

THE EUROPEAN COUNCIL

**BRUSSELS
29-30 MARCH 1985**

Documents in the dossier include:

European Council in Brussels and March Council Meetings
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E.C. Summit Leaders Discuss Enlargement, Economic Issues
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2. European Council in Brussels and March Council meetings

European Council in Brussels

1.2.1. The Heads of State or Government met in Brussels on 29 and 30 March with Mr Bettino Craxi in the chair. The Commission was represented by its President, Mr Jacques Delors, attending his first European Council, and Mr Lorenzo Natali, one of the Vice-Presidents.

This European Council opened in a mood of satisfaction following the political agreement on Spanish and Portuguese accession reached during the night of 28/29 March, though the agreement was at the time still at risk because of the Greek reservation associated with the adoption of the integrated Mediterranean programmes (IMPs).¹

The main achievement of this Council was to be the agreement on IMPs, which enabled the Greek reservation to be lifted and the enlargement agreement to take effect. The agreement on IMPs was in line with the analysis, the general approach and the method proposed by the Commission.

Mr Delors referred to the widening of the family circle and the opportunity now available to think ahead. Pending the European Council in Milan, where—as President Mitterrand pointed out—the form European structures and policies should take would have to be determined, the Heads of State or Government confined themselves to setting out the procedure to be followed in institutional matters, on the basis of the Dooge Committee report, and to agreeing to the implementation of a people's Europe based on the Adonnino Committee report.

A number of conclusions were also adopted on the economic and social situation, strengthening the technological base and competitiveness of Community industry, and the environment. The Council's deliberations were based on three Commission documents (→ point 3.4.1 *et seq.*). It reached agreement on four fields of action to promote growth and employment sug-

gested by the Commission; adopted an encouraging resolution on technology and competitiveness, thanks to the intervention of several of the Heads of Government; and endorsed the environmental guidelines proposed by the Commission.

Finally, the Council stressed the need for the continuation of the efforts to combat famine and discussed a number of foreign policy questions; no conclusions were formally adopted, but the Council drew up guidelines which were communicated to the press by Mr Craxi (→ point 2.4.1).

Conclusions of the European Council

Enlargement

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

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

Economic and social situation

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

¹ Bull. EC 12-1984, points 1.2.16 and 1.2.17.

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

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

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

- (i) action to achieve a single large market by 1982, thereby creating a more favourable environment for stimulating enterprise, competition and trade; it called upon the Commission to draw up a detailed programme with a specific timetable before its next meeting;
- (ii) action to encourage the creation and development of small and medium-sized undertakings, particularly by significantly reducing the administrative and legal constraints to which they are subject; it called upon the Commission to report to the Council on the problems in this sector and on the measures to be taken at national and Community level, particularly with regard to administrative simplification;
- (iii) action to adjust and adapt working conditions to the new social, economic and technological circumstances in order to increase the efficiency of the labour market; it called upon the Commission to submit any proposal it might consider useful in this area;
- (iv) specific action to expand employment, including a Commission study of the potential for using the Social Fund to promote innovatory model schemes, and programmes for solving the employment problems of certain disadvantaged social categories.

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

The European Council stresses the importance of the decision adopted by the Council of Ministers with regard to all the factors which will enable a

new round of multilateral trade negotiations to be initiated in Brussels as soon as possible.

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

Strengthening the technological base and competitiveness of Community industry

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

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

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

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

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

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

The European Council calls on the Council of Ministers actively to pursue the examination of the

Commission's current proposals, which already correspond to these objectives, and to initiate the examination of any new proposals which the Commission considers it appropriate to submit.

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

Environment

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

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

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

(i) Having acknowledged that this policy can contribute to improved economic growth and job-creation, it affirms its determination to give this policy the dimension of an essential component of the economic, industrial, agricultural and social policies implemented by the Community and by its Member States.

(ii) It acknowledges the need for the Member States to take coherent action in the Community framework to protect the air, the sea and the soil, since isolated action is unlikely to prove effective and may even be harmful.

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

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

Hunger in the world

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

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

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

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

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

A people's Europe

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

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

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

The European Council requests the Council of Ministers to report to it at its meeting in June 1985

on the progress which has been made in the various sectors covered by the Committee's report.

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

IMPs

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

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

3. As far as financing arrangements and method are concerned, the European Council agrees with the broad outlines of the approach recommended by the Commission in its communication of 21 February 1985, i.e.:

(i) participation by the structural Funds for an amount of 2 500 million ECU;

(ii) an additional budget contribution amounting to 1 600 million ECU which will permit the Commission to supply the additional funds for the implementation of the programmes approved by it;

(iii) loans of 2 500 million ECU contracted by the regions concerned with the EIB and under the New Community Instrument.

4. The two first categories of resources will benefit Greece for an amount of 2 000 million ECU.

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

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

The increases in real terms which will apply to the Regional and Social Funds and the EAGGF Guidance Section over the next seven years will help to finance the IMPs, but without adversely affecting transfers from these funds to other less-prosperous and priority regions of the Community.

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

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

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

With regard to the quality of the programmes to be financed, which is an important factor in the success of the IMPs, the European Council requests the Commission to place at the disposal of those Member States who so request groups of experts needed for the assessment, preparation and implementation of the programmes.

Lastly, the European Council would emphasize that it is important that the IMPs measures for regions belonging to Italy and France should in particular use the EIB and NCI appropriations.

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

European Council's position on the report of the ad hoc Committee on Institutional Affairs

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

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

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

Statements and comments

1.2.10. The President of the Council, Mr Craxi, and the President of the Commission,

Mr Delors, held a joint press conference after the meeting.

Mr Craxi pointed out that the IMPs agreement had been reached on the basis of an outline and a method proposed by the Commission, and this had enabled Greece to withdraw its reservations on own resources and enlargement. The Community was now planning to expedite all the measures needed to bring about the signature of the agreements and their ratification by national parliaments. Regarding the final report of the Dooge Committee, Mr Craxi stated that the European Council had decided to ask the Presidency to take the matter further by means of bilateral consultations to find areas of agreement which would make it possible to settle contentious issues and to prepare the broad discussion which would be held in Milan on institutional reform. Thereafter the appropriate decisions would be taken.

Mr Craxi referred again to the critical situation in the countries affected by drought and famine. He emphasized what had already been done but also stressed the remaining obstacles which justified the public demand for assurances that the aid was reaching its destination and was being used as intended.

Mr Delors said that the Council Presidency still faced a very difficult problem, the institutional aspect, and he promised the Commission's support in the bilateral contacts. He felt that the solution adopted had been 'wise' in view of the Dooge Committee's conclusions and in the light of the differences which existed. He added that, as convinced Europeans, they hoped that it would be possible to hold a full day's clear and fruitful discussion to choose the options which would enable the Community to go beyond the Treaty of Rome and in particular to improve and accelerate its decision-making process; this was essential if the Community was to be able to face present-day challenges.

Mr Delors emphasized what he considered to be the most important point: the European Council had considered the report on

technology and competitiveness and had encouraged the Commission to continue its work in this area, requiring it to report to every European Council on progress in this field. The new technologies, said Mr Delors, were also a new frontier for Europe and its young people.

Concerning the economic situation of the Community, Mr Delors said that, although differences of interpretation remained, there were several points of agreement which should be dwelt on at greater length; the Community had decided to speak with a single voice on international financial, monetary and trade issues and to play its part in counteracting world instability and improving North-South relations not only within Europe but also worldwide.

Mr Delors added: 'It is true that on economic policy differences remain. We have been unable to reach a general agreement on how to use the room for manoeuvre enjoyed by some countries, or on an infrastructure programme; but the door has not been closed, and on other points we have obtained absolute agreement between the Ten to go further'. He concluded: 'The Brussels European Council has opened the door to the future'.

Mr François Mitterrand pointed out that the real objective of this European Council was enlargement and this had been achieved as a result of the elimination of the only remaining obstacle, that of the IMPs. France was satisfied because it had always taken a strong line in favour of enlargement and had worked to make it possible. In Milan would be decided the future identity of Europe. With a 12-nation Europe there would be an imperative need for more solidly structured institutions to enable the Community to take decisions.

Chancellor Kohl stressed the importance attached by Germany to the conclusions on the environment and observed that the decisions on the new technology represented a major contribution to the efforts which were so important in the race against the United States and Japan.

Mrs Thatcher expressed satisfaction with several of the results of the European Council: enlargement, IMPs (which would cost the United Kingdom less than UKL 10 million a year) and above all own resources. The decision on this last point was vital for the United Kingdom, since it would enable it to receive its budgetary compensation before the end of the year.

Mr Tindemans's general assessment differed in some respects from that of other participants. On the procedure for following up the Dooge Committee report, he said that he very much regretted the decision to terminate the work of the Spaak II Committee. The Council Presidency was now taking on a grave historical responsibility, since it was the Presidency which would have to pave the way for subsequent action by means of bilateral contacts. Mr Tindemans felt it would be necessary to reopen the subject of the new technologies in Milan, as the European Council had not taken up all the Commission proposals; more particularly, a figure had not been put on the increase in Community resources to be devoted to research, because there had been no agreement! Lastly, in the case of economic policy, agreement had been reached on the objectives but not on the means of implementing them.

Dr FitzGerald put forward two points of interest to Ireland: in the case of the IMPs, there was a clause to the effect that the redistribution of the structural Fund appropriations in favour of the Mediterranean areas would not affect the other less-prosperous countries of the Community. As regards a people's Europe, Ireland would be able to obtain derogations in the matter of increasing duty-free allowances for travellers.

The Greek Prime Minister, Mr Papandreou, was unavailable for comment in Brussels: constitutional commitments in Greece had obliged him to leave the European Council before the end.

March Council meetings

1.2.11. At the same time as the Community's budget dispute was being settled, important results were being achieved in the Council. On 11 and 12 March the Council reached a general decision on changes to the agricultural structures policy; on 20 March a policy agreement was reached by Environment Ministers on the Commission's most recent proposals on motor vehicle pollution, including a timetable for the introduction of 'clean cars'. The Industry Ministers succeeded on 26 and 27 March in finding a solution to the urgent and serious problem raised by the implementation of the aids code in the steel sector.

Finally, on 19 March, the first-ever Council meeting of Ministers for Foreign Trade adopted a statement in favour of a new round of trade negotiations in GATT.¹

The decisions taken enabled problems which had been outstanding for many months to be settled. In particular, the decision on the adjustment of farm structures brings to an end 18 months of negotiation and fills a legal hiatus dating back to the end of last year. Moreover, several of these decisions pave the way for new progress to be made: by adopting a statement on a new round of multilateral trade negotiations, the Community is declaring its willingness to take part; for the Council of Agriculture Ministers, now that a settlement has been found to the problems concerning changes in the system of milk quotas, the wine market, new structural policy rules, and the allocations for the EAGGF Guidance Section for the next five years, the way is open for the coming year's price review; finally, the framework created by the agreement on 'clean cars' enables work to go ahead on defining emission standards.

¹ For details of these various decisions, see points 2.1.111, 2.1.70, 2.1.22 and 2.2.12.

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E.C. SUMMIT LEADERS DISCUSS ENLARGEMENT, ECONOMIC ISSUES

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

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

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

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

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

The summit communiqué follows:

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

ENLARGEMENT

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

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

THE ECONOMIC AND SOCIAL SITUATION

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

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

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

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

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

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Community level, particularly with regard to administrative simplification;

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

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

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

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

STRENGTHENING THE TECHNOLOGICAL BASE AND COMPETITIVENESS OF COMMUNITY INDUSTRY

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

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

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

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

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

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

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

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

ENVIRONMENT

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

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

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

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