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UNCLASSIFIED  
FRAME GENERAL  
FRAME ECONOMIC

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TO IMMEDIATE FCO

TELEGRAM NUMBER 1232 OF 22 MARCH 1983

INFO IMMEDIATE BRUSSELS COPENHAGEN THE HAGUE ROME DUBLIN PARIS  
BONN LUXEMBOURG ATHENS

INFO PRIORITY LISBON MADRID WASHINGTON TOKYO OTTAWA

INFO ROUTINE UKMIS NEW YORK UKMIS GENEVA

INFO SAVING STRASBOURG UKDEL NATO

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EUROPEAN COUNCIL, BRUSSELS, 21/22 MARCH 1983

FOLLOWING ARE THE PRESIDENCY'S CONCLUSIONS ON COMMUNITY SUBJECTS:

THE ECONOMIC AND SOCIAL SITUATION

1. THE EUROPEAN COUNCIL DISCUSSED THE CONTINUED IMPLEMENTATION OF THE COMMUNITY'S COMPREHENSIVE STRATEGY FOR RE-ESTABLISHING ECONOMIC STABILITY, ENCOURAGING PRODUCTIVE ACTIVITY AND CONTRIBUTING TO A CLIMATE OF EXPANSION OF MARKETS WITHOUT RENEWED INFLATION AND THUS TO THE CREATION OF DURABLE JOBS AND THE POSSIBLE EXAMINATION OF THE QUESTION OF WORKING TIME.

2. IN PARTICULAR IT AGREES THAT ALL MEMBER STATES AND THE COMMUNITY MUST NOW TAKE EFFECTIVE ACTION TO IMPROVE THE EMPLOYMENT SITUATION OF YOUNG PEOPLE. IT NOTES THE INTENTION OF THE COMMISSION TO SUBMIT CONCRETE PROPOSALS AND INVITES THE COUNCIL TO SUBMIT A REPORT TO THE EUROPEAN COUNCIL IN JUNE ON PROGRESS MADE BOTH NATIONALLY AND AT COMMUNITY LEVEL.

3. THE EUROPEAN COUNCIL WELCOMES THE REPORT FROM THE GENERAL AFFAIRS COUNCIL ON THE IMPLEMENTATION OF THE PRIORITY GOALS LAID DOWN BY IT AT ITS MEETING IN DECEMBER 1982 IN COPENHAGEN.

4. CONCERNING THE INTERNAL MARKET THE EUROPEAN COUNCIL NOTES THE PROGRESS MADE. IT STRESSES THE NEED FOR DECISIONS BEFORE JUNE IN ALL THE PRIORITY AREAS AS DEFINED IN COPENHAGEN. THE EUROPEAN COUNCIL NOTES WITH SATISFACTION THAT THE COUNCIL'S WORK PROGRAMME INCLUDES ALSO THE AREAS OF INSURANCE AND OTHER SERVICES.

5. IT ASKS THE COUNCIL TO TAKE A POSITION, WITH THE SAME DEGREE OF PRIORITY, ON THE COMMISSION PROPOSALS ON THE STRENGTHENING OF THE INSTRUMENTS OF THE COMMON EXTERNAL TRADE POLICY.

6. THE EUROPEAN COUNCIL NOTES THAT FURTHER CONCRETE DECISIONS MUST ALSO BE TAKEN BETWEEN NOW AND THE EUROPEAN COUNCIL MEETING IN JUNE ON ENERGY POLICY, RESEARCH AND DEVELOPMENT POLICY.

7. IT INVITES THE COUNCIL (ECO/FIN) TO PURSUE ITS WORK CONCERNING THE DEVELOPMENT OF INVESTMENTS.

8. THE COUNCIL CONSIDERS THAT THE DEVELOPMENT OF THE PRODUCTIVE CAPACITY OF EUROPEAN INDUSTRY IN THE CONDITIONS REQUIRED BY INTERNATIONAL COMPETITIVITY MUST CONSTITUTE A MAJOR NECESSITY FOR THE COMMUNITY.

9. IT NOTES THAT THE COMMISSION WILL IN THE NEAR FUTURE MAKE PROPOSALS ENABLING BETTER CONDITIONS TO BE BROUGHT ABOUT FOR THE DEVELOPMENT OF NEW INFORMATION TECHNOLOGIES, TELECOMMUNICATIONS AND BIOTECHNOLOGY.

10. THE EUROPEAN COUNCIL DISCUSSED A NUMBER OF SPECIFIC AREAS WHERE MORE EFFECTIVE COMMON ACTION IS URGENTLY NEEDED:

- IT AGREES THAT MUTUAL RECOGNITION OF DIPLOMAS IS AN IMPORTANT STEP IN CREATING SATISFACTORY CONDITIONS FOR THE EXERCISE OF A NUMBER OF PROFESSIONS.

THE EUROPEAN COUNCIL INVITES THE MINISTERS OF EDUCATION TO SPEED UP THEIR WORK IN ORDER TO CREATE THE NECESSARY CONDITIONS FOR TANGIBLE RESULTS IN THIS FIELD.

- THE EUROPEAN COUNCIL FURTHER INVITES THE COUNCIL TO SPEED UP THE EXAMINATION OF A NUMBER OF PROPOSALS FOR DIRECTIVES CONCERNING THE RIGHT OF ESTABLISHMENT AND FREEDOM TO PROVIDE SERVICES IN ORDER TO BRING THIS WORK TO A SUCCESSFUL CONCLUSION AS SOON AS POSSIBLE.

- THE EUROPEAN COUNCIL AGREES THAT THE DAMAGE DONE TO THE FOREST ENVIRONMENT BY ACID RAIN MAKES EFFECTIVE JOINT ACTION URGENTLY NECESSARY. IT THEREFORE INVITES THE COUNCIL TO GIVE RAPID AND POSITIVE ATTENTION TO PROPOSALS ANNOUNCED BY THE COMMISSION BOTH FOR ACTION IN THE COMMUNITY AND IN THE FRAMEWORK OF THE ECE. IT REQUESTS THE COUNCIL TO MAKE AN INTERIM REPORT ON THE SITUATION CONCERNING THIS PROBLEM FOR ITS MEETING IN JUNE.

- THE EUROPEAN COUNCIL REQUESTS THE COUNCIL TO EXPEDITE THE DEVELOPMENT OF A COMMUNITY TRANSPORT POLICY; SPECIAL ATTENTION SHOULD BE PAID TO THE IMPROVEMENT OF FRONTIER FORMALITIES IN THE FORMULATION OF DECISIONS ON THE INTERNAL MARKET.

11. THE EUROPEAN COUNCIL STRESSES THE IMPORTANCE OF DECISIVE PROGRESS TOWARDS THE SUCCESSFUL IMPLEMENTATION OF ITS EMPLOYMENT STRATEGY. THE COUNCIL SHOULD CONTRIBUTE TO A CONSTRUCTIVE DIALOGUE ON THIS SUBJECT BETWEEN IT AND THE EUROPEAN PARLIAMENT.

THE ECONOMIC SUMMIT IN WILLIAMSBURG IN MAY 1983

12. THE EUROPEAN COUNCIL ASKS THE COUNCIL TO PREPARE COMMUNITY POSITIONS FOR THE WILLIAMSBURG ECONOMIC SUMMIT WHICH WILL PERMIT THE COMMUNITY TO MAKE A SUBSTANTIAL CONTRIBUTION TO EFFORTS TO ENSURE THAT THE RECOVERY OF THE INTERNATIONAL ECONOMY, WHICH IS NOW APPEARING AND WHICH IS PARTICULARLY IMPORTANT FOR DEVELOPING COUNTRIES, WILL BE SUPPORTED THROUGH THE CONCERTED POLICIES OF THE SUMMIT PARTICIPANTS. IN THIS CONTEXT THE EUROPEAN COUNCIL

ATTACHES GREAT IMPORTANCE TO THE MAINTENANCE AND FURTHER STRENGTHENING OF WORLD TRADE INCLUDING TRADE WITH THE THIRD WORLD AS AN INTEGRAL PART OF A POLICY INTENDED TO BRING ABOUT A FAVOURABLE CLIMATE OF SALES POSSIBILITIES WITHOUT RENEWED INFLATION.

13. IT CONSIDERS IN PARTICULAR THAT A GENUINE DIALOGUE BETWEEN EUROPE AND THE UNITED STATES ON TRADE IN AGRICULTURAL PRODUCTS CAN BE MAINTAINED ONLY ON THE BASIS OF MUTUAL RESPECT OF THE AGREEMENTS CONCLUDED FOLLOWING THE TOKYO ROUND.

14. THE EUROPEAN COUNCIL CONSIDERS THAT THE FALLING OIL PRICES CONSTITUTE A POSITIVE CONTRIBUTION TO WORLD ECONOMIC RECOVERY, PROVIDED THAT THIS DEVELOPMENT AND ITS CONSEQUENCES ARE KEPT UNDER CONTROL. IT IS ALSO IMPORTANT THAT STEPS ARE TAKEN TO ENSURE THAT THIS DEVELOPMENT DOES NOT JEOPARDIZE THE SUCCESSFUL CONTINUATION OF EFFORTS TO ENSURE ENERGY SAVINGS AND DEVELOPMENT OF ENERGY SOURCES.

#### ENLARGEMENT

15. THE EUROPEAN COUNCIL NOTED THE REPORT FROM THE COUNCIL (GENERAL AFFAIRS) ON PROGRESS OF WORK ON THE INVENTORY PRESENTED BY THE COMMISSION, AND IN NEGOTIATIONS WITH SPAIN AND PORTUGAL. IT REQUESTS THE COUNCIL TO CONTINUE ITS WORK SO THAT BALANCED DECISIONS CAN BE MADE.

16. THE EUROPEAN COUNCIL IS DETERMINED THAT NEGOTIATIONS WITH SPAIN AND PORTUGAL SHOULD NOW MAKE SUBSTANTIAL PROGRESS, AND ASKS THE COUNCIL TO MAKE EVERY EFFORT TO THIS END.

17. THE EUROPEAN COUNCIL EXPECTS THE COUNCIL (GENERAL AFFAIRS) TO BE ABLE TO REPORT BEFORE JUNE SUBSTANTIAL PROGRESS BOTH ON SUBJECTS DEALT WITH IN THE INVENTORY AND IN THE NEGOTIATIONS WITH SPAIN AND PORTUGAL.

18. THE EUROPEAN COUNCIL INTENDS TO TAKE STOCK OF THE SITUATION REGARDING THE ENLARGEMENT NEGOTIATIONS AT ITS NEXT MEETING AND TO GIVE POLITICAL ORIENTATION FOR THE COMPLETION OF THE NEGOTIATIONS.

19. THE EUROPEAN COUNCIL TOOK NOTE OF THE DISCUSSIONS THAT HAVE TAKEN PLACE ON THE ADAPTATION OF RULES APPLICABLE TO CERTAIN MEDITERRANEAN AGRICULTURAL PRODUCTS.

20. AFTER RE-EXAMINING THE DOSSIER, IT REAFFIRMED ITS VIEW THAT APPROPRIATE DECISIONS SHOULD BE TAKEN IN ORDER THAT THE COMMUNITY CAN MAKE FURTHER PROGRESS IN THE NEGOTIATIONS FOR THE ACCESSION OF SPAIN AND PORTUGAL.

21. THE EUROPEAN COUNCIL THEREFORE ASKS THE COUNCIL OF AGRICULTURE MINISTERS TO ADOPT THE NECESSARY DECISIONS AS SOON AS POSSIBLE, TAKING ACCOUNT OF THE FOLLOWING FACTORS:

22. IN THE OLIVE OIL SECTOR A LONG TRANSITIONAL PERIOD MUST BE FORESEEN.

23. IN THE FRUITS AND VEGETABLES SECTOR COMPROMISES SHOULD BE SOUGHT ON THE BASIS OF THE COMMISSION PROPOSALS COMPLETED BY PROVISIONS ENSURING THAT TRADITIONAL TRADE FLOWS WITH THE THIRD COUNTRIES ARE MAINTAINED AND GUARANTEEING THAT THE FREE CIRCULATION OF GOODS IS RESPECTED.

24. THE EUROPEAN COUNCIL EXPRESSES ITS CONVICTION THAT EACH GOVERNMENT MUST BE READY TO MAKE A STEP IN THE DIRECTION OF THE OTHERS IN ORDER TO CLEAR THE WAY BEFORE AN OVERALL COMPROMISE.

THE COMMUNITY'S FINANCIAL RESOURCES AND RELATED PROBLEMS

25. THE EUROPEAN COUNCIL NOTES THE REPORT ON WORK DONE ON THE COMMISSION'S COMMUNICATION ON THE FUTURE FINANCING OF THE COMMUNITY. THE EUROPEAN COUNCIL FURTHER NOTES THE COMMISSION'S INTENTION TO SUBMIT SPECIFIC PROPOSALS AS SOON AS POSSIBLE. IT EXPECTS THESE PROPOSALS TO TAKE ACCOUNT OF THE DEVELOPMENT OF THE COMMUNITY'S POLICIES, THE PROBLEMS CONNECTED WITH ENLARGEMENT, BUDGETARY IMBALANCES AND THE NEED TO STRENGTHEN BUDGETARY DISCIPLINE. IT INVITES THE COUNCIL (GENERAL AFFAIRS) TO DISCUSS THOSE PROPOSALS AND TO REPORT ITS CONCLUSIONS TO THE JUNE EUROPEAN COUNCIL.

26. THE EUROPEAN COUNCIL AGREES THAT THIS REPORT WILL CONTAIN CONCLUSIONS ALSO CONCERNING THE SO-CALLED SUBSEQUENT SOLUTION IN ACCORDANCE WITH THE UNDERTAKING MADE BY THE FOREIGN AFFAIRS MINISTERS ON 25 MAY AND 26 OCTOBER 1982 REGARDING COMPENSATION TO THE UNITED KINGDOM. CONSEQUENTIAL FIGURES FOR 1983 WILL BE INCORPORATED IN THE DRAFT COMMUNITY BUDGET FOR 1984.

FCO ADVANCE TO:

FCO - PS: PS/PUS: SPRECKLEY: CROWE

CAS - STAPLETON: DURIE: LAMBERT

MAFF - HADDON

TSY- HEDLEY-MILLER AJC ANDREWS

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