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FRAME GENERAL

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TO IMMEDIATE FCO

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INFO IMMEDIATE UKREP BRUSSELS BRUSSELS COPENHAGEN THE HAGUE ROME

DUBLIN PARIS BONN

INFO SAVING LUXEMBOURG.

FOLLOWING FROM UKREP BRUSSELS

EUROPEAN COUNCIL, LUXEMBOURG, 27-28 APRIL 1980

1. FOLLOWING IS TEXT OF PRESIDENCY CONCLUSIONS ISSUED AT THE END OF THE LONGEST EUROPEAN COUNCIL YET. IT CONTAINS NOTHING ON CONVERGENCE:

ECONOMIC AND SOCIAL SITUATION

PROSPECTS FOR THE COMMUNITY ECONOMY

THE EUROPEAN COUNCIL CONSIDERED DEVELOPMENTS IN THE COMMUNITY COUNTRIES' ECONOMIES AND DISCUSSED THEIR PROSPECTS FOR 1980, PAYING PARTICULAR ATTENTION TO THE IMPACT WHICH THE DESTABILIZING EFFECTS OF THE SHARP INCREASE IN OIL COSTS WOULD CONTINUE TO HAVE ON GROWTH AND EMPLOYMENT, ON INFLATION AND ON THE BALANCE OF PAYMENTS.

THE STRUGGLE AGAINST INFLATION AND THE CORRECTION OF EXTERNAL IMBALANCES CONTINUE TO BE BASIC PRIORITIES. THIS STRUGGLE CALLS FOR VIGOROUS MONETARY AND BUDGETARY POLICIES AND PRICE AND INCOME TRENDS CONSISTENT WITH SUCH POLICIES.

EFFORTS WILL ALSO HAVE TO BE MADE TO ENSURE THAT THE GROWTH RATE REMAINS AS HIGH AS POSSIBLE WHILE STILL BEING COMPATIBLE WITH THE FUNDAMENTAL OBJECTIVE STATED, IN ORDER TO ALLOW THE INVESTMENT NECESSARY FOR THE PROCESS OF ADJUSTMENT AND RESTRUCTURING OF PRODUCTION CAPACITY.

THE EUROPEAN COUNCIL ASKED THE COUNCIL (ECONOMIC AND FINANCIAL QUESTIONS) AND THE COMMITTEE OF GOVERNORS TO MAINTAIN CLOSE CO-ORDINATION OF INTEREST-RATE POLICIES IN ORDER TO BRING INTEREST RATES DOWN FROM THEIR PRESENT VERY HIGH LEVELS ONCE CIRCUMSTANCES PERMIT.

/ THE COUNCIL

THE COUNCIL PAID PARTICULAR ATTENTION TO THE GROWING DEFICIT IN THE DEVELOPING COUNTRIES' EXTERNAL ACCOUNTS, THE EXTENT OF THE PETROLEUM-PRODUCING COUNTRIES' SURPLUSES, THE VOLUME OF INTERNATIONAL LIQUIDITY AND THE EFFECTS WHICH THESE FACTORS IN COMBINATION MIGHT HAVE ON THE STABILITY OF THE INTERNATIONAL ECONOMIC AND FINANCIAL SYSTEM AND ON TRADE. THE COUNCIL TOOK THE VIEW THAT TO DEAL WITH THESE PROBLEMS IT WOULD BE NECESSARY TO STEP UP CO-OPERATION IN APPROPRIATE FORMS BETWEEN STATES AND WITH THE RELEVANT INTERNATIONAL INSTITUTIONS. IT INVITED THE COUNCIL (ECONOMIC AND FINANCIAL QUESTIONS) TO GIVE PARTICULAR ATTENTION TO THESE PROBLEMS.

WITH REGARD TO EMPLOYMENT, THE COUNCIL AGREED THAT THE REDUCTION OF INFLATION WAS AN IMPORTANT MEANS OF COMBATTING UNEMPLOYMENT BUT THAT EFFORTS WITHIN THE COMMUNITY TO REDUCE STRUCTURAL UNEMPLOYMENT SHOULD BE STEPPED UP AND BETTER CO-ORDINATED, TAKING INTO ACCOUNT THE PROPOSALS WHICH THE EUROPEAN COUNCIL HAD AT ITS PREVIOUS MEETING ASKED THE COMMISSION TO SUBMIT.

#### EUROPEAN MONETARY SYSTEM.

THE EUROPEAN COUNCIL EXAMINED DEVELOPMENTS ON THE EXCHANGE MARKET IN THE FIRST YEAR OF OPERATION OF THE EMS AND NOTED WITH SATISFACTION THE SYSTEM'S RESILIENCE. IT OBSERVED THAT DESPITE SEVERE ECONOMIC AND MONETARY DISRUPTION RESULTING IN A GENERAL RISE IN INTEREST RATES, AN INCREASE IN THE AVERAGE RATE OF INFLATION IN THE COMMUNITY AND A WIDENING GAP BETWEEN THE INFLATION RATES OF INDIVIDUAL MEMBER STATES, ACCOMPANIED BY RENEWED IMBALANCES IN INTERNATIONAL PAYMENTS, THE CURRENCIES PARTICIPATING IN THE SYSTEM HAD PROVED TO HAVE A GREATER DEGREE OF COHESION THAN AT ANY TIME SINCE 1972.

THE EUROPEAN COUNCIL POINTED OUT THAT A REDUCTION IN ECONOMIC DISPARITIES AND THE STRENGTHENING OF THE WEAKER ECONOMIES WERE PREREQUISITES FOR THE DEVELOPMENT OF THE EUROPEAN MONETARY SYSTEM.

IT REAFFIRMED THE IMPORTANCE IT ATTACHED TO PROGRESS REGARDING CO-ORDINATION OF MEMBER STATES' ECONOMIC POLICIES. IT THEREFORE ASKED THE RELEVANT INSTITUTIONS TO LOOK INTO MEANS OF REDUCING ECONOMIC DISPARITIES, PARTICULARLY AS REGARDS INFLATION.

THE EUROPEAN COUNCIL TOOK NOTE OF THE PROGRESS OF STUDIES CONCERNING TRANSITION TO THE SECOND STAGE OF THE SYSTEM, CONFIRMED ITS RESOLVE TO SEE THE COMMUNITY PROGRESS TOWARDS THE OBJECTIVE OF MONETARY INTEGRATION AND INVITED THE RELEVANT COMMUNITY BODIES TO PRESS AHEAD WITH WORK IN ORDER TO MOVE ON TO THE INSTITUTIONAL STAGE, INVOLVING DEFINITION OF THE ECU'S ROLE AND THE CREATION OF THE EUROPEAN MONETARY FUND.

#### ENERGY

1. THE EUROPEAN COUNCIL NOTES THAT THE PROGRESSIVE DETERIORATION OF THE OIL MARKET, THE UNCERTAINTY OF SUPPLIES AND THE HIGH PRICES OF CRUDE OIL ARE CAUSING INCREASING DIFFICULTIES FOR THE ECONOMIES OF ALL THE OIL-CONSUMING COUNTRIES.
2. THE EUROPEAN COUNCIL CONSIDERS THAT THE COMMUNITY SHOULD CLOSELY CO-ORDINATE ITS RESPONSE TO THE IMMEDIATE PROBLEMS OF OIL SUPPLIES AND INVITES THE COUNCIL AND THE ENERGY MINISTERS TO CONSIDER WHAT FURTHER ACTION IS REQUIRED TAKING INTO ACCOUNT THE UNDERTAKINGS GIVEN BY THE MEMBER STATES IN THE FRAMEWORK OF THE AGREEMENTS ON SUPPLIES IN THE EVENT OF A CRISIS, AND WITH SPECIAL REFERENCE TO THE POSSIBILITY OF INCREASING INDIGENOUS PRODUCTION OF HYDROCARBONS.
3. IN THE LONGER TERM, THE COMMUNITY AND THE MEMBER STATES MUST PRESS AHEAD WITH ACTION TO REDUCE THE COMMUNITY'S DEPENDENCE ON OIL IMPORTS, MAKING THE MOST OF THE COMMUNITY'S OWN ENERGY RESOURCES AND TAKING FURTHER STEPS TO DEVELOP A CO-ORDINATED POLICY ON THE CONSERVATION AND RATIONAL USE OF ENERGY.
4. THE COMMISSION URGED MEMBER STATES TO INCREASE THEIR EFFORTS TO DEVELOP NUCLEAR PROGRAMMES.
5. THE EUROPEAN COUNCIL CONSIDERS IT ESSENTIAL THAT THE COMMUNITY PURSUE A POLICY OF STRUCTURAL CHANGES DIRECTED TOWARDS GREATER USE OF ALTERNATIVE SOURCES OF ENERGY. AGREEMENT ON A STRATEGY FOR 1990 IS OF THE UTMOST IMPORTANCE IN THIS CONNECTION.

THE EUROPEAN COUNCIL REAFFIRMED ITS INTENTION OF MAKING APPRECIABLE PROGRESS ALONG THIS PATH AT ITS NEXT MEETING IN VENICE.

6. THE EUROPEAN COUNCIL ACCORDINGLY INVITED THE COUNCIL OF ENERGY MINISTERS TO REVIEW THE ENERGY PROGRAMMES OF THE MEMBER STATES SO AS TO ENSURE CO-ORDINATED ATTAINMENT OF THE FOLLOWING OBJECTIVES:

- (A) THE REPLACEMENT OF OIL BY ALTERNATIVE SOURCES, AND ESPECIALLY BY COAL AND NUCLEAR ENERGY, SHOULD OVER THE DECADE BRING ABOUT A PROGRESSIVE REDUCTION IN THE PROPORTION OF THE COMMUNITY'S ENERGY BALANCE REPRESENTED BY OIL:
- (B) THROUGH ENERGY-SAVING AND THE RATIONAL USE OF ENERGY, THE AIMS OF ECONOMIC DEVELOPMENT SHOULD BE ACHIEVED WITH AS LITTLE RELIANCE AS POSSIBLE ON A CONTINUED INCREASE IN ENERGY CONSUMPTION:
- (C) THE USE OF OIL BY INDUSTRY, AND PARTICULARLY IN ELECTRICITY GENERATION, MUST BE REDUCED.

7. THESE STRUCTURAL CHANGES COULD BE SPEEDED UP BY SUPPORT AT COMMUNITY LEVEL, FOR A SET PERIOD AND SUBJECT TO THE FINANCIAL CONSTRAINTS WHICH THE COMMUNITY SETS ITSELF. THE EUROPEAN COUNCIL INVITED THE COUNCIL OF MINISTERS TO CONSIDER AS A MATTER OF URGENCY THE STEPS PROPOSED BY THE COMMISSION TO STIMULATE THE DEVELOPMENT OF A COHERENT ENERGY POLICY WITHIN THE COMMUNITY.

8. THE EUROPEAN COUNCIL AFFIRMED ITS CONVICTION THAT MODERATION IN OIL PRICE INCREASES IS ESSENTIAL FOR THE ECONOMIC EQUILIBRIUM OF THE WORLD.

IT REITERATED THE IMPORTANCE OF INTERNATIONAL CO-OPERATION ON ENERGY MATTERS. THE COMMUNITY IS OPEN TO ANY CONSTRUCTIVE DIALOGUE WITH THE OIL-PRODUCING COUNTRIES. IT IS ALSO READY TO CONTINUE TO PLAY ITS OWN IMPORTANT PART IN HELPING TO SOLVE THE PROBLEMS SUFFERED BY THE DEVELOPING COUNTRIES AS A RESULT OF ENERGY SHORTAGES.

#### FISHERIES.

THE EUROPEAN COUNCIL - WHILE NOTING THAT AN AGREEMENT EXISTED ON THE NEED FOR ADOPTION AS SWIFTLY AS POSSIBLE OF THE DECISIONS NECESSARY FOR THE INTRODUCTION OF A COMMON FISHERIES POLICY TOGETHER WITH ANUMBER OF BASIC FEATURES OF SUCH A POLICY - FOUND THAT THERE WAS STILL DISAGREEMENT ON THE QUESTIONS CONCERNING THE PRINCIPLE OF EQUAL ACCESS.

IT AGREED THAT THE EXAMINATION OF THIS MATTER WOULD BE RESUMED BY THE COUNCIL COMPOSED OF MINISTERS FOR FISHERIES.

## AGRICULTURE.

THE EUROPEAN COUNCIL EXAMINED THE CONCLUSIONS WHICH THE AGRICULTURE COUNCIL AT ITS MEETING ON 27 AND 28 APRIL 1980, REACHED WITH REGARD TO THE POINTS WHICH ARE TO FORM THE BASIS OF THE DECISIONS TO BE TAKEN ON AGRICULTURAL PRICES AND RELATED MEASURES FOR THE 1980/1981 MARKETING YEAR.

IT BECAME APPARENT THAT OPINIONS DIFFERED ON THIS SUBJECT AND THE COUNCIL THEREFORE AGREED THAT THE COMMENTS MADE BY THE VARIOUS DELEGATIONS, AND THE POINTS OF AGREEMENT AND DISAGREEMENT, WOULD BE COMMUNICATED TO THE AGRICULTURE COUNCIL WHICH WOULD RESUME ITS EXAMINATION OF ALL THESE MATTERS AT ITS NEXT FORMAL MEETING WITH THE AIM OF REACHING AN AGREEMENT AS SOON AS POSSIBLE.

## SHEEPMEAT.

THE EUROPEAN COUNCIL TOOK NOTE OF THE DISCUSSIONS OF THE AGRICULTURE COUNCIL ON THIS TOPIC. DIFFERENCES OF OPINION BECAME APPARENT AND THE COUNCIL ACCORDINGLY AGREED THAT DELEGATIONS' COMMENTS WOULD BE COMMUNICATED TO THE AGRICULTURE COUNCIL AND THAT THE LATTER WOULD RESUME ITS EXAMINATION OF THE WHOLE MATTER AT ITS NEXT MEETING WITH THE AIM OF REACHING AN AGREEMENT AS SOON AS POSSIBLE.

## REPORT FROM THE COMMITTEE OF THREE

THE EUROPEAN COUNCIL TOOK NOTE OF THE WORK DONE TO DATE BY THE MINISTERS FOR FOREIGN AFFAIRS CONCERNING THE REPORT ON THE ADJUSTMENTS TO THE MACHINERY AND PROCEDURES OF THE COMMUNITY'S INSTITUTIONS PREPARED BY THE COMMITTEE OF THREE PURSUANT TO THE MANDATE HANDED DOWN BY THE EUROPEAN COUNCIL HELD IN BRUSSELS IN DECEMBER 1978.

THE EUROPEAN COUNCIL DWELT PARTICULARLY ON THE PROPOSALS PUT FORWARD BY THE THREE WISE MEN CONCERNING THE COMPOSITION OF THE COMMISSION AND THE PROCEDURE FOR CHOOSING ITS PRESIDENT.

THE EUROPEAN COUNCIL AGREED THAT THE CHOICE OF THE PRESIDENT OF THE COMMISSION SHOULD CONTINUE TO BE THE RESPONSIBILITY OF THE EUROPEAN COUNCIL AND BE MADE AT LEAST SIX MONTHS BEFORE HIS TERM OF OFFICE BEGINS.

GREECE WILL BE ASSOCIATED WITH THIS PROCEDURE.

THE EUROPEAN COUNCIL INVITED THE MINISTERS FOR FOREIGN AFFAIRS TO CONCLUDE EXAMINATION OF THE REPORT FROM THE COMMITTEE OF THREE IN GOOD TIME FOR THE NEXT MEETING OF THE EUROPEAN COUNCIL.

BRANDT REPORT - NORTH-SOUTH DIALOGUE

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THE EUROPEAN COUNCIL TOOK NOTE OF THE BRANDT COMMISSION'S REPORT ON RELATIONS BETWEEN INDUSTRIALIZED AND DEVELOPING COUNTRIES AND EXPRESSED ITS APPRECIATION OF THE CONTRIBUTION WHICH IT HAD MADE IN TERMS OF BOTH ANALYSIS AND PROPOSALS.

THE EUROPEAN COUNCIL NOTED THAT THE POSITION WORKED OUT BY THE EUROPEAN COMMUNITY AT THE PREPARATORY PHASE OF THE OVERALL NEGOTIATIONS WITHIN THE UNITED NATIONS WAS VERY MUCH IN LINE WITH SOME OF THE PROPOSALS CONTAINED IN THE BRANDT REPORT.

IT IS THE COUNCIL'S VIEW THAT THIS REPORT MIGHT USEFULLY BE TAKEN INTO CONSIDERATION IN THE DRAFTING OF THE EUROPEAN POSITION IN THE CONTEXT OF NORTH-SOUTH RELATIONS.

MEASURES TO COMBAT POLLUTION

THE EUROPEAN COUNCIL, HAVING HEARD A STATEMENT BY THE FRENCH DELEGATION PRESENTING A MEMORANDUM FROM THE FRENCH GOVERNMENT ON THE SAFETY OF SHIPPING AND MEASURES TO COMBAT POLLUTION FROM HYDROCARBONS TRANSPORTED BY SEA, IN PARTICULAR IN THE ENGLISH CHANNEL, AND BEARING IN MIND THE MEASURES ALREADY TAKEN IN THE AREA OF PREVENTION AND CONTROL OF MARINE POLLUTION SINCE ITS MEETINGS IN COPENHAGEN ON 7 AND 8 APRIL 1978 AND IN BREMEN ON 6 AND 7 JULY 1978, TOOK NOTE OF THE MEMORANDUM AND ASKED THE COMMUNITY INSTITUTIONS TO STUDY IT.

CONSCIOUS OF THE NEED TO SEEK CONSTANT IMPROVEMENT IN THE QUALITY OF LIFE AND HENCE THE ENVIRONMENT BY APPROPRIATE MEASURES, THE COUNCIL STRESSES THE IMPORTANCE OF UNDERTAKING CONCRETE ACTION TO CLEAN UP THE WATERS OF THE RHINE.

FCO ADVANCE TO:-

FCO - PS/S OF S, PS/LPS, PS/PUS, BRIDGES, HANNAY, FITZHERBERT,  
SPRECKLEY

CAB - FRANKLIN, ELLIOTT, WILLIAMS

MAFF - PS/MR WALKER, HAYES

TSY - COUZENS

D/EN - JONES

THOMAS

FRAME GENERAL

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[ADVANCED AS REQUESTED]