

Report from the ad hoc Committee on Institutional Affairs to the European Council (Brussels, 29 and 30 March 1985) 1

Preface

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3.5.1. After the Second World War Europe made a very promising start by setting up, firstly with the European Coal and Steel Community (ECSC) and then with the European Economic Community (EEC), an unprecedented construction which could not be compared with any existing legal entity. The Community — based on the principles of pluralist democracy and the respect for human rights which constitute essential elements for membership and is one of the constant objectives of its activities throughout the world — answered the complex and deeply felt needs of all our citizens.

Although the Community decided to complete this construction as from the Summits in The Hague in 1969 and Paris in 1972, it is now in a state of crisis and suffers from serious deficiencies.

In addition, however, the Member States have become caught up in differences which have obscured the considerable economic and financial advantages which would be obtained from the realization of the common market and from economic and monetary union.

Furthermore, after 10 years of crisis, Europe, unlike Japan and the United States, has not achieved a growth rate sufficient to reduce the disturbing figure of almost 14 million unemployed.

In this state of affairs Europe is faced with ever more important challenges both in the field of increasing industrial and technological competition from outside and in the struggle to maintain the position of political independence which historically it has held in the world.

Faced with these challenges, Europe must recover faith in itself and launch itself on a new common venture — the establishment of a political entity based on clearly defined priority objectives coupled with the means of achieving them.

The Community has not lost sight of the fact that it represents only a part of Europe. Resolved to advance together, the Member States remain aware of the civilization which they share with the other countries of the continent, in the firm belief that any progress in building the Community is in keeping with the interests of Europe as a whole.

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The Committee has placed itself firmly on the political level, and without purporting to draft a new Treaty in legal form, proposes to set out the objectives, policies and institutional reforms which are necessary to restore to Europe the vigour and ambition of its inception 4

I. A genuine political entity

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It is not enough to draw up a simple catalogue of measures to be taken — even if they are precise and concrete — since such exercises have often been attempted in the past without achieving results. We must now make a qualitative leap and present the various proposals in a global manner, thus demonstrating the common political will of the Member States. At the end of the day that will must be expressed by the formulation of a genuine political entity⁵ among European States: i.e. a European Union:

— with the power to take decisions in the name of all citizens, by a democratic process according to their common interest in political and social development, economic progress and security,⁷ and according to procedures which could vary depending on whether the framework is that of intergovernmental cooperation, the Community Treaties, or new instruments yet to be agreed;

— in keeping with the personality of each of the constituent States.

II. Priority objectives

A. A homogeneous internal economic area

The aim is to create a homogeneous internal economic area, by bringing about the fully integrated internal market envisaged in the Treaty of Rome as an essential step towards the objective of economic and monetary union called for since 1972, thus allowing Europeans to benefit from the dynamic effects of a single market with immense purchasing power. This would mean more jobs, more prosperity and faster growth and would thus make the Community a reality for its citizens.

(a) Through the completion of the Treaty

1. By creating a genuine internal market by the end of the decade on the basis of a precise timetable.

This involves:

— The effective free movement of European citizens;⁸

— a favourable climate for investment and innovation through stable and coherent economic, financial and monetary policies in the Member States and the Community;

— pending the adoption of European standards, the immediate mutual recognition of national standards by establishing the simple principle that all goods lawfully produced and marketed in a Member State must be able to circulate without hindrance throughout the Community;

— more rapid and coordinated customs procedures, including the introduction as planned of a single administrative document by 1987;

— the early introduction of a common transport policy;

— the creation at an early date of a genuine common market in financial services, including insurance;⁹

— the opening up of access to public contracts; 9

— the creation of conditions which will favour cooperation between European undertakings and in particular the elimination of taxation differences that impede the achievement of the Community's objectives;

— the strengthening of European financial integration, inter alia through the free movement of capital and the creation of a European financial market, hand in hand with the strengthening of the European Monetary System. 9

2. Through the increased competitiveness of the European economy. 10

European economic life must be made fully competitive through a return to the fundamental principle embodied in the Treaties of promoting efficient producers, involving in particular:

— the removal of all measures distorting competition in the common market, notably through an application of national and Community competition rules, adapted to the new industrial situation, and through strict control of national State aids in compliance with the rules of the Treaties; 11

— introduction of the necessary transparency in nationalized industries in order to safeguard the principles laid down in the Treaties.

3. Through the promotion of economic convergence 12, 13

— the promotion of solidarity amongst the Member States aimed at reducing structural imbalances which prevent the convergence of living standards, through the strengthening of specific instruments and a judicious definition of Community policies;

— the effective pursuit of integration and the strengthening of Community institutions that underlies it require positive action to counter the tendencies to inequality and promote the convergence of living standards 14

(b) Through the creation of a technological community

The growth capacity of Europe, backed up by this genuine internal market, will have to be based, inter alia, on wholehearted participation in technological innovation, and must result in the creation of a technological community through, among other things, the introduction of faster decision-making procedures. This process must enable European industry to become a powerful competitor internationally in the field of production and application of the advanced technologies.

This means in particular:

— that industrial enterprises in the Community must have at their disposal common European standards and suitable procedures for advanced technology products;

— that international cooperation during the development phase must be strengthened;

— that public and semi-public contract procedures in the Community, concerning inter alia the supply and use of electronic and communications equipment, must be liberalized; 15

— that the exchange of services connected to the use of advanced technology must be liberalized; 15

— that a successful techno-industrial development in the technological community depends upon and must increasingly allow for wider scope for individual creativity and performance;

and, in addition the following specific activities:

— the development of vocational education and training;

— the encouragement of universities and research institutes to orient their activities more towards the commercial sector and to ensure the transfer of the results of their work;

— the coordination of research and development at national and Community level;

— the promotion and support of greater industrial cooperation between European companies, including the launching of transnational projects in key sectors;

— the furthering of undistorted international exchange of technology and advanced technological products through an active common commercial policy in conformity with GATT obligations.

(c) By the strengthening of the European Monetary System (EMS)

The European Monetary System, which was created and set up pending restoration of the conditions for the gradual achievement of economic and monetary union, is one of the achievements of the Community during the last decade. It has enabled the unity of the common market to be preserved, reasonable exchange rates to be maintained and the foundations for the Community's monetary identity to be laid.

The time has come, however, to forge ahead towards monetary integration through:

— the closer coordination of economic, budgetary and monetary policies with the aim of true convergence of economic performance;

— the liberalization of capital movements and the removal of exchange controls; 16

— the strengthening of the European monetary and financial market to make it attractive and capable of supporting the growth and investment effort;

— the participation of all the Member States both in the EMS and in the exchange-rate mechanism, provided that the necessary economic and monetary conditions are met;

— the increased but non-inflationary use of the ECU in transactions between central banks whether they are members of the system or not;

— the elimination consistent with monetary stability of obstacles to the use of the ECU in private transactions;

— the promotion of the ECU as an international reserve currency; the coordination of exchange policies with regard to third currencies and in particular the dollar and the strengthening of the role of the European Monetary Cooperation Fund (EMCF) by stages depending on the progress made in the use of the ECU. 17

Through these measures as a whole it will be possible for the EMS to progress towards the second institutional phase envisaged in the decision of the European Council in Bremen in 1978.

(d) Through mobilization of the necessary resources

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Intensifying the efforts already undertaken, framing new policies and delegating new tasks to the Community will often, but not always, entail additional expenditure which will necessitate transfers of resources. Such resources should be made available in the context of a clearly identifiable Community financing system firmly based on the own resource principle. This system, that would come under review at reasonable intervals, should endow the Community with a stable revenue base for a sufficiently long period.

Actual transfers of resources will only be feasible if they are subject to strict budgetary control and if in most cases this is reflected in savings in the Member States.

B. Promotion of the common values of civilization

The contemplated European Union will not rest on an economic community alone. The logic of integration has already led Member States to cooperate in fields other than economic ones and will continue to lead them still further along that path. The accentuation of this essential process will give a European dimension to all aspects of collective life in our countries.

To that end a number of measures must be undertaken, whenever possible in close cooperation with European countries which are not members of the Community and with the Council of Europe, which makes a valuable contribution especially with regard to the promotion of human rights and the common cultural identity.

These measures are:

1. Measures to protect the environment

Pollution in most of its forms does not recognize frontiers and poses an increasing danger to the environment and the health of people both within the Community and outside. High priority must be given to the protection of the environment and the improvement of working conditions and safety at work.

2. Gradual achievement of a European social area

An integrated internal economic area must be based not only on industrial, economic and monetary policies, but also on social policy. In this field, the Union will have to remain true to

the objectives which the Community set itself from its inception and will have to have the necessary powers and means to act whenever social policy measures are required at European level.

Progressive introduction of a European social area, as the logical follow-on from an economically integrated, dynamic and competitive Community with the will to achieve full and better employment, entails:

— definition of frameworks for action, particularly in the basic fields listed in Article 118 of the Treaty, either by harmonization, by the adoption of joint decisions or by any other appropriate measures;

— pursuance of a social policy that reflects the medium-term social action programme and the changing economic and social needs of the Community;

— development of the dialogue between employers and employees at European level, which could result, where they judge it desirable, in contractual relations between them.

3. Gradual establishment of a homogeneous judicial area

This means:

— increasing protection of fundamental freedoms and rights as they derive from common basic principles and the European Convention on Human Rights. The Court of Justice has played an essential role in this context and will do so even more in the future;

— increased harmonization or approximation of national laws in all the fields covered by the European Union, insofar as these are consistent with the objectives of the Union;

— envisaging, in certain areas of intergovernmental cooperation, agreements between Member States which would, in cases where unanimous agreement could not be reached, apply among those States having ratified them if the latter constitute a strong majority;

— a campaign against large-scale crime and terrorism by increasing cooperation between Member States;

— further codification of Community law.

4. The promotion of common cultural values

European culture is one of the strongest links between the States and peoples of Europe. It is part of the European identity. The promotion of the European cultural identity should be a comprehensive expression of the cultural variety and each nation's individual values which form an integral part of it.

The promotion of common cultural values and the European cultural identity requires:

— the safeguarding of the European cultural heritage,

— support for cultural creation,

- measures to overcome language barriers,
- the development of new media in a European-wide context,
- the elimination of obstacles to the free circulation of cultural goods and communication,
- an improvement in the level of knowledge about all the peoples of the Community in all their diversity and their different contributions to European culture, 19
- the intensification of exchange programmes.

The European Foundation and the European University Institute should be associated with these actions. Cooperation with third countries and in wider international context should also be encouraged. The practical realization of cultural cooperation requires a coherent organizational framework.

C. The search for an external identity 20

Europe's external identity can be achieved only gradually within the framework of common action and European political cooperation (EPC) in accordance with the rules applicable to each of these. It is increasingly evident that interaction between these two frameworks is both necessary and useful. They must therefore be more closely aligned. The objective of European political cooperation must remain the systematic formulation and implementation of a common external policy. 21

Similarly in the case of security, although a fundamental aim of European Union is indeed the cohesiveness and solidarity of the countries of Europe within the larger European and Western framework, it will only be possible to achieve that aim by paying special attention to the existing Alliances on the one hand, and the differing individual situations on the other, including the situations of the two nuclear powers which are members and of certain Member States facing specific problems in this field.

(a) External policy

It should first of all be noted that common policies, which have an external dimension, are provided for in the Treaties and already exist, along with external policies such as the development policy and the commercial policy.

In particular, Community policy must be intensified, without prejudice to the traditional actions of the Members States.

On the diplomatic front several measures could be considered initially which might allow progress to be made towards finding a common voice.²²

1. The strengthening of political cooperation structures by:

- the creation of a permanent political cooperation secretariat to enable successive presidencies to ensure greater continuity and cohesiveness of action; the secretariat would to a

large extent use the back-up facilities of the Council and should help to strengthen the cohesion between political cooperation and the external policies of the Community;

— the regular organization of EPC working meetings at the Community's places of work, while meetings of ministers should also be arranged in the Member States' capitals.

2. The improvement of political cooperation through:

— an explicit undertaking by the Member States to promote EPC by agreeing to a formalization of the commitments to a prior consultation procedure:

— seeking a consensus in keeping with the majority opinion with a view to the prompt adoption of common positions and to facilitating joint measures;

— adopting common positions in multilateral and inter-regional relations, particularly at the United Nations.

3. Member States and the Community should examine on a case-by-case basis the desirability of common representation at international institutions, especially in the UN framework and in the countries where only a few Member States are represented.

4. Codification of EPC rules and practices.

(b) Security and defence

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The aim is to encourage greater awareness on the part of the Member States of the common interests of the future European Union in matters of security. The relevant Member States will make the fullest contribution both to the maintenance of adequate defences and political solidarity, and to the pursuit of security at the lowest possible level of forces through the negotiation of balanced and verifiable measures of arms control and disarmament.

In any event, this question will have to take account of:

(1) the frameworks which already exist (and of which not all partners in the European Community are members), such as the Atlantic Alliance, the framework for and basis of our security, and Western European Union, the strengthening of which, now under way, would enrich the Alliance with its own contribution;²⁴

(2) the differing capabilities and responsibilities and the distinctive situations of the Community Member States;

(3) the existence of interests and objectives which Member States, while respecting their individual situations as regards defence and security, recognize as common, in particular the need for the Atlantic Alliance to maintain adequate military strength in Europe for effective deterrence and defence, in order to preserve peace and protect democratic values.²⁵

Accordingly, the following measures are proposed:

(i) Developing and strengthening consultation on security problems as part of political cooperation. Such consultation could involve in particular:

— discussion of the nature of external threats to the security of the Union;

— discussion of the way in which Member States' security interests may be affected by the international context, in particular by developments in weapons technology and strategic doctrines, changes in relations between the great powers and the progress of negotiations on disarmament and arms control;

— an effort to harmonize, whenever possible, the stances to be taken by Member States on the major problems posed by the preservation of peace in Europe.

(ii) The stepping-up of efforts to draw up and adopt common standards for weapons systems and equipment, taking account of the work being done in the relevant bodies.

Particular attention is to be paid by Member States to:

— rationalizing their military equipment research and development;

— support for production capacity for high-technology equipment which can strengthen Europe's defensive capabilities.

(iii) A commitment by Member States to design, develop and produce such systems and equipment jointly.

(iv) The will on the part of the Member States to create the technological and industrial conditions necessary for their security.

III. The means: efficient and democratic institutions

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European Union — like the Community today — needs institutions which are entirely at the service of the common interest. Their functioning and behaviour must clearly reflect the original nature of their purpose, within the framework of their specific powers. It is of primary importance that the institutions should comply with and apply the rules of the Treaties.

The trend towards the European Council's becoming simply another body dealing with the day-to-day business of the Community must be reversed. Heads of State or Government should play a strategic role and give direction and political impetus to the Community. For this purpose two European Council meetings a year should suffice.

A. Easier decision-making in the Council,

which means primarily changes in practice and certain adjustments to existing rules:

— less bureaucracy within the institutions, as national authorities have, through their experts, gained too much ground over the last 10 years; in particular, the authority of the Permanent Representatives over the various working parties must be strengthened in order to improve the

preparation of the Council's decisions and to focus its discussions on the most important matters;

— the growing number of areas of Community activity has led over the years to the Council meeting in a multiplicity of special compositions. The Council must remain a single institution in which a pre-eminent role of coordination and guidance must be preserved for the ministers with general responsibilities (the 'General Affairs' Council);

— the rules and procedures governing the Council should be rigorously applied in the interests of its own efficiency and internal cohesion;

— concerning principles of voting:

(a) The majority of the Committee favour the adoption of the new general principle that decisions must be taken by a qualified or simple majority. Unanimity will still be required in certain exceptional cases, which will have to be distinctly fewer in number in relation to the present Treaties, the list of such cases being restrictive.

In a spirit of a return to the Treaties, the Presidency must call a vote if the Commission or three Member States so request. The vote must be taken within 30 days. 27, 28, 29

(b) The minority of the Committee considered that more use will need to be made, especially in the context of the enlarged Community, of the majority voting provisions laid down in the Treaties. Once a reasonable time has been devoted to the search for consensus, the Presidency should call for a vote.

Where the Treaties require decisions to be taken by unanimity, Member States should also make greater use of the possibility of abstention in accordance with Articles 148(3) (EEC), 118 (EAEC) and 28 (ECSC).

When a Member State considers that its very important interests are at stake, the discussion should continue until unanimous agreement is reached. 30

— in order to ensure the implementation of certain decisions, the use in exceptional circumstances of the method of differentiated Community rules, provided such differentiation is limited in time, is based solely on economic and social considerations; and respects the principle of budget unity. 31

B. A strengthened Commission

The Commission guarantees autonomous representation of the common interest. Wedded to the general interest whose guarantor it is, the Commission cannot be identified with individual national interests.

If it is to carry out fully the tasks entrusted to it, which make it the lynchpin of the Community, its powers must be increased, in particular through greater delegation of executive responsibility in the context of Community policies.

In the first place, its autonomy must be confirmed so that it can be completely independent in the performance of its duties in accordance with the obligation specifically imposed upon it and on each of its Members individually.

To this end it is proposed that the President of the Commission be designated by the European Council.

The other Members of the college shall be appointed by common accord of the governments of the Member States, acting on a proposal from the President-designate. 32

The Commission must not include more than one national from any Member State. 33

At the beginning of its term of office the Commission should receive a vote of investiture on the basis of its programme. 34

Similarly, the Commission must now be acknowledged as an organ with full powers of initiative, implementation and administration.

C. The European Parliament as a guarantor of democracy in the European system 35

A Parliament elected by universal suffrage cannot, if the principles of democracy are logically applied, continue to be restricted to a consultative role or to having cognizance of only a minor part of Community expenditure. That dooms it to oblivion or overstatement, and more often than not to both.

An enhanced role will be sought for it in three areas:

(a) by effective participation in legislative power, the scope of which will be specifically defined, in the form of joint decision-making with the Council; to this end the Commission proposal will be discussed first of all by the European Parliament: the Council will deliberate on the text adopted by the European Parliament; in the event of disagreement, a conciliation procedure will be initiated on the basis of a proposal of the Commission; the Commission will retain its power of initiative throughout the legislative procedure; 36

(b) by increasing its supervision of the various policies of the Union and its political control over the Commission and over cooperation in the external policy field; the association and accession agreements negotiated by the Union will also be submitted to the European Parliament for approval; 37

(c) by giving it responsibility in decisions on revenue as the coping-stone of the establishment of a new basic institutional balance;

— conciliation between Parliament and the Council would take place at the moment when the frame of reference on the basis of multiannual planning is defined;

— decisions governing the development of own resources will be taken jointly by the Council and Parliament so that the latter may be able to have a hand in the balancing of expenditure by revenue.

These developments should go hand in hand with increased representativeness of Parliament itself through the standardization of voting procedures to elect its members.

D. Court of Justice

The binding nature of the law of the Union gives the Court of Justice of the European Communities an essential role to play in progress towards European Union, The Court ensures compliance with the rights, obligations and powers laid down in the Treaties. The Court must be consolidated in its role of supreme arbiter in all matters coming under the Treaties, including the protection of the basic rights of individuals guaranteed under the Community legal order. To this end, the Court:

- must be relieved in an appropriate manner of responsibilities incumbent upon it as regards disputes between officials and the institutions;
- must be given jurisdiction for the interpretation of agreements concluded within the ambit of the Treaties as far as possible by means of a standard clause.

IV. The method

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The Committee proposes that a conference of the representatives of the governments of the Member States should be convened in the near future to negotiate a draft European Union Treaty based on the *acquis communautaire*, the present document and the Stuttgart Solemn Declaration on European Union and guided by the spirit and method of the draft Treaty voted by the European Parliament:

- the parties to the conference will be the Member States;
- Spain and Portugal will be invited to attend as full members on the assumption that the Treaties of accession have been signed prior to the opening of the conference;
- the European Commission will participate in the negotiations;
- the European Parliament will be closely associated with the conference. Its outcome will be submitted to the European Parliament.

The very decision of the Heads of State or Government to convene such a conference would have great symbolic value and would represent the initial act of European Union.

Annex A

Comments by Mr Møller

I am not convinced that the overall approach in the report is the right one. I agree that the Community needs a new impetus, but, in my opinion, the following is required.

The decision-making process should be more efficient. The distribution of powers between the institutions, as laid down in the Treaties, must be respected. The blurring of the powers should stop and be replaced by the clear logic of the Treaties.

The fundamental aim of the Treaty, the bringing about of an efficient production structure, must be re-established, and distorting factors which prevent the attainment of this aim must be rejected. The gradual introduction of quota systems, production thresholds, etc., pose a danger to this principle.

New common policies should be developed to supplement the common agricultural policy. The Community must have further financial means at its disposal for these policies.

Our consultations within the framework of European political cooperation must be identified and strengthened so that areas of common interest can be identified and agreement can be reached on an increasing number of common positions.

New activities must be developed at European level, and participation in these should not be limited to the present members of the Community.

Annex B

Comments by Mr Papantoniou

The report rightly identifies the main challenges facing Europe at present. However, the approach followed, while containing many useful elements, does not pay sufficient attention to some important points. The overall gains from economic integration are not only unevenly distributed, but may also disguise losses for the less-prosperous regions. The creation, therefore, of an integrated market and a technological community needs to be supplemented by a very substantial effort to strengthen the Community's cohesion by promoting regional development and the convergence of living standards.

In the external field, the improvement of political cooperation and the promotion of solidarity in security matters should take fully into account the particular situation and problems of each Member State, and the need for consensus in the search for common positions.

Finally, institutional reform should reflect the existence of significant possibilities for improved decision-making within the framework of the Treaties, and recognize the necessity of protecting vital national interests when invoked by Member States.

Members of the ad hoc Committee on Institutional Affairs

Mr James Dooge (Chair)

Representative of Dr Garret FitzGerald, Prime Minister of Ireland

Mr Jean Dondelinger

Representative of Mr Jacques Santer, Prime Minister of Luxembourg

Mr Maurice Faure

Representative of Mr François Mitterrand, President of France

Mr Mauro Ferri

Representative of Mr Bettino Craxi, Prime Minister of Italy

Mr Fernand Herman
Representative of Mr Wilfried Martens, Prime Minister of Belgium

Mr Otto Møller
Representative of Mr Poul Schluter, Prime Minister of Denmark

Mr Ioannis Papantoniou
Representative of Mr Andreas Papandreou, Prime Minister of Greece

Mr Malcolm Rifkind
Representative of Mrs Margaret Thatcher, Prime Minister of the United Kingdom

Mr Carlo Ripa di Meana
Representative of Mr Jacques Delors, President of the Commission

Mr Jürgen Ruhfus
Representative of Mr Helmut Kohl, Federal Chancellor of the Federal Republic of Germany

Mr Willem van Eekelen
Representative of Mr Ruud Lubbers, Prime Minister of the Netherlands

1. The Committee's interim report was published in Bull. EC 11-1984, point 3.5.1.
2. See Mr Møller's comments in Annex A.
3. See Mr Papantoniou's comments in Annex B.
4. Mr Møller felt that the difficulties facing the construction of Europe resulted from a failure to implement the existing Treaties fully and could be remedied by the strict application of the Treaties. He considered that the achievement of European Union, as already foreseen in existing statements, was the objective.
5. Reservation entered by Mr Papantoniou, who suggested replacing 'a genuine political entity' by 'a genuine economic and political entity'.
6. Mr Møller considered that the expression 'a genuine political entity' should be replaced by the expression 'European Union'.
7. Mr Møller considered that the point security should be limited to the political and economic aspects of security.
8. Dealt with by the Committee on a People's Europe.
9. Reservation entered by Mr Papantoniou, who considered that the introduction of these policies should take account of the particular situation of national economies.
10. In addition Mr Møller stressed that all the measures in the agricultural area which have in recent years been introduced with the intention of renationalizing the common agricultural policy should be dismantled.
11. Reservation entered by Mr Papantoniou, who considered that the application of competition rules of the Treaties should take account of the particular situation of the less-developed economies.
12. Reservation by Mr Papantoniou, who argued that the text should stress more explicitly the need to reinforce the policies aiming at economic convergence, and should give a more comprehensive definition of their scope.
13. Mr Ruhfus entered a reservation. He argues that economic convergence by its very nature is a convergence of economic policies aiming at the objectives set out in Article 104 of the Treaty establishing the European Economic Community. It will thus help to improve living

conditions in the individual Member States. On this basis, positive action is required to counter tendencies to inequality and to reduce structural imbalances in the Community.

Mr Van Eekelen concurs with the argument of Mr Ruhfus.

14. Reservation by Mr Herman, who wishes to see the text of the second paragraph replaced by a call for greater coherence between the economic policies of the Member States, which is a better guarantee of a reduction in the differences in living standards.

15. Reservation entered by Mr Papantoniou, who considered that the introduction of these policies should take account of the particular situation of national economies.

16. Reservation entered by Mr Papantoniou, who considered that the introduction of these policies should take account of the particular situation of national economies.

17. Reservation entered by Mr Ruhfus. He emphasized that, for the ECU to become an international reserve currency, some major requisites are still lacking at present. A strengthening of the role of the EMCF is primarily dependent on further progress in the convergence of economic policies and on its consolidation through institutional development.

18. Mr Møller considered that the increase in the VAT ceiling agreed by the European Council at Fontainebleau would scarcely be sufficient for the promotion of new policies. The size of additional resources must be determined by the need to continue existing common policies and to develop new ones, in particular with regard to research and technology.

19. Mr Ferri feels that minority cultures should be expressly mentioned here, as their protection is an achievement of democratic pluralism in its modern form.

20. Mr Møller entered a general reservation on all of this section. He considered that, instead of structural changes, it is necessary to have a new pragmatic development of European political cooperation on the existing base, which has already shown itself to be effective to further this development. Particularly in relation to security, it should be confined to political and economic aspects.

21. Reservation entered by Mr Papantoniou, who suggested replacing the last sentence by: 'The objective of European political cooperation must remain the systematic search for common positions in external affairs'.

22. Reservation entered by Mr Papantoniou on points 1, 2, 3 and 4 of the section on external policy. He argued in favour of preserving the informal character of present EPC arrangements and stressed the importance of consensus in the search for common positions.

23. Mr Dooge did not agree to the inclusion of the section on security and defence.

24. Reservation entered by Mr Papantoniou, who suggested replacing point 1 by 'the frameworks which already exist (and of which not all partners in the European Community are members), such as the Atlantic Alliance and the Western European Union'.

25. Reservation entered by Mr Papantoniou, who proposed the deletion of 'for the Atlantic Alliance'.

26. Reservation entered by Mr Møller on this chapter. Mr Møller considers that the problems faced by the Community are not due to failure or imperfections of the institutions of the Community system. On the contrary, it may be said that the gradual deviation and derogations from these fundamental principles together with a lack of political will to take decisions are the root of many of the problems of today. The balance between the institutions should accordingly be re-established by respecting the distribution of competences between them as laid down in the Treaties.

27. This proposal is supported by Mr Faure, Mr Ferri, Mr Herman, Mr Ripa di Meana, Mr Ruhfus and Mr Van Eekelen. Mr Dondelinger accepted this because he considered that this text distanced itself least from the present situation.

28. Mr Dooge, though in agreement with the principle underlying this text, felt unable to support the text because, though not excluding the pleading in exceptional circumstances of a

vital interest, it did not include any explicit reference to the protection of vital national interests in exceptional circumstances.

29. Mr Herman underlines the considerable progress which distinguishes these proposals from the solutions envisaged in the interim report of the Committee in the matter of voting and the veto.

30. This proposal is supported by Mr Møller, Mr Papantoniou and Mr Rifkind. Mr Rifkind also considers that, in order to prevent abuse, a member of the Council insisting that discussion should continue in this way should, through a special procedure of the Council, explain fully and formally why his government considers that a very important interest is at stake.

31. Reservation entered by Mr Møller.

32. Mr Rifkind considers that the other members of the college should be nominated by Member States, after consultation with the President-designate, and appointed by common accord of the governments of the Member States.

33. Mr Ruhfus entered a reservation on this point. He argued that such a change would not improve the supranational character of the Commission and would considerably change the internal balance, which has proved its worth ever since the establishment of the Community.

34. Reservation by Mr Papantoniou, who suggested replacing the text of the four preceding paragraphs by the following text: 'To this end it is proposed that the President of the Commission be designated unanimously by the European Council, and be consulted by the governments of the Member States prior to the nomination of the Commissioners. The Commission should be composed of one member per Member State'.

35. Mr Rifkind entered a reservation on this section. He considers that the European Parliament should be encouraged, within its Treaty powers, to make a more effective contribution to Community decision-making. The Parliament should make more use of its right to put forward proposals for Community action. The Council should follow up resolutions with the Parliament, or explain its reasons for not doing so. There should be improvement and extension of the conciliation procedure, in particular by more effective consultation between the Council and the Parliament at earlier stages of the consideration of proposals.

36. Reservation by Mr Papantoniou. He did not agree with joint decision-making between Parliament and Council in the legislative area and argued in favour of improving the conciliation procedure and extending its field of application.

37. Reservation entered by Mr Papantoniou, who suggested deleting the last sentence of (b).

38. Mr Papantoniou and Mr Rifkind consider that the recommendations in this report should be the subject of consultations between the governments before the June European Council, so that decisions can be taken by the Heads of Government at that meeting.

Mr Møller shared their view, but pointed out that according to the Committee's terms of reference it was not its task to put forward recommendations on the conclusions which the European Council might draw from the report.