

SPECIAL EDITION



4 july 1986

bulletin

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of the european parliament



EUROPEAN COUNCIL
of 26 and 27 june 1986
in The Hague

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E U R O P E A N C O U N C I L

The Hague, 26/27 June 1986

PRESIDENCY CONCLUSIONS

Social and Economic situation

General

The European Council considered the economic and social situation within the European Community and concluded that, in spite of substantial progress in establishing sounder structural conditions for economic growth, present levels of economic performance and investment are by themselves unlikely to permit further substantial reductions in unemployment. It confirmed therefore the necessity of continuing macro and micro economic policies aimed at structural improvement, in combination with additional efforts to generate gainful employment. The Council expressed the opinion that economic growth is not only a responsibility of individual Member States, but also of the Community as a whole.

The European Council agreed that the opportunities offered by lower oil price levels should as much as possible be translated into additional economic growth. It asked the Council (ECO/FIN) to monitor the progress made in the framework of the cooperative growth strategy agreed at the end of 1985. The Council further agreed that action at the Community level should be taken to enable business to maximise its capacity to create prosperity and jobs, inter alia by examining the scope for improved access to innovative forms of risk capital and the efforts of the European Investment Bank and welcomed the measures introduced both at the Community and at the national level to limit the regulatory burdens of legislation. The European Council also called for a common strategy, to be discussed with social partners, to promote enterprise, to encourage flexible employment patterns, and help long-term unemployed people back into jobs.

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The European Council agreed that permanent training and re-training have become a necessity. It also underlined that the services industry and small and medium-sized enterprises constitute major sources of employment growth. In this respect the European Council welcomed the Commission's intention to submit concrete proposals in the near future, in particular to simplify the fiscal regulations as applied to small and medium-sized enterprises.

The European Council asked the Commission, in the framework of the studies on the causes, nature and extent of unemployment, to undertake a thorough analysis of the phenomena of the underground economy and work falling outside the tax net, so as to arrive at intensive and coordinated actions to assist employment policies.

Long-term unemployment

With a view to supporting a convergent European policy aiming at the return of the long-term unemployed to the labour market, the European Council welcomed the Commission's proposals on exchanging information on successful national experiences, on conducting pilot actions under the European Social Fund and on coordinating actions under the Community structural instruments in regions in need of industrial restructuring. In this connection the possibility was also advocated of arriving at tripartite commitments of Governments and the social partners to stimulate the re-employment of those who have been out of work for a long time. Similar efforts should be made to encourage the absorption of school-leavers into the labour market.

Technological cooperation

The European Council stressed that technological co-operation and innovation at the Community level and in a wider European context will make an indispensable contribution to the ability to European industry to survive in a ruthlessly competitive world. Efforts in this direction should be closely geared

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to the perfection of the internal market, the application of uniform standards, the opening-up of public purchasing, the implementation of specific R & D programmes which also take account of the interests of small and medium sized businesses and the need to consult with the social partners who have their own responsibilities in this matter. The Council called on the Commission and the Council of Ministers (INDUSTRY/RESEARCH) to complete their deliberations on the next multi-annual programme for technological cooperation within the next few months and to see to it that momentum is not lost.

Capital market

Prospects for steady growth will also be enhanced by the creation of a truly free capital market. The European Council welcomed the proposals recently submitted by the Commission for the complete liberalization of capital markets and asked the Council of Ministers to treat these proposals on a priority basis.

INTERNAL MARKET

General

In view of the urgent need to make progress with regard to the introduction of an area without internal frontiers by 1992, as provided for in the Single European Act, the European Council requested those Member States which had not yet done so to make every effort to ensure that the Single European Act was ratified in time and could be implemented in full as from 1 January 1987.

The European Council reviewed the present situation as regards the completion of the internal market and concluded that, although the decision-making process has speeded up during the first half of 1986, it is still necessary to improve it substantially if the objectives fixed for the current year are to be attained and if the final objective is to be achieved.

The European Council considers that the strengthening of economic and social cohesion, in accordance with the Single European Act, is essential to ensure the correction of potential imbalances and the harmonious development of the Community as a whole. It took note of the Commission's intention to submit to the Council before the end of the year a report and proposals on strengthening structural policies and improving the operation of the structural funds, as provided for in the Single European Act.

Working method

The European Council noted that favourable results have been obtained in the joint efforts of successive Presidencies and voiced the hope that similar "rolling Presidency programmes" will continue to operate in the future. The members of the European Council undertook to instruct their Ministers in the appropriate Councils to:

- continue to give high priority to the measures in the current Presidency programme based on the Commission's White Paper;
- ensure that technical opposition to the harmonization of legislation does not hinder progress;
- guarantee adequate co-ordination of the meetings of the Council in its different compositions;
- convene, when necessary, special meetings of the Council, entirely or mainly devoted to the internal market.

The President of the European Commission stated that the Commission would endeavour to speed up the submission of its proposals, to evaluate activities in progress and to co-operate closely with successive Presidencies.

Areas of special interest

The European Council considered that the Council of Ministers (Transport) should make a further effort to overcome the difficulties which have recently appeared in relation to the liberalization and harmonization of land, sea and air transport, in the light of the relevant judgments of the European Court of Justice. With regard to air transport, the Council of Ministers should without delay adopt the appropriate decisions on air tariffs, capacity and access to markets, in accordance with the rules of competition of the Treaty.

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The European Council confirmed that a number of basic decisions needed to be taken rapidly in relation to the removal of fiscal barriers at the frontiers in order to achieve the goals set for 1992, and welcomed the work programme proposed to this end by the Commission and endorsed by the Council of Finance Ministers.

The European Council considered that public contracts are an essential feature of the internal market and that their liberalization is therefore a precondition for the completion of that market by 1992. Public contracts also have a crucial role to play in stimulating the industrial and technical performance of the European Community. For that reason the Council considered that progress in this area had to be stepped up and requested the Council to give urgent consideration to the Commission's report and proposals in this area.

In view of the fundamental importance which the European Council attaches to this question, it decided to evaluate at its next meeting the progress made in all the above sectors.

A People's Europe

The European Council considered that the implementation of the report on a People's Europe (ADONNINO report) was clearly not proceeding as quickly as had been expected. The Council of Ministers was asked to give further attention to carrying out the recommendations contained in this report and to submit a report on progress made at the next meeting of the European Council.

In particular it was considered desirable to make progress in the following areas:

- easing of restrictions on border area passenger traffic;
- right of residence;
- a general system of mutual recognition of diplomas.

The European Council also requested the Council of Ministers to reach agreement in the near future on programmes to promote:

- co-operation in the area of public health (action programme against cancer) and
- intra-Community contacts between students and universities (ERASMUS).

It will have to be ensured that the funds to be devoted to programmes of this kind are of benefit to as many people as possible and that bureaucracy is kept to the absolute minimum.

Agricultural policy in the international context

General

The European Council noted with satisfaction that decisions on agricultural prices and related measures were taken in good time this year, and that the Council of Ministers had recently adopted a constructive position vis-à-vis the possibility of trade policy measures by the United States against the Community.

The European Council also welcomed the decision of the Council of Ministers to adopt an overall approach for the forthcoming multilateral trade negotiations including agriculture in accordance with the positions previously adopted in the GATT, the OECD and at the Tokyo Summit. It noted that the Community was thus well prepared to deal with problems of agricultural policy on a balanced and mutually advantageous basis in the negotiations which would begin shortly.

Structural problems

In view of the importance of the common agricultural policy as a factor of integration for the European Community, the European Council reviewed the different agricultural policies currently in operation in the world. It noted that these policies continue to be hampered by contradictions such as the simultaneous existence of a large unsatisfied demand in certain developing countries and enormous surpluses in the developed countries, the increasing pace of technological innovation resulting in an increase in productivity, whilst the incomes of small farmers in some rural areas remained disappointing.

The European Council considered that the European Community must continue to adapt the Common Agricultural Policy to the changed circumstances. Whilst retaining the objectives and principles of the common agricultural policy and taking into account the Community's interests as an exporter, a better control of total production must be ensured so that it is better adjusted to the market situation with the result that the share of public expenditure claimed by agriculture can be reduced.

Preservation of the environment and the countryside should be an integral part of a more flexible agricultural policy, more dynamic and better adapted to the market. The adjustment of the common agricultural policy must also take into account the specific nature of the European agricultural model and the need to safeguard the social fabric in rural areas.

International co-operation

The European Council pointed out that the problems of adaptation were certainly not confined to the Community; they were facing its principal partners in the OECD, chiefly the United States, just as much. For that reason it is in favour of international co-operation, both multilateral and bilateral, in order to facilitate the processes of adaptation and establishing new balances.

The situation after the Chernobyl disaster

In view of the deep concern for public health and safety and the fact that nuclear energy is being increasingly used in a number of countries, the European Council examined the work carried out since the Chernobyl disaster and decided that efforts should be made to improve co-ordination both at international level and within the Community.

Short-term consequences

As regards the short-term consequences of the disaster, the European Council considered it important that general contamination tolerance levels be determined on a scientific basis very quickly, in the framework of Chapter III of the EURATOM Treaty, in such a way that public health will be guaranteed and the unity of the Community's internal market ensured.

Medium and long-term consequences

As regards the medium and long-term aspects, the European Council considered that it was within the International Atomic Energy Agency that progress should primarily be made, inter alia in analysing the accident at Chernobyl, and that the Community and the Member States had to contribute actively to the decision-making process in that forum. The Community and the Member States will, in particular, have to promote the rapid preparation of international conventions guaranteeing the essential exchange of information and governing mutual assistance in the event of accidents as well as the implementation of the international responsibility of States.

They will also have to make a major contribution to the international conference on nuclear safety in September, whose importance is stressed by the European Council.

The European Council also considered that complementary action is possible and desirable within the European Community. The Community Institutions and the Member States, each within the limits of their powers, must concert their action so as to ensure its maximum effect. This particularly applies to:

- the protection of health and the environment;
- the safety of installations and of their use;
- the procedures to be followed in the event of a crisis;
- research, including the JET.

The European Council received with great interest in this connection the communication of 6 June 1986 from the European Commission and asked the Council to give priority to examining the programme of work incorporated in it.

Drugs

The European Council expressed itself gravely concerned about the serious problem of drug abuse. It pointed out that, for certain aspects of this problem, effective international co-operation exists, in particular within the "Pompidou Group" of the Council of Europe and the relevant U.N. Agencies, but that for other aspects there is every need to improve and intensify international collaboration, particularly as regards the production of, and traffic in drugs and demand for these products.

The European Council considered it advisable to organize ad hoc collaboration between the Member States and the European Commission to examine what initiatives could be taken in this area without there being any duplication with work carried out elsewhere. The European Council noted with approval that the Presidency intends to have this question examined by Ministers of the Interior in the autumn. The contribution which could be made to the Conference to be held under the auspices of the U.N. in the first half of 1987 should also be examined. The European Council decided to continue its examination of this serious matter at its next meeting.

LATIN AMERICA

The European Council discussed the situation regarding relations between the European Community and Latin America, in particular in the light of the enlargement of the Community to include Spain and Portugal.

It reaffirmed its desire to strengthen and develop these relations both on the political level and on the economic and technical level.

The European Council therefore asked the Commission to submit a document in accordance with the objectives set out in the Declaration annexed to the Accession Treaty. It also instructed the Ministers for Foreign Affairs to follow this matter closely and to submit reports to the European Council as and when necessary.

**DECLARATION OF 27 JUNE 1986
BY THE FOREIGN MINISTERS OF THE TWELVE
ON THE SITUATION IN LEBANON**

The Twelve Ministers for Foreign Affairs are deeply concerned about the situation in Lebanon which, after so many years of confrontation, continues to deteriorate, particularly as a result of the continuing escalation of violence involving the civilian population in Beirut, especially the Palestinians in refugee camps, and leading to heavy loss of life and property on all sides. They endorse the recent appeals by the Security Council and the United Nations Secretary-General to all parties concerned to exercise restraint, to make efforts to end the present bloodshed and to facilitate the work of relief organizations such as the ICRC and the UNRWA. The Twelve reaffirm that the sovereignty, unity, independence and territorial integrity of Lebanon must be respected.

EUROPEAN COUNCIL

Statement on South Africa

1. The European Council is gravely concerned about the rapid deterioration of the situation and the increasing levels of violence in South Africa. The reimposition of the State of Emergency and the indiscriminate arrest of thousands of South Africans can only further delay the start of a genuine national dialogue on South Africa's future, which is so urgently needed if a peaceful solution of the country's problems is to be found. Furthermore extensive censorship has been imposed on the media. The European Council believes that the present policies of the South African government can only lead to increasing repression, polarisation and bloodshed.
2. Against this background, the European Council has re-examined the Twelve's policy towards South Africa. It reaffirms that the main goal of this policy is the total abolition of apartheid. To support the process of non-violent change in South Africa and to emphasize their deep concern about the recent course of events, the Heads of State and Government have decided to take additional action.
3. The European Council has declared itself in favour of a concerted European programme of assistance to the victims of apartheid, encompassing both Community and national action, in order to maximise the effectiveness of Europe's contribution in this field. In this connexion the European Council has agreed on an increase in financial and material assistance to the victims of apartheid, in particular those affected by the disturbances in Crossroads and to political prisoners, including those arrested in connection with the recent reimposition of the State of Emergency.
4. The European Council is convinced that the commencement without delay of a national dialogue with the authentic leaders of the black population is essential to halt a

further escalation of violence and allow negotiations leading to a truly democratic and non-racial South Africa.

This dialogue cannot take place as long as recognized leaders of the Black community are detained and their organizations are proscribed.

In this context the European Council calls on the South African government:

- to unconditionally release Nelson Mandela and other political prisoners;
- to lift the ban on the African National Congress, the Pan Africanist Congress of Azania and other political parties.

5. In the meantime in the next three months the Community will enter into consultations with the other industrialized countries on further measures which might be needed covering in particular a ban on new investments, the import of coal, iron, steel and gold coins from South Africa.
6. The European Council decided to ask the future UK Presidency Foreign Minister to visit southern Africa, in a further effort to establish conditions in which the necessary dialogue can commence.

The Hague, 26-27 June 1986