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DRAFT  
CONCLUSIONS OF THE PRESIDENCY

*Braun's Draft*  
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INTRODUCTION

The European Council reached agreement on a series of decisions and guidelines to ensure the relaunch of the Community and establish a solid basis for its further development during the present decade.

During this period, it will be important to maintain and consolidate the "acquis communautaire", particularly for a modernized common agricultural policy, increase efforts towards greater convergence between the Member States, move towards enlargement of the Community under satisfactory conditions and give priority to action to strengthen the competitiveness of Community industries.

The European Council considers that by pursuing these guidelines the Community will make a significant contribution to the economic growth of the Member States and to the combating of unemployment.

It considers that only a stronger European identity will lead to the Community playing its full role in the world, in particular with a view to re-establishing economic and monetary stability.

*Budgetary*      *Income distribution*  
*Budgetary*      *Imbalances*  
*C.A.P.*      *p. 5*  
*Own Resources*

3 central issues.

1) Increase in V.A.T.

2) Legitimate Financial Transfer - sharing.

3) Irish milk problem. 600,000 tons.

(4) Strict Financial Control.)

Agree. - ? Prices?

- Cotton - no agreement.

Watts - Premium for cables - variable slaughter premium.

NEW POLICIES

With a view to the creation of a genuine Economic Union, the Council intends, through specific commitments, both externally and internally, to give the European economy an impetus comparable to that which it derived from the founding of the Customs Union in the early sixties.

The following priority objectives will be pursued:

- convergence of economic policies and Community action, capable of promoting productive investment and thereby a vigorous and lasting economic recovery;
- development, in close consultation with the Community industries and bodies concerned, of Europe's scientific and technological potential in those fields on which the international competitiveness of its industry depends;
- strengthening of the internal market so that European undertakings derive more benefit from the Community dimension;
- protection of employment, which is a crucial factor in Community social policy.

The European Council asks the Council of Ministers to actively pursue the examination of the Commission proposals which already meet these objectives and requests the Commission to report to it in time for its meeting in June on the progress made on revitalizing Europe, laying particular emphasis on the following sectors:

- (a) The European Council stresses the importance of the agreement reached on the launching of the ESPRIT programme, which is an exemplary co-operation project between undertakings.

It expects the Council of Ministers to specify without delay the other areas in which Community initiatives are imperative.

A programme will be adopted before the end of the first half of 1984 in the areas of telecommunications and biotechnology. Scientific and technical co-operation and exchanges will be intensified in the Community, in particular by the encouragement given to mobility among researchers.

It agrees on the need to increase the proportion of Community resources devoted to financing priority Community research and development activities.

- (b) The European Council is satisfied with the agreement reached on reducing technical barriers to trade and combating illegal commercial practices by the Community's partners, and considers that new measures need to be adopted rapidly to:

- simplify formalities in trade within the Community and modernise the customs system,

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- harmonize standards and European products, and open up public contracts in the Member States to European undertakings,
- harmonize conditions of competition and progressively liberalize trade in services (notably in the transport and insurance sectors),
- implement a common transport policy and a transport infrastructure programme of Community interest,
- develop a suitable climate for co-operation between European undertakings by establishing a favourable legal and tax framework.

*Copy  
Custody*

(c) The European Council reaffirms that the ECU is the central element and pillar of the EMS. It is pleased with the spontaneous growth in the private use of the ECU and notes that the Council of Ministers is continuing its discussions with a view to developing the EMS by making specific adjustments.

Steps will be taken to encourage greater use of savings available within the Community for financing investment. The Council therefore considers that significant progress will be made in order to improve financial integration within the Community.

(d) The European Council asks that, before its next meeting in June 1984, the arrangements necessary for the organization of the European Social Area be prepared, with the aim of fully associating social forces with the economic and technological changes which are decisive for recovery prospects within the Community.

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COMMON AGRICULTURAL POLICY

The European Council reaffirms the Community's resolve to ensure the continuity and development of the common agricultural policy in compliance with the basic principles thereof, as set out in Article 39 of the Treaty, and in the desire to increase efficiency in the agricultural sector as a whole by means of rationalization in relation to current economic conditions.

In this context the European Council calls upon the Council of Ministers for Agriculture to give shape before 1 April 1984 to the points of agreement as embodied in the documents which it has adopted.

In addition, the European Council would adduce the following conclusions:

[ - Irish problem

- tax on oils and fats

- MCAs

- other questions, in line with the conclusions of the Agriculture Council meetings<sub>7</sub>.

STRUCTURAL FUNDS

The European Council confirms that the Structural Funds must contribute to the revitalization of the Community in accordance with its objectives and priorities, by seeking to promote productive investment and to bring what Europe has to offer into line with the technological revolution.

To that end:

- (a) Management of the Funds will be improved having regard to the observations of the Court of Auditors, in particular by a suitable evaluation of the aid they provide and the elimination of any duplication, through improved co-operation between the Commission and the Member States.
- (b) An attempt will be made to combine aid from the various Funds, for example in the form of integrated programmes.

With this in mind, integrated Mediterranean programmes will be launched in favour of the southern regions of the present Community so as to be operational in 1985. Designed to be of limited duration, such programmes will have as their aim improvement of the economic structures of those regions

to enable them to adjust in the best conditions possible to the new situation created by enlargement. They will also prepare a solution to problems raised in the Greek Memorandum.

- (c) Within the framework of the accepted principles governing budgetary discipline and the future financing of the Community, the financial resources allocated to aid from the Funds will be substantially increased in real terms.

The current discussions initiated on the basis of the Commission's proposals, relating to the revision of the ERDF and the EAGGF Guidance Section, must be concluded before the next meeting of the European Council.

ENLARGEMENT

The European Council agrees that the accession negotiations must be completed by 30 September 1984 at the latest. This will make it possible for both texts requiring ratification, i.e. the texts on enlargement and on the creation of new own resources, to be submitted to national parliaments simultaneously.



BUDGETARY AND FINANCIAL DISCIPLINE

1. The European Council considers it essential that the strict rules which at present govern budgetary policy in each Member State also apply to the EEC budget.

The level of EEC expenditure will be fixed in the light of available income. *as a function of*

Budgetary discipline will apply to all EEC budget expenditure.

This will require a combined effort on the part of all the Institutions in accordance with their respective budgetary powers.

2. The European Council invites the Council of Ministers for its part:

- to fix at the beginning of the budget procedure a reference framework, i.e. the maximum level of expenditure which it considers it must adopt for the following financial year;
- to implement the provisions laid down in the Commission document on financial guidelines concerning the common agricultural policy.

*To ensure that*  
(In order to do so) the net expenditure relating to agricultural markets calculated on a three-yearly basis will increase within the limit of the rate of growth of the own resources base. This development will be assessed on comparable bases from one year to

*at a rate markedly less than*

*King*

the next. [Account will be taken of exceptional circumstances, in particular in connection with enlargement.]

- to undertake to comply with the maximum rate throughout the budget procedure. On the first reading the Council will keep the increase in Non-Compulsory Expenditure at a level no higher than half the maximum rate. On the second reading the Council will adopt a position such that the maximum rate is not exceeded.

3. The European Council requests the Council of Ministers to adopt the necessary implementing measures for the principles set forth in paragraph 2. *so that they are formally embodied in the Budgetary procedures.*

BUDGETARY IMBALANCES

*(deficit proportions)*

~~\*~~ Control of expenditure and re-balancing of the budget *[Put in for Germany]* constitute in the longer term the essential means for resolving the problem of budgetary imbalances.

In the meantime, any Member State placed in a particular budgetary situation with respect to its relative prosperity may benefit from a correction.

The details of the correction will be adopted by the Council of Ministers taking account of the following factors:

- X - that part of the budgetary imbalance due to extra-Community trade will not be taken into account; *(VAT/expenditure)* *basis relative 2 500 m.  
Cont 6 000  
VAT 3.3*
- the need to make a correction to imbalances, the threshold above which a correction will be made and the size of that correction will be assessed in the light of *proportionality* the relative prosperity of each Member State as indicated by its per capita GDP;
- a Member State benefiting from a correction may not be exempted from contributing to a net increase in budget expenditure, *(P.M.)* including the cost of enlargement; *n. not in case of enlargement!*
- X - a part of administrative expenditure will be charged to each Member State in accordance with a formula to be determined; *(15% not allocated)*
- any correction will be deducted from the normal share of VAT of the Member State concerned in the budget year following that in respect of which the correction was made; || the resulting burden for the other Member States will be allocated according to their normal share of VAT; *In all. to our total reduction*

- corrections will be an integral part of the new financial system. They will apply until the new VAT resources ceiling is reached. Before that date the Council, acting on a proposal from the Commission, will adopt appropriate measures;

*Apply no longer as new own resources decision later*

*When way to look at problem*

⑦ on the basis of the 1982 figures, the correction for the United Kingdom, calculated on the basis of the factors listed above, would be ...

For 1984 the correction for the United Kingdom will be calculated by applying in advance the correction arrangements to be applied from 1986 onwards. It will be paid in 1985 in accordance with procedures to be determined which will not affect the level of Community expenditure.

OWN RESOURCES

The maximum rate of mobilization of VAT will be [1, X% 7]; this maximum rate applies to every Member State and will enter into force as soon as ratification procedures are completed and by 1 January 1986 at the latest.

When the new VAT ceiling has nearly been reached, the Commission will submit a report on the results of budgetary discipline, the Community's financial requirements, developments in the structure of the budget and their impact on the situation of the Member States. This report will be accompanied by appropriate proposals.

The Council of Ministers will take the necessary measures on the basis of the Commission report.