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EUROPEAN COUNCIL STUTTGART 17-19 JUNE 1983
1. FINAL TEXTS ON BUDGETARY ISSUES - A DECLARATION ON FUTURE FINANCING PLUS A CONCLUSION ON UK REFUNDS FOR 1983 - ARE AS FOLLOWS

(A) DECLARATION
ADOPTED BY THE EUROPEAN COUNCIL IN STUTTGART ON 18 JUNE

1983

AT A TIME WHEN THE EUROPEAN COMMUNITY IS FACED WITH ENORMOUS SOCIAL AND ECONOMIC CHALLENGES AND IS IN THE PROCESS OF NEGOTIATING A THIRD ENLARGEMENT TEN YEARS AFTER THE FIRST ACCESSION, THE EUROPEAN COUNCIL HAS DECIDED TO TAKE BROAD ACTION TO ENSURE THE RELAUNCH OF THE EUROPEAN COMMUNITY.

IN THE COURSE OF THE COMING SIX MONTHS A MAJOR NEGOTIATION WILL TAKE PLACE TO TACKLE THE MOST PRESSING PROBLEMS FACING THE COMMUNITY SO AS TO PROVIDE A SOLID BASIS FOR THE FURTHER DYNAMIC DEVELOPMENT OF THE COMMUNITY OVER THE REMAINDER OF THE PRESENT DECADE.

WITH REGARD TO THE IMPORTANCE, COMPLEXITY AND LINKAGE OF THE PROBLEMS, NEGOTIATIONS WILL BE STARTED UNDER A SPECIAL EMERGENCY PROCEDURE. FOR THIS PURPOSE SPECIAL COUNCIL SESSIONS WILL TAKE PLACE AT THE LEVEL OF FOREIGN MINISTERS AND FINANCE MINISTERS: WHERE NECESSARY, OTHER MINISTERS WILL ALSO PARTICIPATE, ESPECIALLY MINISTERS OF AGRICULTURE. STATE SECRETARIES MAY ASSIST THE MINISTERS.

THE RESULT OF THE NEGOTIATION WILL BE SUBMITTED TO THE EUROPEAN COUNCIL MEETING IN ATHENS ON 6 DECEMBER 1983.

THE NEGOTIATION WILL COVER THE SUBJECTS MENTIONED IN THE CONCLUSIONS OF THE EUROPEAN COUNCIL OF 21-22 MARCH 1983. THE FUTURE FINANCING OF THE COMMUNITY, THE DEVELOPMENT OF COMMUNITY POLICIES, THE ISSUES RELATING TO ENLARGEMENT, PARTICULAR PROBLEMS OF CERTAIN MEMBER STATES IN THE BUDGET FIELD AND IN OTHER FIELDS AND THE NEED FOR GREATER BUDGETARY DISCIPLINE.

DECISIONS WILL BE TAKEN IN COMMON ON ALL THESE QUESTIONS AT THE END.

THE NEGOTIATION WILL AIM AT EXAMINING ALL THE EXISTING POLICIES WITH PARTICULAR ATTENTION TO THE COMMON AGRICULTURAL POLICY.

THE EXAMINATION OF POLICIES WILL TAKE PLACE WITH THE PURPOSE ON THE ONE HAND OF MODERNIZING AND MAKING MORE EFFECTIVE THE EXISTING POLICIES AND TO DETERMINE THE PRIORITY AREAS FOR NEW COMMUNITY ACTION, AND ON THE OTHER HAND TO ENSURE THAT POLICIES ARE COST EFFECTIVE AND THAT ECONOMIES ARE MADE WHEREVER POSSIBLE.

THE NEGOTIATION WILL IN ADDITION AIM AT A MORE BALANCED AND EQUITABLE SITUATION, ALSO IN FINANCIAL TERMS FROM THE POINT OF VIEW OF THE INTERESTS OF THE DIFFERENT MEMBER STATES AND OF THE COMMUNITY AS A WHOLE.

THE NEGOTIATION WILL BE BASED ON THE FOLLOWING GUIDELINES:

THE COMMON AGRICULTURAL POLICY

THE BASIC PRINCIPLES OF THE COMMON AGRICULTURAL POLICY WILL BE OBSERVED IN KEEPING WITH THE OBJECTIVES SET FORTH IN ARTICLE 39 OF THE TREATY ESTABLISHING THE EEC. THE COMMON AGRICULTURAL POLICY MUST BE ADAPTED TO THE SITUATION FACING THE COMMUNITY IN THE FORESEEABLE FUTURE, IN ORDER THAT IT CAN FULFILL ITS AIMS IN A MORE COHERENT MANNER.

THE FOLLOWING

- THE FOLLOWING QUESTIONS WILL IN PARTICULAR BE EXAMINED:
- PRICE POLICY.
 - THRESHOLDS FOR GUARANTEES, IN RELATION TO OBJECTIVES FOR PRODUCTION
 - CO-RESPONSIBILITY OF PRODUCERS,
 - INTERVENTION ARRANGEMENTS,
 - ARRANGEMENTS ON EXPORT REFUNDS,
 - SUBSTITUTES AND COMMUNITY PREFERENCES,
 - COMPENSATORY AMOUNTS,
 - AIDS AND PREMIUM ARRANGEMENTS,
 - INTERNAL BARRIERS TO TRADE,
 - TYPE AND SIZE OF FARMS, AND PARTICULAR SITUATIONS OF THE VARIOUS CATEGORIES OF FARMERS,
 - THE NEED FOR STRICT FINANCIAL GUIDELINES,
 - EXTERNAL AGRICULTURAL POLICY,
 - SPECIAL PROBLEMS ARISING IN CERTAIN REGIONS, SUCH AS IN THE MEDITERRANEAN REGIONS, IN MOUNTAIN AREAS OR OTHER REGIONS AT A DISADVANTAGE BECAUSE OF NATURAL OR ECONOMIC FEATURES.

THE EXAMINATION WILL RESULT I.A. IN CONCRETE STEPS COMPATIBLE WITH MARKET CONDITIONS BEING TAKEN TO ENSURE EFFECTIVE CONTROL OF AGRICULTURAL EXPENDITURE BY MAKING FULL USE OF AVAILABLE POSSIBILITIES AND EXAMINING ALL MARKET ORGANIZATIONS.

ALL MEMBER STATES MUST CONTRIBUTE TO ACHIEVING THE SAVINGS.

PROPOSALS WILL BE SUBMITTED BY THE COMMISSION BY 1ST AUGUST 1983.

THE EUROPEAN COUNCIL HAS TAKEN NOTE OF THE COMMUNICATIONS OF THE COMMISSION ON INTEGRATED MEDITERRANEAN PROGRAMMES WHICH AIM IN PARTICULAR AT MODERNIZING MEDITERRANEAN AGRICULTURE AND ITS BETTER INTEGRATION INTO THE GENERAL ECONOMY. IT ASKS THE COUNCIL TO EXAMINE THEM AS SOON AS THE COMMISSION'S PROPOSALS ARE SUBMITTED.

OTHER POLICIES

DEVELOPMENT OF POLICIES AND NEW COMMUNITY ACTION.
THE EUROPEAN COUNCIL IS DETERMINED TO DEVELOP AND MAKE MORE EFFECTIVE COMMUNITY ACTION IN RESEARCH, INNOVATION AND THE NEW TECHNOLOGIES WITH A VIEW TO FACILITATING COOPERATION BETWEEN ENTERPRISES. ON THE BASIS OF PROPOSALS BY THE COMMISSION, DECISIONS WILL BE TAKEN ON NEW COMMUNITY ACTIONS MAKING USE OF THE COMMUNITY DIMENSION TO IMPROVE THE INTERNATIONAL COMPETITIVENESS OF ENTERPRISES.

NEGOTIATIONS ON CERTAIN PROJECTS OF AN EXEMPLARY NATURE, E.G. THE ESPRIT PROGRAMME, SHOULD BE CONCLUDED AS SOON AS POSSIBLE. LIKEWISE CONCRETE PROGRESS SHOULD BE MADE TOWARD UNIFORM STANDARDS AND NORMS.

THE PROTECTION OF THE ENVIRONMENT, EMPLOYMENT POLICY, IN PARTICULAR CONCERNING YOUNG PEOPLE AND SOCIAL POLICY WILL BE GIVEN EQUALLY HIGH PRIORITY.

BUDGETARY DISCIPLINE.

EXPENDITURE MUST ALSO BE CONTROLLED, IN COOPERATION WITH THE EUROPEAN PARLIAMENT, OUTSIDE THE AGRICULTURAL SECTOR. POLICIES ARE TO BE DEVELOPED WITHIN THE BOUNDS OF FINANCIAL FEASIBILITY AND SUPPLEMENTED THROUGH NEW ACTIONS WHICH MUST BE INCORPORATED IN AN ECONOMICALLY SUITABLE WAY INTO COMMUNITY POLICIES.

BY 1ST AUGUST 1983 THE COMMISSION WILL PRESENT A REPORT WITH PROPOSALS FOR INCREASING THE EFFECTIVENESS OF THE COMMUNITY'S STRUCTURAL FUNDS (THE REGIONAL FUND, THE SOCIAL FUND AND THE GUIDANCE SECTOR OF THE EAGGF). IT WILL CONCENTRATE ON A MORE CONSISTENT CO-ORDINATION OF POLICIES TO AVOID DUPLICATION OF EFFORT AND EXPENDITURE AND TO ACHIEVE GREATER BUDGETARY DISCIPLINE.

ON THE BASIS OF THIS REPORT, THE POLICIES IN QUESTION WILL BE REVIEWED AND PRIORITIES DETERMINED ON THE BASIS OF URGENCY AND IMPORTANCE.

OWN RESOURCES AND PARTICULAR PROBLEMS OF CERTAIN MEMBER STATES.

THE OBJECTIVE IS:

-TO SECURE THE FINANCING OF COMMUNITY POLICIES AND ACTIONS AND THEIR FURTHER DEVELOPMENT OVER A LONGER PERIOD OF TIME TAKING INTO ACCOUNT THE ADDITIONAL FINANCIAL REQUIREMENTS WHICH WOULD FLOW FROM THE ACCESSION OF SPAIN AND PORTUGAL, WHILE EXHAUSTING ALL POSSIBILITIES FOR SAVINGS:

-TO AGREE MEASURES WHICH, TAKEN AS A WHOLE, WILL AVOID THE CONSTANTLY RECURRENT PROBLEMS BETWEEN THE MEMBER STATES OVER THE FINANCIAL CONSEQUENCES OF THE COMMUNITY'S BUDGET AND ITS FINANCING. ALL APPROPRIATE WAYS AND MEANS WILL BE EXAMINED TO THIS END, IN PARTICULAR THE PROPOSALS MADE BY THE COMMISSION AND THE SUGGESTIONS OF CERTAIN MEMBER STATES WITH A VIEW TO ENSURING EQUITABLE FINANCIAL SITUATIONS FOR ALL MEMBER STATES.

ON THE BASIS OF THE CONCLUSIONS REACHED ON DEVELOPMENT OF POLICIES, IMPROVING BUDGETARY DISCIPLINE AND THE EXAMINATION OF THE FINANCIAL SYSTEM, THE EXTENT AND TIMING OF THE COMMUNITY'S REQUIREMENTS IN TERMS OF OWN RESOURCES WILL BE DETERMINED.

SOUND FINANCIAL MANAGEMENT

THE COURT OF AUDITORS OF THE EUROPEAN COMMUNITY WILL BE ASKED TO REVIEW THE SOUND FINANCIAL MANAGEMENT OF COMMUNITY ACTIVITIES AND TO SUBMIT A REPORT BY THE END OF 1983. THIS REPORT WILL BE FOLLOWED UP IN THE COURT'S ANNUAL REPORTS.

ENLARGEMENT

THE ACCESSION NEGOTIATIONS WITH SPAIN AND PORTUGAL WILL BE PURSUED WITH THE OBJECTIVE OF CONCLUDING THEM, SO THAT THE ACCESSION TREATIES CAN BE SUBMITTED FOR RATIFICATION WHEN THE RESULT OF THE NEGOTIATION CONCERNING THE FUTURE FINANCING OF THE COMMUNITY IS SUBMITTED.

(B) COMPENSATION TO THE UNITED KINGDOM FOR 1983
CONCLUSIONS OF THE EUROPEAN COUNCIL IN STUTTGART ON 17-19 JUNE 1983.

THE EUROPEAN COUNCIL, FOLLOWING THE DECISION TAKEN AT ITS MEETING ON THE 21/22 MARCH 1983 REGARDING COMPENSATION TO THE UNITED KINGDOM FOR 1983, AGREED ON THE AMOUNT OF 750 MILLION ECU NET FOR THIS PURPOSE. CONSEQUENTIAL FIGURES WILL BE INCORPORATED IN THE DRAFT COMMUNITY BUDGET FOR 1984.

THIS DECISION WAS TAKEN IN THE CONTEXT OF THE ADOPTION OF THE DECLARATION ON THE FUTURE FINANCING OF THE COMMUNITY.

ROSE

E C BUDGET

LIMITED

ECD (I)

ECD (E)

PS

PS/LADY YOUNG

PS/MR RIPPIND

PS/PUS

SIR J BULLARD

MR HANNAY

MR EVANS

COPIES TO

MR HANCOCK)

MR DURIE)

MR PEARSON)

CABINET OFFICE

MISS WRIGHT TREASURY

ECD ODA