

**THE EUROPEAN COUNCIL**

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*Conclusions*

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*European Council in Brussels*

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## Session of the European Council

Brussels, 29 and 30 March 1982

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### Conclusions

#### Preamble

1. The European Council commemorated the 25th anniversary of the signing of the Treaty of Rome, recalling the importance of the contribution made by the European Community over a quarter of a century to the achievement of the objectives of economic and social progress in the member countries. It emphasized the importance of the progress made towards union despite the world-wide economic difficulties of the last decade.

The European Council confirmed its intention of continuing along the road towards greater economic integration.

2. The European Council devoted most of its meeting to discussing the economic and social situation on the basis of the report from the Commission.

The world economy was in a state of major structural crisis which was affecting every country. This crisis could be overcome only if all governments took the necessary measures with the support of all economic and social circles.

Although the specific characteristics of the situation in each Member State might call for varying policies and solutions to combat the economic crisis, all the Community countries were faced with the same risks and had the same interest in combating unemployment and restoring economic growth while preserving monetary stability and ensuring the competitiveness of their economies.

3. The European Council noted signs of an improvement in the short-term for 1982. However, a slight recovery was insufficient to arrest the growth of unemployment, the high level of which, more particularly among young people, was creating an intolerable situation; moreover, that recovery could not on its own resolve the Community's fundamental structural problems, in particular an excessively high average rate of inflation, insufficient productive investment and a degree of energy dependence which was still too great.

The European Council considered a series of practical complementary measures to be necessary.

## Policies within the Community

4. The Council emphasized the need for a coordinated policy to promote investment and to combat unemployment.

Such concerted action should be accompanied by intensified efforts to control the evolution of all production costs. Stress should be laid more on private and public productive investment. It was essential in this connection that both sides of industry contribute to the achievement of those objectives.

5. As regards investment, the European Council expressed its concern at the level of productive investment in Europe, especially in the industries of the future, which was still too low in relation to its GDP. It therefore agreed on the need for the Community and each Member State to take, as from this year, each as far as it was individually concerned, all appropriate steps or initiatives to reverse this trend.

In this connection, it confirmed the importance it attributed to the lowering of interest rates and the strengthening of the Community lending instruments for the benefit of investment, particularly in the fields of energy and industrial and agri-foodstuffs development.

The European Council requested the Commission to make any proposals it deemed useful and the Council to adopt the means and procedures for attaining these objectives.

A first report on the practical measures taken on the basis of these guidelines would be drawn up for the European Council meeting in June.

6. The European Council stressed the importance of maintaining and developing the Community's internal market, which, also as a consequence of a more active external policy, gave it a continental dimension comparable to that of any of the main economic units of the world. That dimension made it possible to develop Community industrial strategies and formulate a technology and innovation policy.

The services sector was felt to be of particular importance in this connection.

The industrial, energy and research policies and the agricultural policy were amongst those where the Community dimension could make the greatest contribution.

The European Council asked the Council, in all its compositions, to reinforce those policies on the basis of Commission proposals.

A report on the follow-up to these guidelines would be drawn up for the meeting of the European Council at the end of the year.

7. As regards employment, the Council recognized that, in addition to increased efforts to foster productive investment and control production costs, the gravity of the unemployment situation called for specific quick-acting measures.

In order to contribute to the progressive definition of a European social policy, the Member States would take measures concerning more particularly the vocational training of young people.

As a first step, the Member States would strive to ensure over the next five years that all young persons entering the labour market for the first time would receive vocational training or initial work experience within the framework of special youth schemes or contracts of employment; the Council was requested to report back to the European Council at its meeting at the end of the year on the decisions and measures adopted to this end, both by the Member States and at Community level. For this purpose a special meeting of the Council would study the specific measures to be taken to promote employment. The Member States would consult each other on their national measures for the adaptation of working time.

8. The European Council noted that the European Monetary System had operated satisfactorily in its first three years. Action should now be taken to give fresh momentum to the system by strengthening economic convergence, the EMS mechanisms, the role of the ECU and monetary cooperation between the Community and third countries. It asked the Council (Economic and Financial Affairs) to report back.

## International economic policy

9. The European Council looked to the Versailles summit at the beginning of June to institute increased cooperation between the major industrial partners, aimed particularly at encouraging a reduction in interest rates, making exchange rates less volatile and strengthening North-South relations. This cooperation must be based on a joint definition of the obligations incumbent upon each party. The Community was ready to make its contribution to such cooperation and would submit proposals on the matter.
10. The persistence of high real interest rates on the international financial markets, combined with the inadequacy of economic activity and the low level of overall demand, was leading to a significant reduction in productive investment and a further worsening of unemployment since, because of the considerable squeeze on their liquidity and profits, undertakings were reducing their investments and staffing levels. This development was particularly disturbing at a time when the adjustment of industrial structures, following the oil price rises and the need to deal with unemployment, called for an increase in the part played by investment in overall demand.

High interest rates also greatly increased the cost of servicing the public debt in many industrialized countries and developing countries.

11. Fluctuations in exchange rates not justified by the basic facts of the economy added a further element of uncertainty and were affecting international trade.

The coordination of the major industrial countries' exchange-market policies in order to avoid uncontrolled fluctuations in price levels continued to be a matter of urgency.

12. The Community urged Japan to open its market and integrate it more fully into international trade. Japan should follow an economic, commercial and exchange policy which was more compatible with the balance of responsibilities to be borne by the whole of the industrialized world, thereby contributing to economic recovery.
13. The Council intended to persevere in a policy of active cooperation for the benefit of the developing countries and would like to see the North-South dialogue resumed without delay. The European Council pointed out that the countries of Eastern Europe also had responsibilities in this context.

## Conclusions

14. The European Council stressed that the economic recovery of European countries depended on internal action and external factors which the Community should contribute to controlling more effectively within the framework of increased and better-organized international cooperation. To this end, the strengthening of European unity by greater convergence of economic policies within the Community and better coordination of economic recovery measures would be likely to strengthen the Community's international role.

At its meeting at the end of the year, the European Council would undertake an initial review of the implementation of the measures which it had just decided on and would work out new guidelines.

## Mandate of 30 May

The European Council heard a report from Mr Tindemans on the progress of the work of the Council (Ministers for Foreign Affairs) on the mandate.

The European Council asked the Council of Ministers (Foreign Affairs) to do all in their power to enable decisions to be taken as soon as possible.

## Memorandum from the Greek Government

The European Council noted a statement by the Greek Prime Minister. The Commission would make a study of the memorandum submitted by the Greek Government and would report back to the Council.

## Transatlantic relations

The European Council discussed the state of transatlantic relations.

It emphasized the importance which it attaches to the links of the Ten with the United States and its willingness to develop further consultations between Europeans and Americans.

It valued the statement made by President Reagan on the occasion of the 25th anniversary of the Treaties of Rome, in which the United States confirmed its wish to cooperate closely and on the basis of partnership with a united Europe and in accordance with Europe's economic and political importance, and its role in the world.

## East-West relations

1. The Heads of State and of Government noted that the situation in Poland continued to place a strain on East-West relations, and thus to affect the relations of the Ten with Poland and the USSR, which bore a clear responsibility in this situation.

The Ten recalled their earlier statements on the grave consequences of the present situation in Poland for security and cooperation in Europe, and for East-West relations as a whole. They renewed their call to the Polish authorities with the minimum delay to end the State of martial law, release those arrested and resume a genuine dialogue with the Church and Solidarity.

The Ten also noted with concern the recent statements of the Polish authorities on the possibility of the departure of detainees from the country. The Ten rejected any attempt to place pressure on those concerned. They would interpret such a policy as a further deterioration of the situation in Poland, and a grave breach of fundamental human rights.

(The Greek delegation has reserved its position on the section of the first sentence which indicates that the Polish situation affects the relations of the Ten with the USSR.)

2. The Heads of State and of Government reviewed the state of economic relations between their own countries and those of Eastern Europe, particularly in the light of the significant role played by Community trade with these countries.

They recognized the role which economic and commercial contacts and cooperation have played in the stabilization and the development of East-West relations as a whole and which they wish to see continued on the basis of a genuine mutual interest. They discussed the basis on which East-West economic and commercial relations had been conducted.

The Heads of State and of Government agreed that these questions, including the important and related question of credit policy, should be the subject of careful study by the European Community and by their own and other governments, both nationally and internationally and in close consultation with other members of the OECD.

(The Greek delegation has reserved its position on the section of this text beginning 'They discussed...' and ending '... other members of the OECD'.)

3. The European Council regretted that violations of the principles of the Helsinki Final Act, of which the repression in Poland constitutes a particularly grave element, had not only prevented the Madrid meeting from achieving positive results, but also put at risk the entire CSCE process.

It noted that the adjournment of the Madrid meeting was necessary to preserve the CSCE process, to which the Ten remained fully committed. The objective remained the adoption of a substantial and balanced final document.

The Ten expressed the hope that, when the Madrid meeting resumed in November, the prevailing circumstances would be more conducive to the achievement of a positive outcome.

## Afghanistan

With the recent International Day of Afghanistan in mind, the European Council considers it right to draw particular attention to the tragic situation of that country, now in its third year of military occupation. The Soviet expeditionary force has recently been strengthened; repression of the civilian population continues without respite; and every day adds to the total of refugees, who already number some three million, or one in five of the population.

In the view of the European Council, it is more necessary than ever to hasten the search for a political solution to the Afghanistan problem. This can only be on the basis of the complete withdrawal of the Soviet troops and respect for the independence, sovereignty and non-alignment of Afghanistan. The Council strongly reaffirms the position taken by the European Councils of Luxembourg and London, and the desire of the Ten to contribute up to the limit of their powers to an acceptable settlement. It denounces the negative attitude of the Soviet Union in rejecting successively the proposals made by the Ten, the Non-Aligned Movement, the Islamic Conference and the General Assembly of the United Nations.

The Council welcomes the nomination by the Secretary-General of the United Nations of a personal representative for the Afghan question, and hopes that this initiative will contribute to a solution in accordance with the principles of the resolutions adopted by the General Assembly.

## Middle East

The European Council discussed developments in the Middle East.

Deeply concerned by the grave events taking place in the West Bank, the European Council appealed urgently for an end to the dangerous cycle of violence and repression. It particularly denounced measures imposed on the Palestinian population such as the dismissal of democratically-elected mayors by the Israeli authorities, as well as the violations of the liberties and rights of the inhabitants of these territories which followed the measures taken by Israel with regard to the Golan Heights, and which could only damage the prospects for peace.

Concerned at the continuing clashes in the Lebanon, the European Council urged all the parties involved to renounce the use of force and to assure conditions for the respect of the full sovereignty and territorial integrity of the country.

It furthermore reaffirmed the wish of the Ten, expressed on many occasions, to contribute to the achievement of a just and lasting peace in the Middle East.

The participation of four Member States of the European Community in the Multinational Force and Observers in Sinai (MFO) was a positive contribution in the context of the forthcoming completion, on 25 April, of the Israeli withdrawal from Sinai.

## Central America

The European Council discussed the situation in Central America. It expressed serious concern at the continued growth of tensions in the region. It welcomed with interest any initiative likely to put an end to violence and lead, through dialogue and respect for democratic norms and for human rights, to the restoration of peace in the region, while safeguarding national sovereignty and the wishes of the people. In this context it noted with interest the proposals made by a number of countries in the region.

Noting that the tensions and conflicts ravaging Central America frequently stemmed from the grave economic problems and social inequalities which had been aggravated by world economic conditions to the detriment of the poorest countries, the European Council believed that the international community could not remain indifferent to these evils. It welcomed the efforts currently being exerted to remedy them, and particularly hopes that the initiative of the Nassau group will contribute to this in accordance with the principles set out above.

The Community and its Member States too had, in the past, provided substantial assistance to the region.

The European Council however agreed that the aid given by the Member States of the Community and by the Community itself for development in Central America and the Caribbean should be coordinated and increased within the limits of their possibilities.

The European Council instructed the Foreign Ministers to work out detailed arrangements for the provision of Community aid on the basis of proposals by the Commission.

## Turkey

The European Council heard the report of the President of the Council of Ministers, Mr Leo Tindemans, on the execution of the mandate given to him by the Ten on 23 February.

It expressed its appreciation for the way in which this task had been carried out.

Mr Leo Tindemans had impressed upon the Turkish Government the serious concern of the Ten with regard to human rights in Turkey, and had emphasized the need for that country to return as soon as possible to a democratic regime, which presupposes in particular the release of those arrested for their views or for trade union activities, and the ending of martial law.

His interlocutors had assured him of the country's return to democracy within two years at the most. According to their declarations the referendum on the approval of a democratic constitution would take place in November 1982 and the general elections in autumn 1983 or, at the latest, in spring 1984.

The European Council trusts that Mr Leo Tindeman's visit will prove to have contributed to the achievement of its objectives, to which the Ten attach essential importance.

### 3. European Council in Brussels

1.3.1. The European Council met in Brussels on 29 and 30 March with Mr Wilfried Martens, Prime Minister of Belgium and President of the Council, in the chair. Mr Thorn and Mr Ortoli represented the Commission.

Before the meeting, a ceremony was held to commemorate the 25th anniversary of the signing of the Treaties of Rome. After the ceremony, which took place in the Palais des Académies in the presence of His Majesty King Baudouin,<sup>1</sup> the Foreign Ministers signed the Treaty establishing the European Foundation, which is to be based in Paris.<sup>2</sup>

1.3.2. As usual, much of this first European Council of the year was devoted to discussion of the economic and social situation and preparations for the Western Summit that is to take place at Versailles from 4 to 6 June.

In an introductory statement the President of the Commission pointed to three particularly worrying features of the economic situation—the widening divergence of national economic trends, the growth of unemployment and the failure to invest—and suggested a number of measures at national and Community level to combat the recession.<sup>3</sup> Also on the agenda were Community-US relations and a memorandum from the Greek Government on its relations with the Community.<sup>4</sup>

1.3.3. The European Council referred only briefly to outstanding issues in connection with work on the May mandate, since on 23 March the Council (foreign affairs) had studied the compromise proposals put forward by the President of the Council and the President of the Commission and agreed to discuss them further at a meeting originally scheduled for 3 April but then postponed.<sup>5</sup>

1.3.4. The 10 Heads of State or Government reviewed all the major international issues, and expressed concern about developments in East-West relations, Afghanistan, the Middle East, Latin America and Turkey.

#### Community issues: the Presidency's conclusions

1.3.5. At the end of the European Council the Presidency issued the following statement on policies within the Community, international economic policy, the May mandate and the Greek Government's memorandum.

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3. The European Council noted signs of an improvement in the short term for 1982. However, a slight recovery was insufficient to arrest the growth of unemployment, the high level of which, more particularly among young people, was creating an intolerable situation; moreover, that

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<sup>1</sup> Points 1.1.1 to 1.1.7.

<sup>2</sup> Points 1.2.1 to 1.2.3.

<sup>3</sup> Point 2.1.38.

<sup>4</sup> Point 3.4.1.

<sup>5</sup> Point 2.1.1.

