¹ Bull. EC 10-1980, point 2.2.3.

² OJ L 130 of 27.5.1980; Bull. EC 2-1980, points 1.2.1 to 1.2.3.

³ Bull. EC 7/8-1980, points 1.4.1 to 1.4.9.

⁴ Bull. EC 4-1980, points 1.3.1 to 1.3.4.

contracting parties, and was also extended to include newly independent developing countries : the accession of Zimbabwe¹ is obviously a political and economic event of great significance given Zimbabwe's importance and recent history. The accession of St Vincent and Vanuatu should also be noted.

Europe and the Europeans

17. There has been decidedly little progress by the Community this year on matters directly affecting the private citizen. This intermediate area of activity, which is on occasion pursued outside the limits within which the Community normally operates, has doubtless been adversely affected by the gloomy economic situation and a general disinclination to introduce new policies.

However, the Council agreed on the introduction of a European driving licence,² to be first issued in 1983. The starting date for summer time in the countries using it was also finally arranged.³

1980 was certainly a good year for the consumer associations, which successfully aroused public opinion over the use of hormones in veal production. This led the Council to agree to draw up Community rules in this area.⁴ The Community also adopted quality standards for air⁵ and drinking water,⁶ which will be much to the benefit of the health of Europe's citizens.

Unfortunately, little progress was made in the matter of the European passport, or of the abolition of checks at internal Community frontiers.

18. On balance, 1980 cannot be said to have been a year of much progress by the Community towards European Union. However, it certainly was not a year of retreat. The Community is facing the world crisis in the same way as the other industrialized powers, and has managed to pursue its policies, including its financial assistance, towards the developing countries. Moreover there can be no doubt that had each State been acting on its own, it would have suffered even more severely from the world economic situation.

Common policies do of course take a long time to establish. There have been clear indications of a possible resurgence of protectionism within the Community, but the essential has been preserved.

What matters most, now as in the past, is to maintain the political will of the nine Member States – soon to be ten – to go forward towards the goal they have set themselves.

¹ Bull. EC 4-1980, points 1.4.1 to 1.4.6.

² Bull. EC 6-1980, point 2.1.132.

³ OJ L 205 of 7.8.1980 ; Bull. EC 6-1980, point 2.1.133.

⁴ Bull. EC 9-1980, point 2.1.55.

⁵ OJ L 229 of 30.8.1980 ; Bull. EC 6-1980, point 2.1.70.

⁶ OJ L 229 of 30.8.1980 ; Bull. EC 6-1980, point 2.1.72.

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