

Cymnich ^{A - 2}
Timmeter

4 issues write on them
urgently so that decisions
can be taken as soon as

DRAFT FINAL SUMMING UP

Foreign Ministers
to make recommendations
to the 1 body.

possible and no later than the
next European Council.

We cannot conclude today but I think we are very close to agreement on what we might agree about.

The agreement that we might reach depends on each of us being certain that the components will be implemented in parallel. Today we have not got beyond principles on any of the components. When it comes to translating the principles into action, we must be sure that each will be made effective in the same timescale.

The elements are:-

The special position of
farmers with small income
who depend on one type of
products

①
small

i) Small milk producers - we are agreed that this problem should be examined. Everything turns on what we decide when the Council takes action.

ii) A financial guideline for agricultural expenditure - we are agreed that agricultural expenditure should for the time being grow less rapidly than the Community's own resources. It will be for the Council and the Commission to implement this.

iii) Mediterranean agriculture - we are agreed on the urgent need to examine the existing provisions. Once again the decisions have to be taken.

iv) The New Community Instrument - we are agreed in principle on an increase of 3 billion ecus, but at the right time and when all the components of our agreement are in place.

v) The Budget problem. We cannot conclude this today. We have not yet discussed figures and the figures have to be agreed before the negotiation is complete. However, the Commission have provided a text which gets us a long way towards our goal; but not the whole way.

/I have

I have a proposal to put to you. If you can meet me and if we are agreed on parallel progress when we get to the implementation stage, I am sure that we will complete our agreements on small farmers, the agricultural guideline, Mediterranean agriculture and the New Community Instrument.

Let us take the Community ^{ission} text as our basis. I need two changes in it -

i) A review after a period of years so that, if at the end of that time the problem has not been solved by changes in the balance of Community policies, then the financial arrangement will continue.

ii) Relative prosperity as a key objective criterion in determining the scale of refunds.

Economic and Social Situation

Points to Make

1. We discussed excellent Commission paper.
2. Pointed to signs that business cycle in Europe is turning up. Chance of modest growth in 1982 (2% for EC as a whole).
3. Agreed that to cut unemployment important to cut public deficits, leading to lower interest rates, more investment, more jobs.
4. The key to more jobs is thus disciplined financial policies at home.
5. European Council will return next March to theme of greater stability leading to more jobs.
6. Next Council will also take stock of EMS on 3rd anniversary of its creation.
7. We shall be seeking to improve co-ordination of policies. But co-ordination is no substitute for correct domestic policies.

27.11.81

583

AMENDMENTS TO THE DRAFT
CONCLUSIONS OF THE EUROPEAN COUNCIL
(Annex to 10910/81 MAN 18)

RESULT OF THE WORK OF
THE DRAFTING GROUP

Send to Ag. Council,
+ for Ministers.

Transmit Council. -

I. DEVELOPMENT OF COMMUNITY POLICIES (other than the CAP)

Borrowing and Lending Policy

Page 5, paragraph 9

The European Council approved the continuation of the new Community instrument for loans to increase investment in infrastructure, industrial renewal and development and self-sufficiency in energy in the Community. It agreed that the instrument's loan capacity should be increased [by 3 billion ECU]⁽¹⁾ to be raised on the market at a rate corresponding to the needs. It invited the Council (ECO/FIN) to decide on the necessary conditions and timing.

X

Social Policy

or within the available

Page 10, paragraph 20, line 6:

After "in real terms", add "within the financial resources available".

✓

Regional Policy

Page 11, paragraph 23

With regard to the review of the European Regional Development Fund, on which decisions should be taken not later than 1 April 1982, the European Council agreed that the financial resources of the Fund should continue to grow in real terms within the financial resources available and that the quota section of the Fund should concentrate its activities more than in the past, but not exclusively, on the areas of greatest need in the less-prosperous Member States. The non-quota section, whose operations, while not subject to geographical limitations, might give preference to the less-prosperous Member States, could be increased and should be particularly directed to deal with structural imbalances caused by problems of industrial decline or by the effects of certain Community policies. ⁽²⁾

✓

⁽¹⁾ Addition requested by the French and the Italian delegations.

⁽²⁾ The Belgian, French and Irish delegations have placed a reservation on the reference to less prosperous Member States in the non-quota section. For the French delegation this reservation applies also to the quota section.

.../...

shall would generally for release

Point 25 -- Implementation

The European Council invited the Council to examine as a matter of urgency the existing Commission proposals on the guidelines set out in this chapter, with particular reference to those having a bearing on the social sphere, and to make sure as far as possible that the necessary decisions are taken before the next European Council to which report will be made.

It requested the Commission to submit without delay proposals on the other guidelines in this chapter so that the Council, using this as a base, could prepare a programme of work to be endorsed by the next European Council.

.../...

II. THE COMMON AGRICULTURAL POLICY

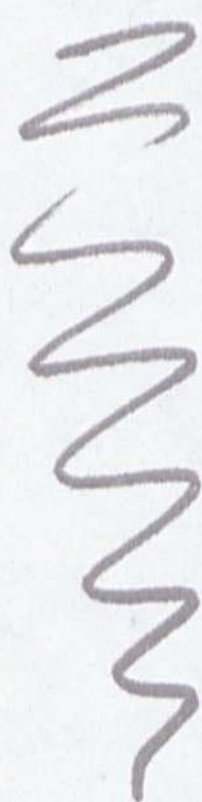
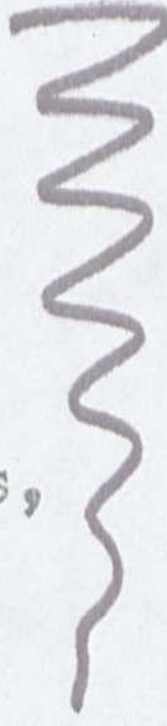
3. The European Council considers a prudent price policy to be necessary, at the same time taking account of

- the need to ensure a fair standard of living for the agricultural Community ⁽¹⁾ *(together with the other objectives in Art 39)*
- the need to achieve in some sectors a greater market equilibrium
- the relationship between Community support prices and the level of comparable support prices for similar products in the main competitor countries. ⁽²⁾

(1) German and United Kingdom reservation, linked to the acceptance of the third indent as it stands

(2) Danish, French and Irish reservation

5. The Commission was invited to study the particular problem for farm incomes arising from differential rates of inflation and to report by 1 March 1982.

 6. The following paragraphs lay down for certain products guidelines for arrangements to adjust the level of guarantee when production in an individual sector exceeds an agreed guarantee threshold. The modalities for other sectors will vary depending on the circumstances, taking into account the Commission's memorandum of 23 October 1981.  (1)

(1) Reservations by Irish and French delegations

7. The following modalities should be adopted:

(a) Cereals

ALTERNATIVE A

The Community's prices for cereals should be fixed in the coming years so as to achieve a better hierarchy of agricultural prices and in such a way that Community cereal prices come progressively closer to those of main competitor countries. This policy will reduce and in the long term remove the competitive advantage enjoyed by imports of products which substitute for cereals. (Discussion with the principal third country suppliers should be undertaken by the Community, where necessary, to stabilize the volume of imports of such substitutes in the short and medium term.)

*U.K.
Common
Policies*

The modulation of guarantees for cereals should take the form of a reduction in the intervention price if production exceeds a level fixed in advance. ⁽¹⁾

ALTERNATIVE B (PROPOSAL BY THE FRENCH DELEGATION)

The Community's prices for cereals should be set in such a manner as to gradually achieve a better hierarchy of agricultural prices. Negotiations on the stabilization of manioc imports should be successfully concluded and the Council should examine as a matter of urgency how talks with the main third country suppliers should be embarked upon in order to stabilize the volume of imports of other substitutes which compete directly with cereals.

*Take out
progressive
red - y
cereal
prices.*

The modulation of guarantees for cereals should take the form of a reduction in the intervention prices once imports of cereal substitutes have been stabilized.

⁽¹⁾ - reservation by the Irish delegation

- 1) on the principle of the modulation of guarantees
- 2) on the principle of bringing cereal prices progressively closer to those of main competitor countries

One point - Symmetry

(b) Milk

#

- don't want to run
small farmers -

||

ALTERNATIVE A

✓ The modulation of the guarantee for this product should be decided by the Council not later than 31 March. ✓

ALTERNATIVE B (PROPOSAL BY THE COMMISSION)

Don't - don't want WRONG PART to PURSUE.

Modulation of the guarantee should be achieved by continuing the existing coresponsibility levy at its present level, taking into account the situation of small producers, and by other measures so that producers participate in the cost of disposal of surplus production.

ALTERNATIVE C (PROPOSAL BY THE FRENCH DELEGATION SUPPORTED IN PART BY BELGIAN AND LUXEMBOURG DELEGATIONS)

x In the milk sector, the modulation of the guarantee should be obtained by continuing the co-responsibility levy at its present level, by exempting small producers (and, when the market situation so dictates, by introducing other measures involving the participation of certain producers.

ALTERNATIVE D (PROPOSAL BY THE IRISH DELEGATION)

The arrangement for this product should be decided not later than 31 March.

No. 2

*for who milk is
the principal source
of revenue.*

#

Irish
Irish milkers &
farmers

Symmetry.

.../...

and to the need for economy in C.A.P. expenditure.

Mediterranean agriculture

ALTERNATIVE A

Commission

X

10. In view of the importance of Mediterranean products for the development of the Mediterranean regions, the European Council agreed on the urgent need to improve the existing provisions. It invited the Council to adopt the appropriate decisions on the basis of Commission proposals by 31 March 1982.

ALTERNATIVE B (proposed by French delegation, supported by Italian and Greek delegations)

10. In view of the importance of Mediterranean products for the development of the Mediterranean regions, the European Council agreed on the urgent need to improve the existing provisions, particularly for olive oil, wine, and fruit and vegetables, in order to ensure a fair income for producers and to avoid the occurrence and spread of crises. The Council is invited to take the appropriate decisions on the basis of the Commission's proposals by 31 March 1982.

ALTERNATIVE C (proposed by the German and United Kingdom delegations)

10. In view of the importance of Mediterranean products for the development of the Mediterranean regions, the European Council agreed on the urgent need to examine the existing provisions. It invited the Council to adopt the appropriate decisions on the basis of Commission proposals by 31 March 1982.

in particular olive oil, wine
fruit vegetables

Export and Import Policy

11. becomes point 12(d)

12. In its policy concerning trade in agricultural and processed agricultural products, including Mediterranean products, the Community should have regard to Community preference, to the Community's international obligations, and to the good management of the markets and the budget. In particular:

(a) The Community should pursue an active export policy.

(b) The Council should consider framework agreements for the multi-annual supply of products to importing countries, specifying in each case the products and provisions to be included. ⁽¹⁾

(c) The Commission should monitor the level of imports of products which could affect the Community markets. ⁽¹⁾

(d) The Community should continue to co-operate, for appropriate products with other major trading partners with a view to achieving greater stability in world markets. ⁽¹⁾

*looking for
then we can
have the export
commitment*

⁽¹⁾ French reservation

National Aids

13. The European Council noted that national aids represent a significant proportion of the overall expenditure on agriculture within the Community. Aids to agriculture complement in some cases the Community's expenditure on agriculture; but they can also singly or cumulatively distort competition and encourage surplus production. The Member States must therefore ensure greater respect for the Community rules and procedures concerning national aids, and the Commission should ensure that these provisions are more strictly observed by applying the necessary disciplines and sanctions. The Council should adopt, on a proposal from the Commission, a regulation specifying which aids are to be notified, which are prohibited, and which are authorized. ⁽¹⁾
14. The Commission was invited to submit to the Council a study of the economic impact of national aids, taking account of their consequences for agricultural production, incomes and financial solidarity.

⁽¹⁾ French and Greek reservation

ALTERNATIVE A

- Schmidt . Acceptance to U.K. F.R.G. Benelux

17. It will be the responsibility of the Council, acting on proposals by the Commission, to adopt the necessary decisions on implementation of the above guidelines to ensure that for the time being agricultural expenditure will grow less rapidly than the Community's own resources. It will be the responsibility of the Commission to manage agricultural expenditure within that framework. (1)

Ap. 12 F. Ir. Greece Ireland

ALTERNATIVE B (Proposal by the Danish delegation)

17. It will be the responsibility of the Council, acting on proposals by the Commission, to adopt the necessary decisions on implementation of the above guidelines which would imply that for the time being agricultural expenditure will grow less rapidly than the Community's own resources. It will be the responsibility of the Commission to manage agricultural expenditure efficiently.

ALTERNATIVE C (Proposal by the French delegation)

17. The European Council considered that implementation of these guidelines by the Council should ensure that agricultural expenditure grows less rapidly than the Community's own resources, as has been the case over the last two years.

Comm. U.K.

(1) The Commission suggests the following declaration:

"In the opinion of the Commission the implementation of the orientation adopted in paragraph 17 should be evaluated as an average over several years in the case of erratic evolution in the conditions under which the common agricultural policy is executed".

The Greek delegation has a reservation linked to Mediterranean agriculture

The Irish delegation has a reservation linked to the income situation in the farming sector

The Italian delegation has a reservation linked to the feasibility of the guideline in the event of falling world market prices.

Implementation

19. The Council (General affairs) in liaison with the Ministers of Agriculture should establish the procedure which will make it possible for decisions to implement the above guidelines to be taken.

The European Council accordingly invited the Commission to make the appropriate proposals, and the Council to take the necessary decisions, to ensure that the adaptations outlined in the preceding paragraphs enter into force from the 1982/1983 season.

.../...

CHAPTER III. BUDGETARY PROBLEMS
A. TEXT PROPOSED BY THE PRESIDENCY

1. The object of the Community budget is to finance agreed Community policies. At the same time the creation or recurrence of an unacceptable situation for any Member State must be avoided and the overall convergence of the economies of Member States must be fostered, without imposing an undue burden on any Member State.
2. In the long term the reconciliation of these objectives will be achieved through the development of Community policies and of the balance between them. The conclusions reached in Chapters I and II above are a first step in that direction.
3. But the process of reconciling the objectives by these means will take a period whose length cannot be predicted with any precision and, in the meantime, a budgetary corrective arrangement will be needed, if unacceptable budgetary situations are to be avoided.
4. The corrective arrangement will need to deal not only with the problem already recognised by the Community when the financial mechanism was agreed, but also with the imbalance in the distribution of expenditure, notably FEOGA guarantee expenditure. The arrangement will be based on objective criteria, so that there will be no need for an annual negotiation. It will take account of relative prosperity as between Member States and progress in achieving balance in Community policies. It will also take account of the volume of net contributions of Member States with undue burdens which must be limited.

5. The financing of the corrective arrangement will be achieved within the agreed VAT ceiling, if necessary by a method which avoids any net budgetary impact: and without putting at risk the financing of other agreed Community policies. The financial effects of the corrective arrangement will have regard to whether the payments come from Member States below or above the Community average GDP per head and whether they already have a problem arising from the Community budget.

6. The corrective arrangement will apply with effect from the Community's 1982 budget year. The Council, acting on a proposal of the Commission, will take the necessary detailed decisions by 31 December 1981.

7. The detailed arrangements so agreed will be reviewed after seven years to consider the progress made towards the Community's long term budgetary objectives and whether any changes are needed.

Unkennlich
Politik
Kommunikation 14 -

Frankreich
Kommunikation

See
in
Part 1

B. TEXT PROPOSED BY THE COMMISSION

The European Council noted that all the work carried out since the submission of the Commission report complied with the Mandate of 30 May 1980 which aimed to resolve budgetary problems by developing or adapting Community policies without calling into question the principles on which they are based, particularly in the case of the CAP. The effects of the measures being prepared will not, however, be felt to any significant degree for some time.

For this reason, the European Council adopted the principle of financial compensation measures for the United Kingdom to be implemented as from the 1982 financial year. Such measures would be decided upon for a specific period. They should not affect the Community's financing system.

subject to review.

2.7.8

The amount of the compensation would be arrived at annually on the basis of the actual figures for each year using an objective indicator to measure the true extent of the problem and in the light of the agreed rates of compensation. In this way recurrent annual negotiation would be avoided.

Costs

The costs arising from the compensation paid to the United Kingdom would be shared according to an ad hoc scale to be decided upon by the Council in accordance with the policy of solidarity which the Community intends to continue to apply towards its less prosperous members and taking into account the specific nature of the German budgetary problem.

~~Handwritten scribble~~

Very difficult to agree to last para.

and in the light of decreasing need of
compensation →
Financing via ...

C. TEXT PROPOSED BY THE FRENCH DELEGATION

1. The European Council reviewed the Community's budgetary situation on the basis of the report from the Commission.

2. The European Council recognized that a better balance between Community policies was necessary in order to create a sound basis for the further development of the Community.

3. The European Council noted that its conclusions concerning the development of Community policies and the adaptation of the common agricultural policy constituted significant first steps in this direction.

4. The European Council agreed that a temporary, exceptional common action, allowing for an alleviation of the budgetary burden of the UK, should be established, under which funds would be made available to the UK from the budget of the Community for a short period.

5. The European Council invited the Council (General Affairs) to fix, at its next session, the duration and the degressive, arbitrary amounts to be made available.

Handwritten: needed end.

Subject: MANDATE OF 30 MAY

Draft conclusions of the European Council prepared by the
Presidency (Second Revise) _____

10910/81

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E

PREAMBLE

- Not necessary -

Final.

lie also sit with -
Community

1. The European Council recalled the fundamental objectives of peace, freedom and progress on which were based the original decision to establish the Community and to put behind them the excesses of economic and political nationalism which had been the cause of great suffering to their nations. The history of the last thirty years had shown the major contribution which the Community had made to the achievement of these objectives.

X

Collaboration and integration between their economies were now realities which no Government could disregard. The welfare and progress of each of their peoples was more than ever dependent on the harmonious development of the Community itself and of the other nations in it.

2. It recognized that developments on the international scene, both in the economic and in the political fields made it essential to strengthen the role of the Community and of its ten Member States acting in concert at all levels.

X

If this did not happen, there was a real risk of a process of regression in which national interests would prevail over the general interest of the Community. Moreover the Community and its Member States increasingly had responsibilities towards the outside world, in particular to the peoples of the Third World for whom it provides the largest market and also the largest source of official Government aid.

3. It was in this overall context that the European Council reviewed the development of Community policies in conformity with the Decision of 30 May 1980 and on the basis of the Commission's report of June 1981.

X

4. It concluded that, despite the important progress made, the Community's development had been uneven, as the Commission had recognized in its report. If the Community was to live up to the hopes and aspirations of the people of Europe, and to

recover its dynamism, European integration must be strengthened and diversified. The Community needed now to build on the achievements of the common agricultural policy and the tariff-free market by removing the remaining obstacles to the development of trade and by finding effective answers to the current social and economic problems which faced all Member States, concentrating its resources where they are most needed. The harmonious development of the Community required that the Community instruments and mechanisms be developed which permit action geared to the situation and specific needs of the least-prosperous Member States in an effort to tackle their structural problems.

5. It therefore decided to give a renewed impetus to the development of Community policies on a broad front.

The following chapters set out the framework within which it agreed that this renewal of the Community should be carried forward.

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Community instruments and mechanisms be
action geared to the situation and
least-prosperous Member

DEVELOPMENT OF COMMUNITY POLICIES (OTHER THAN THE CAP)

Overall Community economic strategy

This is a very bad action

*1-11-81
Public debate*

1. The European Council agreed that an overall economic strategy in the Community is essential to combat unemployment and inflation. ^{and to encourage convergence.} Priority should be given to encouraging productive investment and raising competitiveness as a basis for creating durable jobs, bringing about sustainable economic growth and reducing unemployment. At the same time the Community should pursue the reduction of its dependence on external sources of energy, in particular oil.

X

2. In addition to measures taken at a world-wide level in pursuit of these common objectives, the European Council underlined the contribution that Community policies can make especially in all the areas set out below.

X

A. Employment policy

*1-11-81
what?*

3. The European Council agreed that as a complement to macro-economic policy decisions effective action in the social field to alleviate unemployment should be taken at both the Community and the national level.

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4. At the Community level full use should be made of all appropriate Community instruments and policies, as set out in succeeding sections of these conclusions.

X

5. It agreed that the Council (Social Affairs) should review as a matter of urgency the various existing means of consulting the social partners with a view to making them a more effective channel for a genuine dialogue. (See also paragraphs 18 and 19.)

.../...

B. Economic policy

6. The European Council agreed that the achievement of the Community's overall objectives would require stronger economic disciplines and concertation. The Community should ensure, through a careful comparison of national policies, that the main economic and sectoral objectives of the Member States are consistent with the maintenance and strengthening of the Community as well as with the object of consolidating the EMS. It therefore called for a more effective coordination of national economic policies and invited the Commission and the Council (ECOFIN) to make fuller use of the machinery set up for that purpose and to consider whether it needed strengthening.

C. Monetary policy

7. The European Council welcomed the success of the EMS in creating a zone of currency stability in Europe. It agreed that it should be further developed both as a key element in progress towards economic and monetary union and the creation of a European Monetary Fund, and to encourage a more stable international economic environment. It invited the Council (ECOFIN) to take stock during 1982 of the preparatory work done on these matters and in particular to take the necessary steps:

- in which decision*
- to achieve greater concertation of national monetary policies;
 - to encourage the use of the ECU for Community loans and on financial markets by both public and private borrowers;
 - to seek improvements in monetary co-operation with the Community's principal partners, in particular insofar as exchange rate and interest rate policies were concerned.

D. Borrowing and Lending policy

8. The European Council welcomed the moves recently made to expand the scope of the Community's financial instruments, (EIB, ECSC, EURATOM and the NCI) in order to promote investment

X including investments in infrastructure as part of a progressive industrial and economic strategy. While recalling the need to maintain the ability of the Community and its Member States to borrow on suitable terms in the international and domestic capital markets, it agreed that there should be expansion as appropriate of these instruments to further agreed Community policies.

- X 9. [The European Council decided to transform the new Community instrument for loans into a European Fund to increase investment in infrastructure, industrial renewal and self-sufficiency in energy in the Community and agreed that the Fund's loan capacity should forthwith be increased by 3 billion ECU to be raised on the market at a rate corresponding to the needs.] *Ortoli facility.*

E. External economic policy

- 77 ✓ 10. The European Council agreed that, given the importance of the Community's external trade, it should seek to develop its external economic policy on the basis of common positions. In this way it would give effect to its special responsibility as the principal world trader and to its commitment to the open trading system. It underlined that, in view of the serious economic problems faced by all, genuine reciprocity was necessary. This required both a strengthened dialogue with the Community's main industrial partners and recognition of the needs of the developing countries.

F. Common Market and Industrial Strategy

11. The European Council recognized that the changes which had come about in recent years as regards both the structure of world markets and energy costs require a major industrial response. There was therefore a need for an industrial strategy at the Community level in order to develop industry, make it competitive and create productive jobs in Europe.

(i) Internal market and competition policy

The European Council recognized that the completion of the internal market, in accordance with the Treaties, would make an important contribution to solving the economic problems currently facing Member States, in particular by facilitating industrial co-operation and restructuring at the European level. A closely linked objective was the enforcement of proper conditions of competition, in particular transparency and effective control in the field of State aids, which would stimulate innovation and durable employment and enhance the international competitiveness of Community industry. Accordingly it called for a further intensive effort to secure decisive progress in 1982 concentrating on the following:

- (a) an effective competition policy including stricter discipline regarding aids, both single and cumulative, distorting competition;
- (b) progress towards establishing a common legal framework for Community industry, where this would bring tangible economic benefits for Community industry;
- (c) the effective implementation of the liberalization within the Community of public purchasing arrangements, in particular for high technology products, in order to take full advantage of a market on a continental scale;
- (d) the creation of a free market for services as provided for by the Treaties. An important objective is the early adoption of measures to give effect to the freedom to provide insurance services within the Community;
- (e) progress in equivalence of professional qualifications;

- (f) the simplification of formalities and procedures to reduce frontier delays affecting the free movement of goods within the Community on the Benelux model;
- (g) a renewed effort to harmonize existing technical provisions and certification procedures as well as to prevent the proliferation of new national measures, where these create real or potential barriers to trade. A decision should be taken before the end of 1981 on the treatment of third country products, in order to enable those Directives affected by this problem to be adopted.

12. The European Council welcomed the decisions which had been taken by the Community in the steel sector and noted the vital importance for the future of the Community's textile industry of a satisfactory outcome to the current negotiations on the MFA.

(ii) Innovation, research and development

13. The European Council, conscious that the Community had lagged behind American and Japanese competition, agreed that Member States and the competent authorities of the European Community should expand and concert their research and development effort in order to promote industrial restructuring and innovation. The Community's efforts should be concentrated in areas where the Community has a comparative advantage and should be focussed to support agreed policy objectives. It welcomed the priority given

by the Council (Research) to the principle of a common strategy consisting of increased concertation of national and Community policies on the basis of common objectives and requested the Commission to prepare more detailed proposals. These proposals should be examined by the Council (Research) in March 1982 and decisions should be taken not later than July 1982.

14. It welcomed the adoption by the Council of the regulations on micro-electronics, and invited the Commission to consider with Member States other appropriate actions with a view to securing the wider benefits which would follow from the development of high technologies and other industries of the future.

15. It noted the Commission's communication on innovation emphasizing the key role which the successful application of innovation by industry, including small and medium enterprises, could have in ensuring the healthy development of the Community; and invited the Commission to bring forward specific practical proposals so that decisions could be taken before the end of October 1982.

(iii) Energy Policy

16. The European Council considered that the Community's energy strategy must be based on common objectives to be achieved by co-ordinated action on the part of the Member States, observing collective discipline, and by action on the part of the Community when this will lead to greater efficiency for the Community as a whole.

17. It agreed that priority should be given to the following points:

.../...

- (a) monitoring the progress of Member States towards agreed Community objectives including those for energy saving, on the basis of annual reports by the Commission and appropriate recommendations;
- (b) investment on an economic basis in the production and efficient use of energy should be brought up to a high level, where appropriate, with the support of Community instruments. Community action should be fitted into the framework of efforts at the national level to attain agreed Community objectives. It noted that the Commission would rapidly complete its examination of energy investments, including those on the rational use of energy, and make specific proposals during the first quarter of 1982;
- (c) a common approach to pricing policy based on economic principles and transparency in the energy market;
- (d) an effective and united Community response to limited shortfall in oil supplies and the attendant dangers of disproportionate oil price increases. The Community should ~~also~~ pursue its consultations with other industrialized countries, whose participation was necessary for the effectiveness of the action;
- (e) a balanced and co-ordinated approach in relations on energy matters with third countries. It reaffirmed its support for the establishment of an energy affiliate to the World Bank as one suitable instrument for this;
- (f) research and development in the energy sector should continue to receive priority and be focussed on essential projects where action at the Community level was necessary. Demonstration projects chosen in the light of the evaluation of existing programmes and designed to promote the industrial application of new techniques should also be continued.

C. Social Policy

18. The European Council emphasized the importance it attached to the concerted use of all appropriate Community instruments to encourage better living and working standards for the men and women making up the Community work force. It underlined that a coherent approach should be taken both at national and at Community level to promote access for school-leavers to education, vocational training, other forms of training or work-experience, instead of being unemployed. Particular attention should be given to developing the employment potential, especially in small and medium-sized enterprises and co-operatives, by easing the process of expansion, innovation and development of new technology. This implied also a renewed effort in the field of training.
19. The European Council underlined the need for consideration at the Community level of different aspects of the re-organization of working time, taking account of the competitive position of the Community. The Commission's forthcoming proposal for a Community initiative on part-time and temporary work and flexible retirement should be examined by the Council as a matter of urgency in closer consultation with the social partners.
20. It considered that the review of the Social Fund, which should be completed by 1 July 1982, provided an occasion to make it more effective and more relevant to present day conditions. It agreed that the financial resources of the Fund should continue to grow in real terms and that, while the Fund should continue to support a major effort in the field of vocational training, it should also in future concentrate more on the need to ensure better access to the labour market for the young. It should also encourage occupational mobility where problems were caused by industrial restructuring following Community decisions.

The Fund's resources should continue to be particularly directed towards areas of greatest need, including those suffering from the decline in traditional manufacturing industries.

H. Regional policy

22. The European Council agreed that it was essential to maintain and develop the Community's efforts in the regional sphere so that all Community policies and instruments could play their full role in promoting convergence. It stressed the value of a better co-ordination of national regional aids and Community efforts.
23. With regard to the review of the European Regional Development Fund, on which decisions should be taken not later than 1 April 1982, the European Council agreed that the financial resources of the Fund should continue to grow in real terms and that the quota section of the Fund should concentrate its activities on regions of greatest need [of the less-prosperous Member States]. The non-quota section, whose operations, while not subject to geographical limitations, might give preference to the less-prosperous Member States, could be increased and should be particularly directed to deal with structural imbalances caused by problems of industrial decline or by the effects of certain Community policies.

I. Transport

24. The European Council considered that the development of a unified internal market implied a need for positive action in the transport field to improve communications, particularly in the more remote areas of the Community. This action should aim to increase the efficiency and freedom of circulation of goods and passengers between Member States,

.../...

while taking account of the diversity of Member States' transport requirements, of the desirability of evolving a coherent European transport policy and of the Community's relations with third countries. It invited the Council (Transport) to intensify their work in this field and to speed up the rate of progress on the Commission's proposals, notably those first put forward in 1976 on aid for transport infrastructure. It also agreed that the Commission proposals on air services and air fares should be examined in a positive spirit.

Implementation

- 9 25. The European Council requested the Council to take the necessary decisions in all these areas. It agreed that it would itself review the progress made at the June 1982 meeting of the European Council, on the basis of a report by the Commission.

I THE COMMON AGRICULTURAL POLICY

1. The European Council affirmed the fundamental role of the common agricultural policy in the Community, and agreed on the need for the policy to continue to develop in harmony with other policies, at the same time fully respecting the objectives of the Treaty, notably Article 39, and the principles of unity of the market, Community preference and financial solidarity.
2. Taking full account both of its considerable achievements and of the problems which have manifested themselves and persist, it concluded that the common agricultural policy should in future be developed in conformity with the guidelines set out in the following paragraphs.
3. The Community should pursue a prudent price policy, having regard in particular to the need:
 - (a) to ensure a fair standard of living for the agricultural community;
 - (b) to achieve in some sectors a greater market equilibrium by tackling the problem of structural surpluses;
 - (c) to aim, progressively and in real terms, to reduce the difference between the level of Community support prices for appropriate products and the level of comparable support prices for similar products in the main competitor countries.]
4. Monetary compensatory amounts should be phased out in conformity with the conclusions of the Council on 5/6 March 1979 and of 6/7 May 1980.
5. The Commission is invited to study the particular problem for farm incomes arising from differential rates of inflation and to report by 1st April 1982.

The following paragraphs lay down for certain products guidelines for arrangements to adjust the level of guarantee when production in an individual sector exceeds an agreed guarantee threshold. The modalities for other sectors will vary depending on the circumstances, taking into account the Commission's memorandum of 23 October 1981.

Modalities for products

7. The following modalities should be adopted:

- (a) Cereals The Community's prices for cereals should be progressively reduced in real terms so as to achieve a better hierarchy of agricultural prices. This would reduce the gap between Community support prices and comparable support price levels in main competitor countries. This policy will reduce and in the long term remove the competitive advantage enjoyed by imports of products which substitute for cereals.] [Discussion with the principal third country suppliers should be undertaken by the Community, where necessary, to stabilize the volume of imports of such substitutes in the short and medium term.]

The modulation of guarantees for cereals should take the form of a reduction in the intervention price if production exceeds the guarantee threshold.

- (b) Milk Modulation of the guarantee should be achieved:
- (i) [by continuing the existing co-responsibility levy at its present level] [with a general exemption for a certain quantity of milk from each herd in order to assist the incomes of small producers.]

- (ii) [by the introduction of a supplementary levy on additional deliveries of milk to dairies so that producers participate in the cost of disposing of production in excess of the guarantee threshold.]
- (iii) [through a special levy applied on intensive milk production.]
- (iv) [by a reduction in the intervention price if production exceeds the guarantee threshold.]

Structural Policy

- 8. The European Council recognizes^{sed} the need for an active policy for improving agricultural structures, adapted to the particular needs of individual regions. The problems of less-favoured agricultural regions, including some Mediterranean areas, which are heavily dependent on rural occupations for employment, merit special attention.
- 9. The European Council noted the Commission's intention to present, by the end of 1982, proposals for integrated programmes, to take account of the special problems affecting the less-advantaged regions in the Mediterranean countries.

Mediterranean agriculture

- 10. The European Council agrees that there is an urgent need to review the existing provisions for olive oil, wine and fruit and vegetables. The Council should carry forward urgently, with a view to taking decisions not later than 1st April 1982, its examination of the Commission's suggestions

for amending the acquis in the context of enlargement, having regard to the related paragraphs in the Commission's memorandum of 23 October 1981 and these guidelines. [They should also have regard to the following considerations:

- (a) for wine, the Council should rapidly decide on the changes in the wine regime needed to improve the market balance while safeguarding the incomes of producers in this sector;
- (b) for fruit and vegetables, the Council should decide the necessary changes in the market regime, taking account of the need to afford a fair level of support for producers;
- (c) for olive oil, the Council should decide the necessary changes in the market regime, taking account of the budgetary and other implications arising from future enlargement of the Community.]

Export and Import Policy

11. The Community should continue to co-operate, for appropriate products, with other major trading partners with a view to achieving greater stability in world markets.

12. In its policy concerning trade in agricultural and processed agricultural products, including Mediterranean products, the Community should have regard to Community preference, to the Community's international obligations, and to the good management of the markets and the budget. In particular:

- (a) There should be an active export policy.

- (b) [The Council should adopt framework agreements for the multi-annual 'supply' of products to importing countries, specifying in each case the products and provisions to be included.]
- (c) The Commission should monitor the level of imports of products which could affect the Community markets.

National Aids

13. The European Council noted that national aids represent a significant proportion of the overall expenditure on agriculture within the Community. Aids to agriculture complement in some cases the Community's expenditure on agriculture; but they can also singly or cumulatively distort competition and encourage surplus production. The Member States must therefore ensure greater respect for the Community rules and procedures concerning national aids, and the Commission should ensure that these provisions are more strictly observed by applying the necessary disciplines and sanctions. The Council should adopt, on a proposal from the Commission, a regulation specifying which aids are to be notified, which are prohibited, and which are authorized.
14. The Commission ^{was} invited to submit to the Council a study of the economic impact of national aids, taking account of their consequences for agricultural production, incomes and financial solidarity.

Budgetary aspects

15. The European Council welcomed the substantial reduction in the rate of growth in agricultural guarantee expenditure in the last 2 years. This has been achieved in part as a result of sound management of expenditure and careful regard by the Council and Commission to the costs of price and other decisions which have contained the growth of agricultural expenditure.

16. It invited the Council and Commission to build on this achievement by strengthening effective management and financial control to ensure the most efficient use of the Community's financial resources. The effectiveness of all measures under the CAP should be kept under review.

17. If the above guidelines are implemented, agricultural spending in the years ahead will continue to grow less rapidly than the Community's own resources.

18. [It should be the objective to reduce the proportion of the budget taken by agricultural expenditure to not more than 60 per cent in 1983. This category of expenditure should therefore for the time being grow markedly less rapidly than the Community's own resources.]

[The rate of growth in agricultural guarantee expenditure shall be not more than 2/3 of the rate of growth of the own resources base. It will be the responsibility of the Council, acting on proposals by the Commission, to adopt the necessary decisions to ensure that agricultural expenditure remains within that limit. It will be the responsibility of the Commission to manage agricultural expenditure within this limit.]

Implementation

19. The European Council accordingly invited the Commission to make the appropriate proposals, and the Council to take the necessary decisions, to ensure that the adaptations outlined in the preceding paragraphs enter into force from the 1982/83 season.

III. BUDGETARY PROBLEMS

1. The European Council reviewed the Community's budgetary arrangements on the basis of the report from the Commission and in accordance with the agreement of 30 May 1980. It confirmed the necessity, taking account of the situation and interests of all Member States, of avoiding the emergence or recurrence of an unacceptable situation for any Member State and in this way of ensuring that a sound basis was provided for the Community's future development and enlargement. It reaffirmed the basic principles of the Community's financial arrangements and in particular the own resources decision. It noted that until now a preponderant share of the Community budget had been devoted to expenditure on the CAP. It stated as its firm intention that the further development of Community policies, to which their decisions on expanding Community activity in such areas as social, regional and industrial policy had given renewed impetus, combined with the application of the agreed guidelines to the CAP, should enable the budget to contribute to the objective of economic convergence. It would at the same time help to reduce the likelihood of unacceptable budgetary situations for individual Member States. [This process would however take time and it recognized that it would therefore be necessary to make provision for dealing with the problems which would remain until the desired results were achieved by these means. It therefore agreed that from 1982 the measures based on the following operational guidelines should be applied]:

(Operational guidelines on budgetary problems to be agreed.)

REPORT ON EUROPEAN POLITICAL COOPERATION

PART I

The Foreign Ministers of the Ten member states of the European Community have examined the development of European Political Cooperation. It is their constant concern that this should be improved and to this end they have considered how it might be further strengthened.

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

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

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

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

As regards the scope of European Political Cooperation, and having regard to the different situations of the member states, the Foreign Ministers agree to maintain the flexible and pragmatic approach which has made it possible to discuss

in Political Cooperation certain important foreign policy questions bearing on the political aspects of security.

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

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

The Foreign Ministers have also examined the machinery and procedures of Political Cooperation and have agreed on certain practical improvements which are set out in Part II of this document.

PART II1. Ministerial MeetingsA. Formal Meetings

The agenda for meetings at Ministerial level will include only items of major importance. The agenda will, where possible, also be annotated in such a way that the discussion will concentrate on matters for decision.

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

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

B. Gymnich Type Meetings

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

Consultations are confidential;

There will be no formal agenda, official interpretation or officials present (except for a Presidency notetaker);

The Presidency will summarise for the attention of partners any guidelines of an operational nature that emerge from the meeting.

The press will only be briefed on subjects authorised by the Ten. The Presidency will be responsible in the first instance for such briefing, the lines of which will be agreed in advance with partners.

2. The Political Committee

The Political Committee is one of the central organs of European Political Cooperation. It is responsible for directing the work of the Working Groups and for the preparation of discussions at Ministerial level.

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

The Correspondants' Group

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

4. Working Groups

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

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

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

5. Studies

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

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

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

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

6. Confidentiality

The success of the process of Political Co-operation depends to a large degree on its confidentiality; certain particularly delicate matters need to be handled in a way which guarantees that the required level of confidentiality is maintained. In such cases papers will be transmitted to the Foreign Ministries via Embassies, and distributed within Foreign Ministries by the European Correspondant.

Procedures for EPC/Third Country Contacts

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

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

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

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

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

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

8. Procedure for Political Co-operation in Third Countries

In view of the increasing activities of the Ten in third countries it is important that the Heads of Mission of the Ten maintain the practice of meeting regularly in order to exchange information and co-ordinate views. In considering their response to significant developments in the country to which they are accredited their first instinct should be to co-ordinate with their colleagues of the Ten.

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

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

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

9. Contacts in the Capitals of the Ten

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

10. The Presidency

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

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

Henceforth the Presidency will be assisted by a small team of officials seconded from preceding and succeeding Presidencies. These officials will remain in the employment of their national Foreign Ministries, and will be on the staff of their Embassy in the Presidency capital. They will be at the disposition of the Presidency and will work under its direction.

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

11. Relations with the European Parliament

In accordance with the Luxembourg and Copenhagen reports, which underline the importance of associating the European Parliament with Political Co-operation, there are frequent contacts between the European Parliament and the Presidency. These take the form of four annual colloquies with the Political Affairs Committee, answers to Questions on Political Co-operation, the Annual report on Political Co-operation, and the Presidency Speeches at the beginning and end of its term of office which now usually include Political Co-operation subjects.

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

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

Parliament in the deliberations, communiqués and declaration of the Ten, and in Ministers' opening statements at colloquies with the Political Affairs Committee of the Parliament.

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

12. Relations between the Activities of Political Cooperation and those of the European Community

The Ten will provide, as appropriate, for Political Co-operation meetings on the occasion of Foreign Affairs Councils. The Presidency will ensure that the discussion of the Community and Political Co-operation aspects of certain questions is co-ordinated if the subject matter requires this.

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

13. Crisis Procedures

The Political Committee or, if necessary, a Ministerial meeting will convene within 48 hours at the request of three member states.

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

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

EUROPEAN UNION

1. The European Council welcomed the initiative of the German and Italian governments on European Union and took note of their proposals.
2. The Council recognised the importance of strengthening economic integration in parallel with political development.
3. The European Council invited the Foreign Ministers in co-operation with the Commission to examine and clarify the German/Italian proposals and to report back to a future meeting of the European Council.
4. The Council took note of the reports of the Commission, and of the Foreign Ministers of the Ten on European Union, and received the report on Political Co-operation agreed by the Foreign Ministers of the Ten in London on 13 October.

EUROPEAN COUNCIL : CONCLUSIONS ON PORTUGAL AND SPAIN

The European Council recalled that the member states of the Community decided to open negotiations for the accession of Portugal and Spain in the knowledge that all the objectives of the Community, as set out in the preamble to the EEC Treaty, were shared by the democratic governments and by the peoples of the two countries concerned.

The European Council confirmed the political commitment which was the basis for that decision and emphasised the determination of the Community to bring the negotiations to a successful conclusion and stressed the importance of continuing progress. It recalled the acceptance by the applicant countries that they will accede on the basis of the Community treaties and subordinate legislation in force on the date of accession, subject only to such transitional arrangements as may be agreed. It emphasised the need for both the Community and the acceding countries to make good use of the period until accession for careful preparations for the Community's further enlargement by introducing the necessary reforms so that the potential benefits for both sides can be realised. The Council agreed that in the Community's deliberations on its internal development, regard would need to be paid to the importance of the accession of Portugal and Spain. It also agreed on the importance of the contacts established between the Ten and the applicant countries in the framework of political co-operation and confirmed that it is their intention to continue to keep Portugal and Spain closely informed about developments in political co-operation. It looks forward to the day when the leaders of those two countries will take their places in the European Council as full and equal members.

POLITICAL CO-OPERATION

A. The Chancellor of the Federal Republic of Germany gave his colleagues an account of his conversations with President Brezhnev in Bonn on 22-25 November. The European Council were in full agreement on the significance of this meeting, and on the need to keep channels of East/West communication open between governments at all times. The European Council welcomed the presentation by the Federal Chancellor on detente, cooperation and disarmament.

B. The European Council welcomed the commitment of the United States, announced in President Reagan's speech of 18 November, to the goal of major disarmament by means of mutual reductions in nuclear and conventional forces and Confidence Building Measures. They looked forward to the opening next week of negotiations between the United States and the Soviet Union on intermediate range nuclear weapons, and expressed the hope that these would lead to early and positive results.

C. The European Council considered the state of negotiations at the CSCE follow-up meeting at Madrid. Despite the difficulties, they expressed the desire for a positive outcome in the form of a substantive and balanced document by the end of the year, including agreement on a precise mandate for a Conference on Disarmament in Europe to negotiate Confidence Building Measures in the whole of Europe. They are ready to make every effort towards this end and they look to all participants to show the same positive spirit.

D. The European Council heard a report from Lord Carrington about the visit of the Polish Foreign Minister to London on 20 November. They took note of past and current Community programmes to supply food at special prices to Poland and welcomed the Budget Council's recent acceptance of an initiative from the European Parliament to make additional sums available for this purpose. The Heads of State and Government reaffirmed their willingness, within the limits of the means of the Community and its member states and in collaboration with others, to respond to the requests of the Polish Government for continued support for the efforts of the Polish people to promote the recovery of their national economy. They believe that the rescheduling of the Polish debt and the provision of new credit would make an important contribution to that end.

E. The European Council considered the continuing tragedy of Afghanistan. They noted that, in flagrant defiance of international opinion as expressed in three successive resolutions passed by overwhelming majorities of the General Assembly of the UN, the Soviet occupation of Afghanistan continued with its associated repression and bloodshed. The Heads of State and Government agreed that the situation was immensely damaging to international trust and confidence. They confirmed their belief that their proposals of 30 June offer a reasonable and practical approach to solving the problem.