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Supplement 3/81

European Union

Annual reports for 1981

Commission
of the European Communities

Supplements 1981

- 1/81 Report from the Commission of the European Communities to the Council pursuant to the mandate of 30 May 1980
- 2/81 The European automobile industry: Commission statement
- 3/81 *European Union: Annual reports for 1981*

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of the European Communities

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European Union

Reports for 1981

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

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

This report from the Ministers for Foreign Affairs to the European Council is the fifth of its kind¹ and, like its predecessors, does not seek to give an exhaustive account of the wide range of Community activity over the past year, but rather aims to highlight the progress made in the various areas of integration in which the common conception of European Union is becoming a practical reality. Accordingly special mention should be made of the activities described below.

The beginning of 1981 was marked by the actual accession of Greece to the European Communities; giving them a new political and economic dimension.

The French Government recently submitted a memorandum aimed at giving a fresh impetus to the Community. The German and Italian Governments also put before the Member States of the Community a draft Act concerning European Union and suggestions for economic integration.

Activities in the framework of the Treaties establishing the European Communities

Mandate of 30 May 1980

1. Following the mandate it received from the Council on 30 May 1980 the Commission submitted on 25 June 1981 a document² containing some suggestions for imparting fresh impetus to the Community, adapting the common agricultural policy and rectifying certain budgetary imbalances. The European Council, meeting on 29 and 30 June 1981, discussed what action should be taken on this document and called on the Commission to submit appropriate formal proposals.³ The Council has pressed ahead with discussions on the basis of the Commission communication in order to report back to the European Council at its November meeting as requested.

2. The Community and its Member States have had to face up to the serious problems posed by the economic and social situation. Examining this at its meeting in Luxembourg on 29 and 30 June 1981, the European Council expressed its firm conviction that by the pursuit of coordinated, firm and yet flexible policies, maintained over a sufficient length of time, the Community would be able to overcome the present social and economic difficulties and return to a situation of economic growth, stability and satisfactory levels of employment.¹ In this connection, the European Council reviewed the work done by the Joint Council (Ministers of Economic and Financial and Social Affairs) which had met in Luxembourg on 11 June 1981.²

In its conclusions the Presidency noted that the Community's role was considered particularly important in action to be taken using the various Community instruments to contribute as a matter of priority to the reduction of structural unemployment and the improvement of the infrastructure and the economic situation in the less developed regions.

In addition, on 3 November 1981 the Standing Committee on Employment discussed the problem of the social consequences arising from the introduction of new information technology into training activities.³ It confirmed the positive attitude taken on all sides towards new technology and found there was broad agreement on the action to be taken, particularly as regards vocational training, employment in small and medium-sized firms and promoting better public understanding of the challenges and advantages of new technology. The Committee encouraged the Commission to examine with the social partners the possibility of producing a joint declaration by the social partners on the principles for greater involvement of workers in the introduction of new technology.

In view of developments in the monetary situation, the Ministers for Finance decided on 4 October 1981 to realign the central rates of certain currencies within the European Monetary System.⁴

¹ The first four were published in Supplements 8/77, 1/79, 9/79 and 4/80 — Bull. EC.

² Supplement 1/81 — Bull. EC.

³ Bull. EC 6-1981, point 1.1.11.

¹ Bull. EC 6-1981, point 1.1.5.

² *Ibid.*, points 1.3.1 and 1.3.2.

³ Bull. EC 11-1981, point 2.1.48.

⁴ Bull. EC 9-1981, point 2.1.4.

Steel industry

3. Analysing developments in the iron and steel industry at its meeting on 3 March 1981, the Council noted that since 1975 the European iron and steel industry had been facing a deep and lasting crisis.¹ This difficult situation could only be overcome at the cost of large reductions in global capacity for crude steel and finished products. Restructuring measures that had already been implemented had brought about important increases in productivity.

On the basis of this analysis, the Council reached an overall agreement at its meeting on 24 June 1981² on the three aspects of iron and steel policy, namely:

Aids to the steel industry

The Council reached agreement on the draft Commission Decision establishing a new code for aids. This code determines the general specific conditions with which public aids must comply in order to be considered Community aids and therefore compatible with the orderly functioning of the common market. These aids may be put into effect only in accordance with the procedures established by the code.

Social aspects

The Council particularly stressed the importance of the social measures accompanying the restructuring programmes, for which measures the ECSC was granting considerable financial support. At its meeting on 24 June 1981 the Council noted the Member States' undertaking to support the financing of these measures with a contribution of a first tranche of 50 million ECU this year. The Council took note that the Commission would be making proposals to it regarding the remainder of the figure requested for 1981 and that delegations would consider the possibility of a further contribution. The Commission submitted these proposals on 1 October 1981.

¹ Bull. EC 3-1981, point 2.1.15.

² Bull. EC 6-1981, points 1.4.1 to 1.4.3.

Pricing policy and quantitative restrictions

In this area the Council, in addition to its assent to the extension for one year of the application of Article 58 to various products, agreed to extend application of the compulsory quantitative restrictions under Article 58 for one year for reinforcing rods and merchant bars also.

Energy

4. At its meeting on 3 March 1981 the Council reviewed the oil supply situation.¹ It decided to continue applying the measures taken to achieve a reduction in the consumption of oil products. It also considered that the time was now opportune to examine which specific and effective actions could be taken if supply problems recurred.

Discussing the energy situation at its meeting on 23 and 24 March 1981 in Maastricht, the European Council considered that:

The pursuit of a coherent energy policy remains of great importance for the reinforcement of the European economy. Reduction of dependence on imported oil and the utilization of alternative fuels are vital to employment and the balance of payments.

At its meeting on 27 October the Council took a Decision on the granting of support for Community projects in the hydrocarbons sector.²

Also at that meeting the Council arrived at conclusions concerning measures to limit the effects of a limited shortfall in oil supplies and welcomed the Commission communication concerning the development of an energy strategy for the Community.³

Research

5. In the field of research, special mention should be made of the approval given by the Council to the continuation of the Super-Sara project, relating to the safety of nuclear reactors, under the multiannual programme of the Joint Research Centre for 1980-83. The Com-

¹ Bull. EC 3-1981, point 2.1.151.

² OJ L 337, 24. 11. 1981.

³ Bull. EC 9-1981, points 1.1.1 to 1.1.8.

munity is also continuing with research into fusion on a worldwide scale, particularly by means of the JET project, which is in the process of being set up.

At its meeting on 9 November 1981 the Council signified its agreement on:

- a Regulation on Community action in the field of micro-electronic technology;¹
- a multiannual teaching and research programme in the field of biomolecular engineering.²

Fisheries

6. The Community has continued its work on establishing the various policies. In this context particular attention should be drawn to the approaches and decisions taken on:

- the common organization of the market in fishery products;³
- the interim common measure for restructuring the inshore fishing industry;⁴
- the signing of a framework agreement and of an exchange of letters negotiated between the Community and Canada;³
- the adoption of a Regulation concerning fishing by vessels from the Faroe Islands in Community waters;⁵
- the Decision concluding an Agreement between the Community and Sweden;³
- the directives to the Commission relating to the negotiation of a number of agreements with West African countries.

Relations between institutions

7. Unity is unattainable in the Community unless the institutions work well together. In this context, particular attention must be paid to relations between the European Parliament and the Council. The Council is careful to

ensure that ever closer attention is paid to the Opinions of the European Parliament. A fruitful dialogue has been maintained between the Council and the European Parliament at every stage in the budget procedure. Several presidents-in-office of the Council meeting in its various compositions have taken part in parliamentary proceedings, either at plenary sittings or at committee meetings, with a view to providing a full picture of the Council's activities. It has been agreed that for the first time the ten Ministers for Foreign Affairs will meet with representatives of the European Parliament. Parliament has invited the President-in-Office of the European Council to attend a part-session of Parliament which will bring the growing dialogue between these two institutions to a new highpoint. This invitation has been accepted.

Other subjects internal to the Community

8. At its meeting in The Hague on 29 and 30 November 1976 the European Council declared that action taken in furtherance of European Union should also be reflected in everyday life.

Consumer protection

Decisions along these lines have been taken. For example, in the field of consumer protection the Council adopted on 18 and 19 May 1981 a programme which would enable the Community to continue and intensify its measures in this field and help establish improved consultation between consumers and retailers.¹ In the same sector, the Council took a decision at its meeting on 20 and 21 July 1981 which confirmed the principle of a general prohibition on the administration to animals of substances with a hormonal action the effect of which was to stimulate meat production.

Uniform passport

Amongst the measures which are likely to affect the everyday life of the citizens of Europe, mention should be made of the Resolution of

¹ OJ L 376, 30.12.1981.

² OJ L 375, 30.12.1981.

³ OJ L 379, 31.12.1981.

⁴ OJ L 299, 20.10.1981.

⁵ OJ L 304, 24.10.1981.

¹ OJ C 133, 3.6.1981.

23 June 1981 of the representatives of the governments of the Member States on the introduction of a passport of uniform design.¹ This Resolution was adopted in the desire to promote any measures which might strengthen the feeling among nationals of the Member States that they belong to the same Community and in the belief that the establishment of such a passport was likely to facilitate the movement of nationals of the Member States.

Enlargement

9. The negotiations for the accession of Portugal and Spain — the importance of which has been confirmed on both sides — have made significant progress despite certain objective difficulties stemming from the discussions taking place in the Community within the framework of the mandate of 30 May. In particular, work has started on the important chapters dealing with customs union in both cases, agriculture in that of Spain and social affairs in that of Portugal.

External relations

10. As far as external action is concerned, the Community has pursued its policy *vis-à-vis* the developing countries, a policy which had been marked by the entry into force of Lomé II.

The Community has also continued to accord high priority to its relations with the developing world, giving special attention to the problems of those countries most in need. Following the debate in the European Parliament, the Community placed in the forefront of its preoccupations the agonizing problem of hunger in the world. Finally, the Community has developed trade relations with numerous third countries.

- The second Lomé Convention, which included a number of innovations as compared with Lomé I, entered into force on 1 January 1981 and remains a unique model of cooperation between a group of States (sixty ACP States, soon to become sixty-one with the forthcoming accession of Zimbabwe, and ten Member States) which together amount to almost half the nations of the world. The ACP-EEC Council of Ministers held its sixth meeting

on 9 and 10 April 1981 in Luxembourg.¹ This first meeting since the Second Lomé Convention came into force was a chance to see that it was being implemented and that ACP-EEC cooperation generally was working smoothly.

- Relations with the Mediterranean countries were marked by the opening of negotiations for the renewal of the Financial Protocols, which expire at the end of 1981, with the Maghreb and Mashreq countries and Israel, by the holding of Association Councils at ministerial level with Cyprus, Israel, Malta and Tunisia, and by the opening of negotiations with Yugoslavia with a view to concluding a Protocol for the adaptation of the Cooperation Agreement following the accession of Greece. Cooperation with India was increased through the signing of a broader Agreement, which took over from the 1973 Agreement. Cooperation with ASEAN and our other partners in Asia continues. A new dialogue aiming at greater effectiveness was begun with Latin America.

- The Community's food aid will in future place more stress on the need to make this type of aid an instrument of general Community development cooperation policy, in accordance with the principles of the framework regulation on which the Council reached a common position subject to the conciliation procedure with the European Parliament. This should improve its effectiveness. Following an initiative by the Italian Government announced at the Ottawa Summit, the Council approved, on the basis of a Commission proposal, a plan of action to combat hunger in the world giving effect for the first time to the commitments entered into at the Paris Conference, and aiming to make a contribution to a coherent structural solution to this problem in coordination with the other donors in particular. The Community continued its work on relieving the distress of refugees and disaster victims. The programme of aid to non-associated countries will be based in future on a framework regulation approved by the Council which places emphasis on the development of agricultural production, especially in the least-developed countries. The desire to enable the latter to benefit more from the advantages of the generalized preferences scheme also characterized the new guidelines adopted as from 1981, the first year of the new ten-year application period for this scheme.

¹ OJ C 241, 19. 9. 1981.

¹ Bull. EC 4-1981, point 2.2.55.

At the Council meeting on 3 November, in the present alarming situation, the Community reaffirmed the priority which it gives to aid for the agriculture and food sectors. This priority should be reflected throughout its aid programmes in a consistent manner, bearing in mind that the greater part of the Community's aid priorities have to be determined in consultation with the developing countries themselves.

- The Council drew up a report defining Community policy in the North/South Dialogue which, after receiving the agreement of the European Council, served as a basis for the Community representatives at the Economic Summit in Ottawa. This document confirmed the Community's support in principle for 'a new round of global negotiations'.

- The Community:

- played a constructive role in the Nairobi Conference on New and Renewable Sources of Energy and in the Paris Conference on the Least Developed Countries;

- took part in the negotiations for the renewal of the Tin Agreement;

- has instructed the Commission to begin talks with the International Sugar Council with a view to possible accession by the Community to an improved international agreement;

- endorsed the decision to put the 1980 International Cocoa Agreement into effect provisionally;

- will participate alongside the Member States in the Common Fund.

- The Community's trade policy is still based on a firm undertaking to maintain an open, multilateral trade system and resist protectionist pressures. The Ten are aware of the responsibility they share in this respect with their principal industrial partners and, at the Ottawa Summit, took the initiative in raising matters of general significance, particularly with regard to export policies and the accessibility of markets, which are essential for the smooth operation of the world trading system. In this connection, developments in relations with Japan, for which a common strategy has been defined, continue to be a matter for concern. With this country, as with our other industrialized partners, the process of continuing consultation or cooperation within the framework of the existing free trade agreements continues at regular intervals. The Community is taking part in the negotiations

for the renewal of the MFA in the desire to reconcile the serious problems faced by its textile industry with the interests of the developing countries. It also attaches great importance to the implementation of the agreements concluded with China and Romania. It has supplied Poland with large quantities of agricultural products at favourable prices.

- Euratom and Australia concluded an Agreement and resolved to guarantee that the development and use internationally of nuclear energy for peaceful purposes should take place in accordance with arrangements designed to ensure the non-proliferation of nuclear weapons.

An Agreement has also been negotiated between Euratom and Canada for the renewal of certain parts of the present cooperation agreement on the peaceful uses of nuclear energy.

II

With the accession of Greece to the European Community at the beginning of the year political cooperation acquired a new member. During the period covered by this report the Ten continued to consult closely and to play an active part in international affairs. The importance and coherence of the Ten in this field is recognized by a growing number of third countries.

Following the intensive activity in political cooperation in 1980 Ministers agreed that it would be useful to review the procedures and machinery of political cooperation. The result was a new report on political cooperation which Foreign Ministers agreed on 13 October 1981 in London. This report draws on the experience gained over the eleven years since the establishment of political cooperation. It embodies a stronger political commitment and improved machinery, including the establishment of a small team of officials seconded from preceding and succeeding presidencies to assist the Presidency, and a new crisis procedure. It also establishes that the Commission will henceforth be fully associated with political cooperation, and sets out the arrangements informing the European Parliament about developments in political cooperation. (A copy of the report is annexed.)

Middle East

The Ten have continued to play an active role in the search for comprehensive peace in the Middle East on the basis of the principles set out in the Venice Declaration by the European Council of 13 June 1980¹ and confirmed by the statement on the Middle East by the European Council in Luxembourg of 2 December 1980. On the basis of this statement, and drawing on further work done in political cooperation, the then President of the Council of Ministers, Mr Christoph van der Klaauw, held a series of contacts with all the parties concerned to explore their attitudes further. He met with the authorities of the US, Israel, Egypt, the Arab League, Jordan, Syria, Lebanon, the PLO, Saudi Arabia and a number of other Arab countries. Contact was also made with religious authorities concerned with the future of Jerusalem. This comprehensive survey of attitudes provided

much valuable information. Mr van der Klaauw reported on these contacts to the Council of Ministers and subsequently to the European Council in Luxembourg on 29 and 30 June.¹ The European Council thanked him for his report, reaffirmed the determination of the Ten to pursue their peace efforts in the Middle East rigorously and without respite and instructed the Presidency to maintain contact with all concerned, including the United States.

In accordance with this mandate, the UK Presidency has kept in close touch with all the parties and sought to persuade all concerned of the value of acceptance of the Venice principles as a basis for a comprehensive Middle East settlement. In his speech to the UN General Assembly on behalf of the Ten on 24 September,² Lord Carrington, the current President of the Council of Ministers, stressed the need for mutual confidence to be built between the parties before progress towards a settlement can be made. In the same speech, Lord Carrington also welcomed the idea put forward by Crown Prince Fahd of Saudi Arabia in August 1981 as a clear statement of interest in a peaceful settlement. He subsequently visited Saudi Arabia from 3 to 5 November to explore those principles further and was encouraged by the extent of common ground they shared with the thinking of the Ten. It was agreed during the visit that further cooperation was desirable with the aim of reaching a basis for a settlement agreed by all parties to the negotiations.

Euro-Arab Dialogue

Preparations continued throughout 1981 for a meeting at ministerial level. Meetings between the European and Arab side took place in the ad hoc Preparatory Group, which met three times in 1981. A measure of agreement was achieved on the form of the Ministers' meeting, but a number of issues of substance remain to be settled.

Afghanistan

The Ten have continued to make clear their condemnation of the Soviet invasion and occupation of Afghanistan. The Ten have made it clear

¹ Bull. EC 6-1980, point 1.1.6.

¹ Bull. EC 6-1981, point 1.1.14.

² Bull. EC 9-1981, point 3.4.1.

that the continuing Soviet occupation of this non-aligned country is not acceptable, and in an attempt to resolve the crisis the European Council proposed a two-stage international conference on Afghanistan at its meeting on 30 June this year.¹ Lord Carrington, in his capacity as the President of the Council, went to Moscow on 6 June to present proposals to the Soviet Government on behalf of the Ten. Further discussions were held in New York on 22 September but without a positive response from the Soviet Union. The Ten's proposals, however, have gained the support of some seventy non-Community countries, and remain on the table. They offer the Soviet Union a sound framework for serious negotiations if the political will is there. The Ten remain willing to follow up any sign of Soviet flexibility.

Africa

The Ten continued to consult on a wide range of African issues. In particular they have repeated their condemnation of the policy of apartheid in South Africa and have made clear on many occasions their desire to promote the process of peaceful change. Observance of the code of conduct by European companies operating in South Africa has been kept under review. The Ten have also made their view clear that they regard it as of the utmost importance that the South African Government should abide by its declared willingness to let Namibia gain independence in accordance with the UN Security Council Resolution 435. The Ten have supported the Five's efforts to reach a settlement on Namibia in accordance with this Resolution.

South-East Asia

The Ten have continued to pay close attention to events in South-East Asia, and in particular have further developed their relations with the members of the Association of South-East Asian Nations. The Netherlands Foreign Minister, Mr van der Klaauw, attended the annual ASEAN ministerial meeting in Manila in June on behalf of the Ten, and Lord Carrington spoke on behalf of the Ten at the International Conference on Kampuchea which met in New York in July. The Foreign Ministers of the two

groups met on 13 and 14 October in London, when they had a wide-ranging and constructive exchange of views about current international and regional problems. They paid particular attention to current areas of instability in Asia and deplored the continued presence of Vietnamese armed forces in Cambodia and of those of the Soviet Union in Afghanistan. The ASEAN Ministers reiterated their support for the European Council's proposal for an international conference on Afghanistan.

Eastern Europe

Consultations among the Ten also covered developments in Eastern Europe. The Ten continued to follow developments in Poland closely but stressed that the Poles should be free to resolve their own problems without interference from any quarter. The Soviet Union was left in no doubt that intervention would have grave consequences for relations with the Ten and for East-West relations generally.

CSCE

The Ten attach particular importance to the coordination of their views on CSCE. Intensive consultations continued throughout the year and served to enhance the contribution made by the Ten at the Madrid meeting. The delegations of the Ten have worked assiduously for a substantial and balanced concluding document, including, most importantly, agreement on the French proposal for a conference on disarmament in Europe.

United Nations

The United Nations was another area in which the Ten continued intensive consultations and coordination, both in the General Assembly and in other meetings under UN auspices. As well as harmonizing voting positions, particular emphasis was put on common statements and explanations of vote by the Ten. These not only serve to make the Ten's identity clear but also lead to more efficient debating procedures.

Disarmament

All members of the Ten signed the UN Convention on Prohibition or Restrictions on the Use

¹ Bull. EC 6-1981, point 1.1.13.

of Certain Conventional Weapons on 10 April when it opened for signature. The Ten have supported the establishment of a mechanism for the investigation of alleged breaches of this Convention. Individual members of the Ten have with the support of the Ten put forward resolutions at this year's UN General Assembly on such important questions as conventional arms,

confidence-building measures and arms control in space.

Non-proliferation

In the course of 1981 a new working group was established to facilitate cooperation among the Ten in the field of non-proliferation.

Report on European political cooperation

(London, 13 October 1981)

The Foreign Ministers of the ten Member States of the European Community have examined the development of European political cooperation. It is their constant concern that this should be improved, and to this end they have considered how it might be further strengthened.

Political cooperation, which is based on membership of the European Community, has developed to become a central element in the foreign policies of all Member States. The Community and its Member States are increasingly seen by third countries as a coherent force in international relations. The Foreign Ministers of the Ten note that in the years since the foundations of European political cooperation were laid in the Luxembourg Report (approved by Heads of State and Government on 27 October 1970) and the Copenhagen Report (approved by Foreign Ministers on 23 July 1973 and subsequently agreed by Heads of State and Government) significant progress has been achieved towards the objectives set out in those reports.

The development of European political cooperation over these years has shown that it answers a real need felt by the Member States of the European Community for a closer unity in this field. It is a mark of its proven value that European political cooperation has steadily intensified and its scope continually broadened. This development has contributed to the ultimate objective of European union.

The Foreign Ministers agree that further European integration, and the maintenance and development of Community policies in accordance with the Treaties, will be beneficial to a more effective coordination in the field of foreign policy and will expand the range of instruments at the disposal of the Ten.

The Foreign Ministers believe that in a period of increased world tension and uncertainty the need for a coherent and united approach to international affairs by the members of the European Community is greater than ever. They note that, in spite of what has been achieved, the Ten are still far from playing a role in the world appropriate to their combined influence. It is their conviction that the Ten should seek increasingly to shape events and not merely to react to them.

As regards the scope of European political cooperation, and having regard to the different situations of the Member States, the Foreign Ministers agree to maintain the flexible and pragmatic approach which has made it possible to discuss in political cooperation certain important foreign policy questions bearing on the political aspects of security.

The ten Foreign Ministers also consider it timely to renew their commitment to implement fully the undertakings in the Luxembourg and Copenhagen Reports. In particular they underline the importance of consultation among the Ten, which lies at the heart of European political cooperation. They emphasize their commitment to consult partners before adopting final positions or launching national initiatives on all important questions of foreign policy which are of concern to the Ten as a whole. They undertake that in these consultations each Member State will take full account of the position of other partners and will give due weight to the desirability of achieving a common position. They note that such consultations will be particularly relevant for important international conferences where one or more of the Ten are to participate, and where the agenda will include matters under discussion in European political cooperation or on which the Ten have a common position.

The Foreign Ministers note that it is increasingly possible for the Ten to speak with one voice in international affairs. Where substantial common positions have been achieved, they undertake to give due prominence to these by means of appropriate references in national statements on foreign policy questions. At the same time they emphasize that not merely a common attitude but joint action, which has always been an objective of European political cooperation, should be increasingly within the capacity of the Ten.

The Foreign Ministers have also examined the machinery and procedures of political cooperation and have agreed on certain practical improvements which are set out in the following part of this document.

Ministerial meetings

Formal meetings

1. The agenda for meetings at ministerial level will include only items of major importance.

The agenda will, where possible, also be annotated in such a way that the discussion will concentrate on matters for decision.

The analyses and draft texts submitted to ministers should contain either precise recommendations or clearly defined options so that the ministers can make decisions for future action.

When declarations are issued by ministerial meetings and the European Council, they should as a rule be accompanied by a list of posts in third countries where the local representative of the Ten will draw the declaration to the attention of the host government. In the absence of such a list the Presidency has discretion to take action on its own initiative.

Gymnich-type meetings

In order to protect the informal character of these meetings, the following guidelines should be observed:

- Consultations are confidential.
- There will be no formal agenda, official interpretation or officials present (except for a presidency notetaker).
- The Presidency will summarize for the attention of partners any guidelines of an operational nature that emerge from the meeting.
- The press will only be briefed on subjects authorized by the Ten. The Presidency will be responsible in the first instance for such briefing, the lines of which will be agreed in advance with partners.

The Political Committee

2. The Political Committee is one of the central organs of European political cooperation. It is responsible for directing the work of the working groups and for the preparation of discussions at ministerial level.

The Political Committee will ensure the effective operation of working groups by giving them a clear mandate to report on matters of current interest. The Presidency will make the proposals necessary to achieve this. The working groups will however, remain free to suggest topics for reports to the Political Committee.

The Correspondents' Group

3. In order to permit the Political Committee to focus on the more important items on its agenda the European correspondents will identify those working group reports which are not likely to require substantive discussion in the Political Committee.

Working Groups

4. Working groups' reports will include a summary drawing the attention of the Political Committee to points which will require decisions for future action, or on which the Political Committee should concentrate.

In general, partners' comments via the COREU system on the oral reports of working groups should concentrate on points of substance and not of drafting.

If the Presidency considers a partner to be particularly well qualified on an agenda point at a working group meeting, it may request that partner to introduce the discussion on that topic.

Studies

5. Even when partners do not hold the Presidency, they should be encouraged to offer proposals and ideas for consideration by the working groups.

At present most of the efforts of political cooperation are devoted to reacting to world events as they occur. In future the Political Committee may wish to take a longer-term approach to certain problems, and to institute studies to that end. Such studies are already mentioned in the Copenhagen Report (Part II, paragraph 15) and should wherever possible be undertaken by existing working groups.

The Ten may also prepare studies on areas where their positions diverge (e.g. subjects on which they do not vote unanimously at the United Nations).

It is particularly important that the confidentiality of these studies should be maintained.

Confidentiality

6. The success of the process of political cooperation depends to a large degree on its confidentiality; certain particularly delicate matters need to be handled in a way which guarantees that the required level of confidentiality is maintained. In such cases papers will be transmitted to the foreign ministries via embassies, and distributed within foreign ministries by the European correspondent.

Procedures for EPC/third country contacts

7. As European political cooperation intensifies and broadens, the Ten as such will appear as significant interlocutors. Third countries will increasingly express the desire to enter into more or less regular contact with them. It is important that the Ten should be able to respond effectively to these demands, in particular *vis-à-vis* countries of special interest to them, and that they should speak with one voice in dealings with them.

The Presidency may meet individual representatives of third countries in order to discuss certain matters of particular interest to the country in question.

The Presidency may respond to a request for contacts by a group of ambassadors of Member States of organizations with which the Ten maintain special links.

The Heads of Mission of the Ten in a country which expresses the desire for closer contacts with EPC may meet representatives of that country in order to hear its views and to explain the position of the Ten.

If necessary, and if the Ten so agree, the Presidency, accompanied by representatives of the preceding and succeeding presidencies, may meet with representatives of third countries.

If necessary, and if the Ten so agree, the Presidency may meet the representative of a third country in the margins of a ministerial-level meeting of the Ten.

Procedure for political cooperation in third countries

8. In view of the increasing activities of the Ten in third countries, it is important that the

Heads of Mission of the Ten maintain the practice of meeting regularly in order to exchange information and coordinate views. In considering their response to significant developments in the country to which they are accredited, their first instinct should be to coordinate with their colleagues of the Ten.

The participation of the Head of Mission at political cooperation meetings should remain the rule. When this is impossible he may be represented by a member of his Mission.

The Political Committee welcomes joint reports from Heads of Missions of the Ten. These may be prepared in response to a request from the Political Committee or, exceptionally, on the Heads of Missions' own initiative, when the situation requires it. Recommendations for joint action are particularly valuable.

Where reports are made on the Heads of Missions' own initiative, it is for them to decide whether to draft a joint report or to report separately on the basis of their joint discussions. An equally acceptable alternative is for the Presidency to draft an oral report on its own authority reflecting the views expressed.

Contacts in the capitals of the Ten

9. In certain capitals of the Ten the practice has developed of regular meetings between the nine Heads of Mission and the political director of the host government. This has proved useful and is to be encouraged.

The Presidency

10. As political cooperation has developed, the areas of agreement among the Ten have enlarged and the range of subjects handled has become more extensive. The workload of the Presidency in its role as spokesman in the European Parliament, and in contacts with third countries, has also increased. These trends may be expected to continue, particularly in the light of the enlargement of the Community.

As a result it has become desirable to strengthen the organization and assure the continuity of political cooperation and to provide operational support for the Presidency without, however, reducing the direct contact, pragmatism and economy which are among the chief virtues of the present arrangements.

Henceforth the Presidency will be assisted by a small team of officials seconded from preceding and succeeding presidencies. These officials will remain in the employment of their national foreign ministries, and will be on the staff of their embassy in the presidency capital. They will be at the disposition of the Presidency and will work under its direction.

The burden of work during the Presidency falls particularly heavily on the foreign minister who is President-in-Office. The Ten note that should he wish to do so the President may delegate certain tasks to his successor; he may also request his predecessor to finish tasks which are close to completion when the Presidency is handed over.

Relations with the European Parliament

11. In accordance with the Luxembourg and Copenhagen reports, which underline the importance of associating the European Parliament with political cooperation, there are frequent contacts between the European Parliament and the Presidency. These take the form of four annual colloquies with the Political Affairs Committee, answers to questions on political cooperation, the annual report on political cooperation, and the presidency speeches at the beginning and end of its term of office which now usually include political cooperation subjects.

The contacts between the Council of Ministers and the European Parliament have been extended to include informal meetings between ministers and the leaders of the different political groups represented in Parliament; these informal meetings provide a further opportunity for informal exchanges on political cooperation.

Taking account of the need to further strengthen ties with the directly-elected Parliament, the Ten envisage the possibility of more frequent reference to resolutions adopted by Par-

liament in the deliberations, communiqués and declarations of the Ten, and in ministers' opening statements at colloquies with the Political Affairs Committee of Parliament.

The Ten note that after a meeting of the European Council the President of the European Council will make a statement to Parliament. This statement will include political cooperation subjects discussed at the meeting.

Relations between the activities of political cooperation and those of the European Community

12. The Ten will provide, as appropriate, for political cooperation meetings on the occasion of Foreign Affairs Councils. The Presidency will ensure that the discussion of the Community and political cooperation aspects of certain questions are coordinated if the subject-matter requires this.

Within the framework of the established rules and procedures the Ten attach importance to the Commission of the European Communities being fully associated with political cooperation, at all levels.

Crisis procedures

13. The Political Committee or, if necessary, a ministerial meeting will convene within forty-eight hours at the request of three Member States.

The same procedure will apply in third countries at the level of Heads of Mission.

In order to improve the capacity of the Ten to react in an emergency, working groups are encouraged to analyse areas of potential crisis and to prepare a range of possible reactions by the Ten.

Commission report on European Union

1. Six years ago, in December 1975, the Tindemans Report was lodged;¹ in 1976 the European Council sitting at The Hague requested the Commission to report to it annually on progress to date and progress to come towards the ultimate goal of European union. This report is the fifth in the series.²

2. 1981 has witnessed first of all the accession of Greece to the Community, serving to increase the political and economic weight the Community carries. It has further witnessed developments which will undoubtedly mark it as a key year in the long process of European unification. These have been of two kinds. First, there has been the comprehensive debate by the Commission, Members of Parliament and governments on the basis of the Council's mandate to the Commission of 30 May 1980;³ the Commission's report on this to the Council on 24 June 1981⁴ contains guidelines for promoting reactivation of the Community. Secondly, there have been a number of moves — moves by Parliament concerned with the present institutional relations but calculated likewise to contribute to European reactivation and make in the future for institutional development within the Community,⁵ and moves, or forthcoming moves, by some Member States (the Federal Republic of Germany, France, Italy) to restart discussion on the future of the Communities.⁶ These will need to be considered in detail, but this is not the Commission's object here: it will be making its own contribution to the debate at a later stage.

3. The Community today faces an outlook studded with uncertainties. It is more than ever

subject, as a whole, to the constraints of the adverse economic and social situation. The Commission notes that in this unfavourable context the Member States are not in general giving enough in the way of cohesion and solidarity. Too often the Council delays acting on Commission proposals when these would serve to strengthen the Community, speed the pace of convergence between national policies, and hence cushion the impact of the troubles affecting each and all. The Commission must once again warn against unilateral national moves of all kinds which not only prejudice prompt acceptance of common disciplines but can also bring about progressive breakup of the Community patrimony. In this connection it must condemn the proliferation of aids distorting competition and of regulations and technical standards interfering with free movement within the Community, and the increasing number of infringements of Community legislation.

4. The Commission is convinced that a stop must be put now at all costs to the gradual erosion of the Community patrimony that is setting in under cover of national attempts to remedy sector by sector a state of general economic crisis. In its view the structural and cyclical imbalances inherent in the Community's evolution carry the seeds of, or are actually fostering, re-nationalization of the patrimony. The Commission accordingly in its report on the mandate of 30 May 1980 takes an overall duty-bound line based primarily on the development of new and existing Community policies and reasonable adjustment of the CAP. At the same time it considers that the requisite conditions for genuine reactivation of the Community will not be present unless there is a definite improvement in the relations between the Community institutions, and first and foremost in the decision-making process.

5. The Commission does nevertheless discern, amid all these difficulties, some encouraging developments from the point of view of European union. These are to be seen in such fields as fisheries, and certain segments of external relations, where the Community attitude used to be indicative more of foot-dragging than of coherence. They are also to be seen in political cooperation among the Member States, in the shape in particular of the Ministers' adoption on 13 October 1981 of a report pledging commitment to cooperation and establishing closer

¹ Supplement 1/76 — Bull. EC.

² The first four were published in Supplements 8/77, 1/79, 9/79 and 4/80 — Bull. EC.

³ For 1982 the Community undertakes to resolve the problem by structural changes (mandate to the Commission, to be fulfilled by end June 1981: examination is to relate to the development of Community policies without calling in question either common financial responsibility for those 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 the Member States, the examination is to be aimed at ensuring that unacceptable situations do not arise again for any of them). If this is not achieved, the Commission will submit proposals based on the solution adopted for 1980-81, and the Council will act accordingly.

⁴ Supplement 1/81 — Bull. EC.

⁵ Bull. EC 7/8-1981 points 2.3.4 to 2.3.9.

⁶ Bull. EC 11-1981, points 1.2.7 to 1.2.6 and 1.3.1.

links with the Community's activities.¹ Generally speaking the political cooperation machinery, which does not come under the Treaties, continued to work well in 1981, enabling the governments of the ten Member States to take up common positions on an ever-increasing number of international issues.

In this year the Ten were able, by two initiatives which attracted much attention, to play an active part on the international stage. On 30 June 1981 the European Council sitting in Luxembourg made a statement containing proposals for a settlement of the Afghan question;² this was well received and the proposals are still a possible basis for negotiation. And the Ten continued working for a comprehensive settlement of the Israeli-Arab conflict, in line with the principles set out in the Venice Declaration of June 1980:³ from their efforts stemmed the undertaking by four Member States, after consulting the others, to provide contingents for the multinational force in Sinai and act as observers there. The Commission considers these moves, in quest of the peaceful resolution of certain dangerous situations, are good for the political identity and image of Europe.

Development of European policies

6. The Commission is firmly convinced that the measure of Community integration achieved is a major asset in coping with the present economic constraints. It is, however, obliged to say that the potentialities of that integration have not been sufficiently exploited. Two things are necessary if they are to be turned to fuller account in the future — first, more consistent adherence to the principles and rules of the Treaty of Rome, and secondly, instead of the present piecemeal activities, real, full-scale policies, budget-funded or otherwise, based on coherent strategies.

7. The Community's economic policy must be pursued on the basis of clearly defined, jointly endorsed objectives, through closer coordination of national policies. In the Commission's view tackling unemployment — the top priority — can only be done in a Community framework and in accordance with a comprehensive

approach. While it is delighted by the success of the EMS in establishing an area of monetary stability in Europe, it feels that all the Community Member States ought to belong, and the system be worked up further so as to serve as a basis for true economic and monetary union and at the same time help establish a more stable international economic environment. It feels, too, that the promotion of investment should be continued in particular by making use of the Community financial armoury and by more harmonized deployment of financial and fiscal measures influencing investment.

8. So far the push for economic recovery and convergence of national policies has not received sufficient back up from other, more specific Community policies. The Commission recognizes that the all-important Community economic policy would lack credibility unless underpinned by a coherent strategy on industry, energy, technological innovation and scientific and technical research and development, and accordingly on all these it formulated guidelines which it submitted to the Council in connection with the proceedings in implementation of the mandate of 30 May 1980.¹ The other institutions must now consider these guidelines and pronounce on them with all dispatch in order that the Community may at last have consistent policies in line with the European dimension of the economic challenges of today.

9. The Commission notes with concern the slowness with which the strengthening of the internal market is proceeding.² Yet this is absolutely vital to the development of economic activities within the Community. The Commission therefore strongly objects to the persistence of old frontier obstacles and the unwarranted emergence of new impediments to internal trade, and it has urged upon the Council that action is imperative to speed up the adoption of a great many directives on the internal market now under discussion in the Council machinery. It is obliged to point out that if this state of affairs were allowed to drag on the result would inevitably be to undermine the Community patrimony.

10. Moreover, inasmuch as the Community is based on the principle of solidarity among its

¹ Point 12 of this Supplement.

² Bull. EC 6-1981, point 1.1.13.

³ *Ibid.*, point 1.1.6.

¹ Supplement 4/81 — Bull. EC.

² Bull. EC 10-1981, point 2.1.9.

component Member States, regions and individuals, the Commission considers more ought to be done in the way of effective and generous supporting policies where the need is most acute. These policies, which are already in operation in the regional and social fields, should be concentrated more for the benefit of the structurally backward areas, the areas bearing the brunt of industrial reconversion and the categories of people especially hard hit by the present economic troubles. The Commission therefore regards it as more vital than ever to see that national and Community action are properly coordinated. It welcomes in particular the fact that disbursements from the Social and Regional Funds are increasing year by year, to ensure that temporary trials due to the state of the economy do not become permanent, irreparable disparities in standards. It is also happy to record the uprush of practical sympathy early this year for the disaster-stricken people of southern Italy and Greece — in itself, the Commission feels, the outward and visible signs of a will for European union.

11. In this great enterprise of Community reactivation, involving the framing of new policies and the intensification of others in hand but uncompleted, a special place is occupied by the adjustment of the common agricultural policy.¹ The Commission confirms that on balance the CAP has done good service. But now, more than formerly, it is apparent that the Community's resources are limited given the need for money on so many fronts. So the requirement that the means should now be tailored to the ends of the Treaty of Rome, in due observance of that Treaty's principles, has to apply to agricultural policy the same as to the other Community policies. Were the arrangements outlined in its mandate report to be adopted by the Council and progressively rendered operative, the Commission would be fully confident that the eminently necessary adjustment of the common agricultural policy would succeed. It feels certain that this would lead in time, with other Community policies being resolutely implemented, to better distribution of the Community's resources as a whole, and hence more effective progress towards European union.

12. Nevertheless, while the development of Community policies does afford the necessary

ballast to Community activity in the fields with pressing problems, the Commission is of the opinion that European reactivation is at least as dependent on more efficient working of the institutions.

Improvement of relations between the European institutions

13. The Commission has frequently referred to the growing need within the Community for the institutions to function smoothly. But the fact remains that relations between the institutions are too often a field of tensions, not to say dissensions, between them. The Commission regards this state of affairs as damaging to the credit of the Community as a whole. So it must be noted once again that the direct election of the European Parliament has introduced into the initial interinstitutional balance a powerful factor for change which must be seen for what it is. As the outstanding forum for the voicing of the various political opinions in the Community, the directly-elected Parliament deserves a greater role in the interaction of the institutions.

14. Several resolutions passed by Parliament in the last few months make clear its obvious wish to secure prerogatives in keeping with the leading place it was established to hold in a democratic institutional system. With the proviso that cooperation between the institutions must proceed in due observance of its own prerogatives under the Treaties, the Commission accepts and supports Parliament's desire to exercise more influence on Community activities than heretofore. It considers it perfectly feasible to upgrade the existing procedures, particularly the conciliation procedure in the legislative and budgetary contexts; it considers furthermore that, Parliament's work now being invested with legitimacy, its consultative role could properly be expanded, more particularly consultation in the drafting of international agreements, or the issue of own-initiative opinions, or advance discussions before the Commission draws up formal proposals.

15. However desirable these changes, the Commission nevertheless considers they should form part of a course of action designed to restore the balance between the institutions. This would involve their meeting the other major requirement, improved decision-making. As the

¹ Supplement 4/81 — Bull. EC.

Commission sees it, experience this year confirms the manifest erosion of the decision-making process. It is obvious that the systematic endeavour to secure Council unanimity has a sort of inhibiting effect on the other institutions' prerogatives. This situation, which has for years been blatantly distorting the institutional balance provided for in the Treaties, is now more alarming than ever. The Commission would stress that its continuance would not only con-

firm the inability to restore real cooperation between the institutions, but spell finis to any prospect of getting new or revamped Community policies off the ground in the foreseeable future. Against this most disquieting background, the Commission makes a pressing appeal for the reorganization of the decision-making process, and thereby the restoration of institutional functioning in accordance with the spirit of the Treaties.

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