

THE EUROPEAN COUNCIL

**DUBLIN
3-4 DECEMBER 1984**

Documents in the dossier include:

Conclusions
Session of the European Council

Dublin European Council
Reproduced from the Bulletin of the European Communities, No. 12/1984

E.C. Leaders Issue Communiqué at Dublin
European Community News No. 38/1984
European Community Information Service
Washington DC

Conclusions of the Council on the application of budgetary discipline
Reproduced from the Bulletin of the European Communities, No. 12/1984

Statement by the Taoiseach, Dr. Garret FitzGerald
On the European Council held in Dublin Castle on
3-4 December 1984

Session of the European Council

Dublin, 3 and 4 December 1984

Conclusions

Economic and social situation

The European Council welcomed the priority given to the problem of unemployment in the Commission's recently published Annual Economic Report. It therefore supports the balanced guidelines in the report, which embodies a consistent economic policy framework for improving supply and demand conditions; and it considers that these guidelines should be speedily implemented. In particular it agreed that the Council, in its appropriate formations:

- should initiate a review of manpower policy to reorientate training towards sectors where labour will be needed, and take steps to encourage job mobility and foster enterprise, especially amongst the young;
- should take steps to complete the internal market, including implementation of European standards;
- should pursue and accelerate its consideration of measures to achieve a greater role for the ECU and develop and strengthen the European Monetary System, on the basis of the relevant Commission communications;
- should implement without delay the firm political commitments agreed by the European Council at its meetings of Brussels and Fontainebleau in the field of transport policy;
- should adopt further measures to strengthen the technological base of the Community and restore competitiveness; to this end, the Commission is asked to submit an appropriate draft action programme to the next European Council.

The European Council agreed that the Community and the Member States should take measures, including concertation of economic policies designed, in the words of the preamble to the Rome Treaty, to reduce the differences existing between the various regions and the backwardness of the less-favoured regions.

In regard to any possible faltering of the European and world recovery of output and employment the European Council also asked the Council (Economic and Financial Affairs) and the Commission to keep external developments under continuous review. It requested them to report back to its meeting in March on what measures might be appropriate for the Community or may already have been initiated to assure the objective of a progressive increase in the actual and potential growth rate for the Community to the benefit of employment.

Environment

The European Council asked Environment Ministers at their Council meeting on 6 December to make every effort to reach agreement on the guidelines for a Community policy on the reduction of lead in petrol and vehicle emissions.

The Council agreed to have a substantive discussion on environmental issues at their next meeting in March 1985.

Ad hoc Committee on Institutional Affairs

The European Council has taken note of the interim report by the ad hoc Committee on Institutional Affairs. It recognized its great quality and the need for the Committee to continue its work with a view to securing the maximum degree of agreement. The Council agreed that the interim report should be published.

The European Council, for its next meeting in March 1985, has asked the Committee to complete its work and submit a report which, after preliminary consideration at that meeting, will be the main subject of the European Council in June 1985.

Ad hoc Committee on a People's Europe

The European Council noted with interest the interim report of this Committee and requested the Committee to make a further report to the European Council next March.

Council report on European Union

The European Council approved the annual report on European Union. This report will be forwarded to the European Parliament as provided for in the Solemn Declaration on European Union.

Famine in Africa

In the face of the serious difficulties currently being experienced by many countries of Africa, especially those, like Ethiopia or the Sahel countries, which are suffering the effects of an unprecedented drought and the ravages of malnutrition and famine, the European Council stresses the urgency of taking concerted international action.

The European Council believes that the total to be provided by the Community and its Member States between now and the next harvest should be 1,2 million tonnes.

The Commission, after consultation with Member States to establish the amount of grain that will be provided by Member States, will make a proposal to the Council with respect to any additional Community effort that may be needed to attain the figure of 1,2 million tonnes and the European Council invites the Council of Ministers to take any necessary decisions on the basis of such a Commission proposal in order to secure the achievement of the 1,2 million total. The European Council appeals to other donor countries to match this effort by the Community and its Member States in order that the total need of these States, currently estimated at 2 million tonnes, will be met.

It stresses the need for urgent action to avoid threatened shortfalls in the months immediately ahead.

It notes the need for improved coordination between the Community, its Member States, other donors and non-governmental organizations, in order to increase the efficiency and pace of implementation of emergency aid measures and invites the Commission to initiate action in this regard.

The European Council acknowledges the need to undertake urgent action to speed up and support the recovery and rehabilitation process in African countries and to provide the Community's active support for their efforts to achieve self-sufficiency and security in food; also in implementing long-term operations to combat drought and desertification.

The European Council emphasizes the will of the Ten, in all international negotiations, to support initiatives to strengthen solidarity between the industrialized countries and the countries of the Third World and thus to foster development.

It welcomes the declaration on the critical economic situation in Africa just adopted by the UN General Assembly.

It notes with satisfaction the successful conclusion of the negotiations for the renewal of the Lomé Convention which links the European Community, its Member States, and the African, Caribbean and Pacific States. The fact that the progress achieved so far has been consolidated bears witness to the strength and vitality of this cooperation.

Political cooperation

Middle East

The 10 Heads of State or Government discussed the situation in the Middle East. They reaffirmed their desire to see urgent efforts made to establish peace and stability there and their willingness to assist efforts to that end.

Arab-Israeli conflict

The Ten regard it as vitally important that renewed efforts should be made towards negotiations for a settlement of the Arab-Israeli conflict. They note with satisfaction expressions of interest of both sides in a process of movement towards negotiations and they hope that this declared interest will be further built on. They remain convinced that a just, lasting and comprehensive peace in the Middle East can only be secured on the basis of the principles which they have stated many times in the past and to which the Ten continue to adhere.

In order to find a lasting solution, no amount of effort by third parties can be a substitute for direct negotiations among the parties themselves - the Arab States, Israel and the Palestinian people - which must recognize mutually each other's existence and rights.

They call on all parties to implement the provisions of Security Council Resolutions 242 and 338. They renew their call for an end to the illegal policy of settlements in the occupied territories.

The Ten have noted the recent holding of the Palestine National Council in Amman. They continue to believe that the PLO must be associated with peace negotiations.

The Ten have consistently offered to assist in any way open to them in attempts to identify common ground between the parties. The Ten both collectively and individually have maintained contact with all parties. In continuation of this policy, the European Council considers that such contacts should be developed with a view to seeking ways of promoting movement towards negotiation and improvement of the situation in the region.

Lebanon

The 10 Heads of State or Government welcomed the negotiating process with UN involvement which has begun at Naqoura and hope that this will lead to complete Israeli withdrawal from Lebanon in accordance with the call of the Security Council. They recalled their position in favour of the full sovereignty, independence and territorial integrity of Lebanon and their belief that this can only be effected in circumstances where all foreign forces are withdrawn from the country except those whose presence is requested by the Lebanese Government. The Ten, some of whom contribute to observer and peacekeeping operations in Lebanon, reaffirmed their willingness to assist that country's return to peace and normality.

Iran-Iraq

The Ten note with concern that this conflict has now entered its fifth year and that numerous efforts to bring about a cease-fire and negotiations have not so far met with success. They will continue to work for an early, just and honourable settlement and will give full support to any efforts to limit the scope of the conflict. An end now to the slaughter and destruction would spare many on both sides and allow Iran and Iraq, with both of whom the Ten desire good relations, to pursue their development in peace.

East-West relations

The Ten have sought, during a difficult period in East-West relations, to keep open all channels of dialogue and to work for more cooperative and more stable relations between East and West. They will continue to seek constructive, comprehensive, and realistic dialogue with the Soviet Union and the countries of Eastern and Central Europe and, wherever possible, to develop further existing cooperation with them. They look for a similar positive response. They believe that the way to achieve a lasting improvement in international security is to build a broader understanding and new confidence between East and West.

The Ten attach the highest importance to the achievement of effective arms control and disarmament agreements on both nuclear and conventional weapons, as well as a convention to outlaw chemical weapons. The Heads of State or Government therefore welcome the recently announced US-Soviet agreement to enter into new negotiations with the objective of reaching mutually acceptable agreements on the whole range of questions concerning nuclear and outer space arms. They hope that the meeting due to take place on 7 and 8 January 1985 between US Secretary of State Shultz and Soviet Foreign Minister Gromyko will be followed by early substantive negotiations designed to bring balanced reductions of intercontinental strategic nuclear weapons and intermediate nuclear forces to the lowest possible level, and to avert effectively the danger of an arms race in outer space.

In expressing their strong support for such talks, the 10 Heads of State or Government reaffirm their own determination to do everything possible to ensure progress in the negotiations in which the Ten are taking part, notably the conference in Stockholm on confidence- and security-building measures and disarmament in Europe. The agreement recently arrived at on a working structure for the conference is a welcome development which they hope will permit substantive negotiations to get under way at Stockholm on concrete measures designed to lead to a real increase in confidence and security in Europe.

The 10th anniversary of the signature of the Helsinki Final Act in 1985 will serve to underline the continuing central role which the CSCE process plays in East-West relations. The Ten have already indicated that they will be ready to be represented at high level at the anniversary commemoration on the assumption that the international climate will make this appropriate. The Ten will continue to seek through the CSCE process more secure and more cooperative relations between the participating States, and greater contact between their peoples. In working to fulfil the Helsinki Final Act objective of promoting better relations among the CSCE participating States and ensuring conditions in which their people can live in true and lasting peace free from any threat to or attempt against their security, the Ten will continue to emphasize the importance which they attach to the full implementation of all the provisions of the Final Act, including those relating to human rights and fundamental freedoms.

Central America

The Heads of State or Government note with satisfaction the inauguration of a new structure of political and economic dialogue between Europe and Central America at the conference held at San José, Costa Rica on 28 and 29 September 1984 between the Ministers of the European Community, Portugal and Spain, the Central America countries and the Contadora Group.

The Heads of State or Government reiterate the statement on Central America which they made on 19 June 1983 at Stuttgart. In particular, they reaffirm their conviction that the problems of the region cannot be solved by armed force but only by a political solution springing from the region itself and respecting the principles of non-interference and inviolability of frontiers.

The Ten remain convinced that the Contadora process is the best opportunity to achieve a political solution to the crisis in the region. They hope that the efforts being made to reach agreement on the final text of the Contadora Act will come to early fruition and they urge all those concerned to work towards this end. They reaffirm the willingness which they expressed at San José to support, within their capabilities and if requested, the efforts of those States to which it falls to implement the provisions of any agreement.

Terrorism and the abuse of diplomatic immunity

The Heads of State or Government welcomed the set of principles on terrorism and abuse of diplomatic immunity adopted by the Foreign Ministers of the Ten on 11 September. The Heads of State or Government agreed that this represented a significant step forward in the Ten's efforts to counter an increasingly serious problem and noted with satisfaction that these principles are now being applied.

Annex I

Table wine

The Council of Ministers, noting the European Council's conclusion at Fontainebleau that reform of the common market organization for wine is one of the conditions necessary for successful enlargement of the Community, has examined the Commission's report on the situation in the wine market and its associated proposals. As a result of that examination the Council has taken the following decisions on table wine:

1. The reduction of wine-producing potential is an essential element of the reform of the wine market organization.

The Council has noted the Commission proposals on this and signifies its agreement to the principle of measures to encourage grubbing-up and to limit replanting rights.

The Agricultural Council is given the task of taking the decisions which are necessary, before the next meeting of the European Council, taking the particular conditions of each region into account.

2. In a further effort to improve the structure of the wine sector, only investments to improve wine quality without increasing quantity will be financed under Regulation No 355/77, while a Regulation to improve the structure of Greek vineyards and the Greek wine industry will be adopted by 31 January 1985 for an area of 20 000 hectares.

3. Other measures are necessary to ensure, as of now, the balance of the wine market, in particular a strengthening of the compulsory distillation machinery as provided for in Article 41 of the basic regulation, along the following lines:
- (a) where a serious market imbalance exists, compulsory distillation will be triggered by the Commission under the Management Committee procedure; a serious market imbalance is deemed to exist:
 - when the stocks as defined in Article 41 (1), first indent, of Regulation No 337/79 exceed four months' normal utilization; or
 - when the market prices remain below 82% of the guide price during a representative period; or
 - when, for a wine marketing year, the data in the advance estimate show that production is exceeding normal utilization by more than 9%;
 - (b) the Commission will fix the quantities which must be sent for compulsory distillation so as to eliminate the production surplus and, in this way, re-establish a normal market situation, in particular regarding stock levels and prices;
 - (c) where the compulsory distillation is triggered, the Commission will make known the compulsory distillation obligations of each region, grouped by Member State.

While the responsibility for ensuring the implementation of the compulsory distillation thus rests with the Member States, the volume to be distilled compulsorily will be divided:

- among the regions of the Community in proportion to the production volumes exceeding a specified level for each one of them, equal to a uniform percentage of their average harvest over the three wine years 1981/82, 1982/83 and 1983/84; this average base period may be modified by the Commission after the 1989/90 marketing year to take account of the evolution in production and in particular the results of the grubbing-up policy;
 - within each region, among producers, on the basis of yield per hectare on a scale fixed by the Commission under the Management Committee procedure; the scale may vary by region, account being taken of yields obtained in the past; the producers may subtract the quantities sent for preventive distillation from their obligations under the compulsory distillation; for 1985/86 the rules will be adapted to provide for the administrative arrangements to be applied to Greece for that year;
- (d) for the 1985/86, 1986/87 and 1987/88 wine marketing years the price of compulsory distillation will be 50% of the guide price for the first 10

million hectolitres of such distillation and 40% for quantities in excess of that.

The Council shall review the prices for the 1988/89 and 1989/90 wine marketing years in the light of the progress in reducing the imbalance in the table wine sector;

- (e) these additional measures will in principle continue until the end of the 1989/90 marketing year. The Council, on the basis of a report from the Commission dealing in particular with the effect of the structural measures and including where appropriate proposals on the future organization of the wine market, shall decide whether they can be repealed or replaced by other measures that will guarantee balance in the wine market.
4. The Council requests the Commission to undertake a thorough study of the possibilities of using concentrated must and sugar and to report back to it in 1990. The Council will then take a view on the measures to be taken in the area of enrichment.

The degree of alcohol obtained by the use of sucrose or reduced-price concentrated grape must will be deducted on a flat-rate basis when the buying-in price for distillation is calculated. Furthermore, from 1988 the quantity of table wine to be distilled in the Federal Republic of Germany shall not exceed 1 million hectolitres. In years in which, owing to weather conditions or market trends, this limitation might lead to serious disruption of the market, the Council will make the appropriate adjustment.

5. No changes are made in the present arrangements in regard to quality wines psr.
6. The Council undertakes to apply a restrictive price policy in the wine sector, as proposed by the Commission, just as long as the compulsory distillations show the existence of surpluses not marketable in normal conditions.

Annex II

Statement by the Greek Prime Minister

The Greek delegation does not agree with enlargement unless a satisfactory position of the Community is taken on integrated Mediterranean programmes. This is also the Greek position concerning wine.

2. Dublin European Council

1.2.1. The Heads of State or Government met in Dublin on 3 and 4 December for the final European Council of 1984. The meeting was chaired by the Irish Prime Minister, Dr Garret FitzGerald, and the Commission was represented by Mr Thorn and Mr Natali.

Mr Jacques Delors, President-designate of the new Commission, was invited to join the Heads of State or Government at the working dinner on 3 December and the working lunch on 4 December.

The Commission had sent the European Council its usual communication on the economic and social situation in the Community and its 1984 annual report on European Union.

There were two difficult items on the agenda: enlargement, with particular reference to wine, and budgetary discipline; in neither case had the Council managed to reach agreement.¹ The problems were resolved only partially, but the politically indispensable minimum was achieved in the form of an agreement on the common organization of the market in wine. This meant that talks on the other issues could proceed and negotiations with Spain and Portugal could recommence, despite the Greek reservation hanging over the agreement. Greece is maintaining a general reservation on the whole question of enlargement until it secures a satisfactory agreement on the integrated Mediterranean programmes. These have not yet been adopted by the Council and are of vital importance for Greece, given the effects of future enlargement on its economy. This means that negotiations with Spain and Portugal will now be pursued on an *ad referendum* basis.

The question of budgetary discipline was resolved at the Council meeting on foreign affairs, which was held immediately after the European Council.

The European Council in Dublin took a further step towards the conclusion of the comprehensive negotiations begun in June

1983 at the Stuttgart European Council:² in its conclusions on the economic and social situation, the European Council asked the Council to make further progress towards completion of the internal market, to introduce a common transport policy, to step up measures to combat unemployment, to strengthen the European Monetary System and to extend the role of the ECU; it also adopted conclusions on the environment (pollution by motor vehicles) and took note of the annual report on European Union. In discussions on the famine in Africa, it stressed the urgency of concerted international action and the need to provide the famine-stricken countries of Africa with extra aid totalling 1.2 million tonnes before the next harvest.

No decision, not even one of principle, was taken on the proposal to convene an inter-governmental conference put forward in the interim report of the *ad hoc* Committee on Institutional Affairs. The final report will be completed in time for initial consideration at the March European Council and will be the main subject on the agenda in June.

The *ad hoc* Committee on a People's Europe was requested to continue its work and make a further report in March.

On the political cooperation front, the European Council adopted conclusions on the Middle East, East-West relations, Central America, terrorism and the abuse of diplomatic immunity.

The conclusions of the Presidency did not include the integrated Mediterranean programmes, wine or enlargement, all of which are covered by the basic Greek reservation. The text on table wine is reproduced in Annex I and the statements by Greece and the President of the European Council in Annex II.

¹ Bull. EC 11-1984, points 2.2.1 and 2.3.4.

² Bull. EC 6-1983, point 1.5.1 *et seq.*

Conclusions of the Presidency

Economic and social situation

1.2.2. The European Council welcomed the priority given to the problem of unemployment in the Commission's recently published Annual Economic Report. It therefore supports the balanced guidelines in the Report, which embodies a consistent economic policy framework for improving supply and demand conditions; and it considers that these guidelines should be speedily implemented. In particular it agreed that the Council, in its appropriate formations:

- should initiate a review of manpower policy to reorientate training towards sectors where labour will be needed, take steps to encourage job mobility and foster enterprise, especially amongst the young;
- should take steps to complete the internal market, including implementation of European standards;
- should pursue and accelerate its consideration of measures to achieve a greater role for the ECU and develop and strengthen the European Monetary System, on the basis of the relevant Commission communications;
- should implement without delay the firm political commitments agreed by the European Council at its meetings of Brussels and Fontainebleau in the field of transport policy;
- should adopt further measures to strengthen the technological base of the Community and restore competitiveness; to this end, the Commission is asked to submit an appropriate draft action programme to the next European Council.

The European Council agreed that the Community and the Member States should take measures, including concertation of economic policies, designed, in the words of the Preamble to the Rome Treaty, to reduce the differences existing between the various regions and the backwardness of the less-favoured regions.

In regard to any possible faltering of the European and world recovery of output and employment, the European Council also asked the Council (economic and financial affairs) and the Commission to keep external developments under continuous review. It requested them to report back to its meeting in March on what measures might be appropriate for the Community or may already have been initiated to assure the objective of a progressive increase in the actual and potential growth rate for the Community to the benefit of employment.

Environment

1.2.3. The European Council asked Environment Ministers at their Council meeting on 6 December to make every effort to reach agreement on the guidelines for a Community policy on the reduction of lead in petrol and vehicle emissions.

The Council agreed to have a substantive discussion on environmental issues at their next meeting in March 1985.

Ad hoc Committee on Institutional Affairs

1.2.4. The European Council has taken note of the interim report by the *ad hoc* Committee on Institutional Affairs. It recognized its great quality and the need for the Committee to continue its work with a view to securing the maximum degree of agreement. The Council agreed that the interim report should be published.

The European Council, for its next meeting in March 1985, has asked the Committee to complete its work and submit a report which, after preliminary consideration at that meeting, will be the main subject of the European Council in June 1985.

Ad hoc Committee on a People's Europe

1.2.5. The European Council noted with interest the interim report of this Committee and requested the Committee to make a further report to the European Council next March.

Council report on European Union

1.2.6. The European Council approved the annual report on European Union. This report will be forwarded to the European Parliament as provided for in the Solemn Declaration on European Union.

Famine in Africa

1.2.7. In the face of the serious difficulties currently being experienced by many countries of Africa, especially those, like Ethiopia or the Sahel countries, which are suffering the effects of an unprecedented drought and the ravages of malnutrition and famine, the European Council stresses the urgency of taking concerted international action.

The European Council believes that the total to be provided by the Community and its Member States between now and the next harvest should be 1.2 million tonnes.

The Commission, after consultation with Member States to establish the amount of grain that will be provided by Member States, will make a proposal to the Council with respect to any additional Community effort that may be needed to attain the figure of 1.2 million tonnes and the European Council invites the Council of Ministers to take any necessary decisions on the basis of such a Commission proposal in order to secure the achievement of the 1.2 million total. The European Council appeals to other donor countries to match this effort by the Community and its Member States in order that the total need of these States, currently estimated at 2 million tonnes, will be met.

It stresses the need for urgent action to avoid threatened shortfalls in the months immediately ahead.

It notes the need for improved coordination between the Community, its Member States, other donors, and non-governmental organizations, in order to increase the efficiency and pace of implementation of emergency aid measures and invites the Commission to initiate action in this regard.

The European Council acknowledges the need to undertake urgent action to speed up and support the recovery and rehabilitation process in African countries and to provide the Community's active support for their efforts to achieve self-sufficiency and security in food; also in implementing long-term operations to combat drought and desertification.

The European Council emphasizes the will of the Ten, in all international negotiations, to support initiatives to strengthen solidarity between the industrialized countries and the countries of the Third World and thus to foster development.

It welcomes the declaration on the critical economic situation in Africa just adopted by the UN General Assembly.

It notes with satisfaction the successful conclusion of the negotiations for the renewal of the Lomé Convention which links the European Community, its Member States, and the African, Caribbean and Pacific States. The fact that the progress achieved so far has been consolidated bears witness to the strength and vitality of this cooperation.

Political cooperation

Middle East

1.2.8. The 10 Heads of State or Government discussed the situation in the Middle East. They reaffirmed their desire to see urgent efforts made to establish peace and stability there and their willingness to assist efforts to that end.

Arab-Israeli conflict

The Ten regard it as vitally important that renewed efforts should be made towards negotiations for a settlement of the Arab-Israeli conflict. They note with satisfaction expressions of interest of both sides in a process of movement towards negotiations and they hope that this declared interest will be further built on. They remain convinced that a just, lasting and comprehensive peace in the Middle East can only be secured on the basis of the principles which they have stated many times in the past and to which the Ten continue to adhere.

In order to find a lasting solution, no amount of effort by third parties can be a substitute for direct negotiations among the parties themselves — the Arab States, Israel and the Palestinian people — which must recognize mutually each other's existence and rights.

They call on all parties to implement the provisions of Security Council resolutions 242 and 338. They renew their call for an end to the illegal policy of settlements in the occupied territories.

The Ten have noted the recent holding of the Palestine National Council in Amman. They continue to believe that the PLO must be associated with peace negotiations.

The Ten have consistently offered to assist in any way open to them in attempts to identify common ground between the parties. The Ten both collectively and individually have maintained contact with all parties. In continuation of this policy, the European Council considers that such contacts should be developed with a view to seeking ways of promoting movement towards negotiation and improvement of the situation in the region.

Lebanon

The 10 Heads of State or Government welcomed the negotiating process with UN involvement which has begun at Naqoura and hope that this will lead to complete Israeli withdrawal from

Lebanon in accordance with the call of the Security Council. They recalled their position in favour of the full sovereignty, independence and territorial integrity of Lebanon and their belief that this can only be effected in circumstances where all foreign forces are withdrawn from the country except those whose presence is requested by the Lebanese Government. The Ten, some of whom contribute to observer and peacekeeping operations in Lebanon, reaffirmed their willingness to assist that country's return to peace and normality.

Iran—Iraq

The Ten note with concern that this conflict has now entered its fifth year and that numerous efforts to bring about a ceasefire and negotiations have not so far met with success. They will continue to work for an early, just and honourable settlement and will give full support to any efforts to limit the scope of the conflict. An end now to the slaughter and destruction would spare many on both sides and allow Iran and Iraq, with both of whom the Ten desire good relations, to pursue their development in peace.

East-West relations

1.2.9. The Ten have sought, during a difficult period in East-West relations, to keep open all channels of dialogue and to work for more cooperative and more stable relations between East and West. They will continue to seek constructive, comprehensive, and realistic dialogue with the Soviet Union and the countries of Eastern and Central Europe and, wherever possible, to develop further existing cooperation with them. They look for a similar positive response. They believe that the way to achieve a lasting improvement in international security is to build a broader understanding and new confidence between East and West.

1.2.10. The Ten attach the highest importance to the achievement of effective arms control and disarmament agreements on both nuclear and conventional weapons, as well as a convention to outlaw chemical weapons. The Heads of State or Government therefore welcome the recently announced US-Soviet agreement to enter into new negotiations with the objective of reaching mutually acceptable agreements on the whole range of questions concerning nuclear and outer space arms. They hope that the meeting due to take place on 7 and 8 January 1985 between US Secretary of State Shultz and Soviet Foreign Minister Gromyko will be followed by early substantive negotiations designed to bring balanced reductions of intercontinental strategic nuclear weapons and intermedi-

ate nuclear forces to the lowest possible level, and to avert effectively the danger of an arms race in outer space.

1.2.11. In expressing their strong support for such talks, the 10 Heads of State or Government reaffirm their own determination to do everything possible to ensure progress in the negotiations in which the Ten are taking part, notably the conference in Stockholm on confidence- and security-building measures and disarmament in Europe. The agreement recently arrived at on a working structure for the conference is a welcome development which they hope will permit substantive negotiations to get under way at Stockholm on concrete measures designed to lead to a real increase in confidence and security in Europe.

1.2.12. The 10th anniversary of the signature of the Helsinki Final Act in 1985 will serve to underline the continuing central role which the CSCE process plays in East-West relations. The Ten have already indicated that they will be ready to be represented at high level at the anniversary commemoration on the assumption that the international climate will make this appropriate. The Ten will continue to seek through the CSCE process more secure and more cooperative relations between the participating States, and greater contact between their peoples. In working to fulfil the Helsinki Final Act objective of promoting better relations among the CSCE participating States and ensuring conditions in which their people can live in true and lasting peace free from any threat to or attempt against their security, the Ten will continue to emphasize the importance which they attach to the full implementation of all the provisions of the Final Act, including those relating to human rights and fundamental freedoms.

Central America

1.2.13. The Heads of State or Government note with satisfaction the inauguration of a new structure of political and economic dialogue between Europe and Central America at the conference held at San José, Costa Rica on 28 and 29 September 1984 between the Ministers of the European Community, Portugal and Spain, the Central America countries and the Contadora Group.

The Heads of State or Government reiterate the statement on Central America which they made on 19 June 1983 at Stuttgart. In particular, they reaffirm their conviction that the problems of the region cannot be solved by armed force but only by a political solution springing from the region itself and respecting the principles of non-interference and inviolability of frontiers.

The Ten remain convinced that the Contadora process is the best opportunity to achieve a political solution to the crisis in the region. They hope that the efforts being made to reach agreement on the final text of the Contadora Act will come to early fruition and they urge all those concerned to work towards this end. They reaffirm the willingness which they expressed at San José to support, within their capabilities and if requested, the efforts of those States to which it falls to implement the provisions of any agreement.

Terrorism and the abuse of diplomatic immunity

1.2.14. The Heads of State or Government welcomed the set of principles on terrorism and abuse of diplomatic immunity adopted by the Foreign Ministers of the Ten on 11 September. The Heads of State or Government agreed that this represented a significant step forward in the Ten's efforts to counter an increasingly serious problem and noted with satisfaction that these principles are now being applied.

Annex I

Table wine

1.2.15. The Council of Ministers, noting the European Council's conclusion at Fontainebleau that reform of the common market organization for wine is one of the conditions necessary for successful enlargement of the Community, has examined the Commission's report on the situation in the wine market and its associated proposals. As a result of that examination the Council has taken the following decisions on table wine.

1. The reduction of wine-producing potential is an essential element of the reform of the wine market organization.

The Council has noted the Commission proposals on this and signifies its agreement to the principle of measures to encourage grubbing-up and to limit replanting rights.

The Agricultural Council is given the task of taking the decisions which are necessary, before the next meeting of the European

Council, taking the particular conditions of each region into account.

2. In a further effort to improve the structure of the wine sector, only investments to improve wine quality without increasing quantity will be financed under Regulation No 355/77, while a regulation to improve the structure of Greek vineyards and the Greek wine industry will be adopted by 31 January 1985 for an area of 20 000 hectares.

3. Other measures are necessary to ensure, as of now, the balance of the wine market, in particular a strengthening of the compulsory distillation machinery as provided for in Article 41 of the basic regulation, along the following lines:

(a) Where a serious market imbalance exists, compulsory distillation will be triggered by the Commission under the Management Committee procedure; a serious market imbalance is deemed to exist:

- when the stocks as defined in Article 41(1), first indent, of Regulation No 337/79 exceed four months' normal utilization;¹ or
- when the market prices remain below 82% of the guide price during a representative period; or
- when, for a wine marketing year, the data in the advance estimate show that production is exceeding normal utilization by more than 9%.

(b) The Commission will fix the quantities which must be sent for compulsory distillation so as to eliminate the production surplus and, in this way, re-establish a normal market situation, in particular regarding stock levels and prices.

(c) Where the compulsory distillation is triggered, the Commission will make known the compulsory distillation obligations of each region, grouped by Member State.

¹ Normal utilization = consumption + net balance of foreign trade.

While the responsibility for ensuring the implementation of the compulsory distillation thus rests with the Member States,¹ the volume to be distilled compulsorily will be divided:

- among the regions of the Community in proportion to the production volumes exceeding a specified level for each one of them, equal to a uniform percentage² of their average harvest over the three wine years 1981/82, 1982/83 and 1983/84; this average base period may be modified by the Commission after the 1989/90 marketing year to take account of the evolution in production and in particular the results of the grubbing-up policy;
- within each region, among producers, on the basis of yield per hectare on a scale fixed by the Commission under the Management Committee procedure; the scale may vary by region, account being taken of yields obtained in the past; the producers may subtract the quantities sent for preventive distillation from their obligations under the compulsory distillation; for 1985/86 the rules will be adapted to provide for the administrative arrangements to be applied to Greece for that year.

(d) For the 1985/86, 1986/87 and 1987/88 wine marketing years the price of compulsory distillation will be 50% of the guide price for the first 10 million hectolitres of such distillation and 40% for quantities in excess of that.

The Council shall review the prices for the 1988/89 and 1989/90 wine marketing years in the light of the progress in reducing the imbalance in the table wine sector.

(e) These additional measures will in principle continue until the end of the 1989/90 marketing year. The Council, on the basis of a report from the Commission dealing in particular with the effect of the structural measures and including where appropriate proposals on the future organization of the wine market, shall decide whether they can be repealed or replaced by other measures that will guarantee balance in the wine market.

4. The Council requests the Commission to undertake a thorough study of the possibilities of using concentrated must and sugar and to report back to it in 1990. The Council will then take a view on the measures to be taken in the area of enrichment.

The degree of alcohol obtained by the use of sucrose or reduced-price concentrated grape must will be deducted on a flat-rate basis when the buying-in price for distillation is calculated. Furthermore, from 1988 the quantity of table wine to be distilled in the Federal Republic of Germany shall not exceed 1 million hectolitres. In years in which, owing to weather conditions or market trends, this limitation might lead to serious disruption of the market, the Council will make the appropriate adjustment.

5. No changes are made in the present arrangements in regard to quality wines psr.

6. The Council undertakes to apply a restrictive price policy in the wine sector, as proposed by the Commission, just as long as the compulsory distillations show the existence of surpluses not marketable in normal conditions.

Annex II

Statement by the Greek Prime Minister

1.2.16. The Greek delegation does not agree with enlargement unless a satisfactory position of the Community is taken on integrated Mediterranean programmes. This is also the Greek position concerning wine.

¹ Statement for the Council minutes: 'The Council takes note of the Commission statement under which, where the Community provisions on compulsory distillation as they result from the distillation obligation of each region are not observed, the usual sanctions will be applied, particularly as regards the settling of accounts.'

² This uniform percentage valid for all regions of the Community will be determined by the Commission in the light of the quantity decided on (see paragraph (b) above) to eliminate the production surplus for the year in question; for the period up to 1989/90, it will be set at 85%.

Statement by the President of the European Council

1.2.17. The negotiations on enlargement will therefore have to proceed on an *ad referendum* basis in view of the above declaration placing a Greek reserve on this issue.

Statements and comments

1.2.18. At the press conference following the European Council, Dr FitzGerald's attitude was cautious but generally positive. He said that the Council had been 'in many ways very successful'; it had not resolved all the outstanding problems and the Greek reservation still stood, but obstacles to the enlargement negotiations had been removed. Going through the agenda, he noted that many of those present had found the discussion on the economic and monetary situation the best they had ever attended. On wine — and enlargement in general — he emphasized that the existence of the text on wine was a good thing; he conceded that the Greek reservation was a problem, but one 'which does not impede the negotiations' and could be settled at the March European Council. On accession, Dr FitzGerald confirmed that every effort would be made to keep to the deadline: if agreement were reached in March, there would be plenty of time for enlargement to take place on 1 January 1986. However, he admitted that the Greek reservation did cast some doubt on the timing of the completion of negotiations.

Mr Thorn, who had just attended his last European Council as President of the Commission, spoke about the text on budgetary discipline adopted by the Council: he had

drawn the Foreign Ministers' attention to the dangers of conflict with Parliament; while he recognized the need for discipline, he could see no reason why this should be to the detriment of the other two institutions; furthermore, by fixing 'the reference framework' without consultation, the Council would be restricting the Commission's right of proposal.

Mrs Thatcher, the British Prime Minister, was pleased with the outcome of the Dublin Council. She described the Commission's report on the economic and social situation in the Community as absolutely first-class and the ensuing discussion as the best she had ever experienced in a European Council. She rejected the sum requested by Greece for the integrated Mediterranean programmes as 'out of the question' and said that, although the amount for the first year had been settled, the overall demand was quite unrealistic.

President Mitterrand was pleased at the decisive breakthrough on wine: the agreement had given France what she was looking for and provided solid guarantees for wine growers. He regretted the Greek reservation; he felt that discussions on enlargement should be concluded without reservations and that the institutional debate should now move to the top of the agenda. He stressed the high quality of the Dooge Committee report.

As far as Mr Martens, the Belgian Prime Minister, was concerned, the European Council had been neither a success nor a failure, but the progress made at Dublin would enable the enlargement process to go ahead.

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E.C. LEADERS ISSUE COMMUNIQUÉ AT DUBLIN

European Community leaders this week paved the way for entry of Spain and Portugal to the Community by reaching an agreement on wine surpluses at a summit meeting in Dublin.

The ten Heads of State or Government (the European Council) approved a plan to regulate Community wine production, an action that is critical to entry negotiations because the Iberian countries are big wine producers. Garret FitzGerald, Prime Minister of Ireland and President of the European Council, said the agreement will allow the negotiations, which had been blocked, to continue.

Prime Minister Andreas Papandreou of Greece, however, said he reserved the right to veto the final enlargement package if the Community does not approve additional money for poorer Mediterranean regions. The target date for Spain and Portugal to join the E.C. is January 1, 1986.

The summit leaders also pledged to provide 1.2 million tons of grain to drought-stricken Africa, and appealed to other donor countries to match that effort. They endorsed a series of measures designed to bring down unemployment and reduce regional economic disparities in the Community. They also reaffirmed their support for the Contadora peace process in Central America, renewed efforts to settle the Arab-Israeli conflict, the withdrawal of foreign forces from Lebanon and effective arms control and disarmament agreements.

The communiqué adopted by the summit leaders follows:

CONCLUSIONS OF THE EUROPEAN COUNCIL
DUBLIN, DECEMBER 3-4, 1984

ECONOMIC AND SOCIAL SITUATION

The European Council welcomed the priority given to the problem of unemployment in the Commission's recently published Annual Economic Report. It, therefore, supports the balanced guidelines in the Report, which embodies a consistent economic policy framework for improving supply and demand conditions, and it considers that these guidelines should be speedily implemented. In particular, it agreed that the Council, in its appropriate formations:

- should initiate a review of manpower policy to reorientate training toward sectors where labor will be needed, take steps to encourage job mobility and foster enterprise, especially amongst the young;
- should pursue and accelerate its consideration of measures to achieve a greater role for the European Currency Unit and develop and strengthen the European Monetary System, on the basis of the relevant Commission communications;
- should implement without delay the firm political commitments agreed by the European Council at its meetings of Brussels and Fontainebleau in the field of transport policy;
- should adopt further measures to strengthen the technological base of the Community and restore competitiveness; to this end, the Commission is asked to submit an appropriate draft action program to the next European Council.

The European Council agreed that the Community and the member states should take measures, including concertation of economic policies, designed, in the words of the preamble to the Rome Treaty, to reduce the differences existing between the various regions and the backwardness of the less favored regions.

In regard to any possible faltering of the European and world recovery of output and employment, the European Council also asked the Economic and Financial Council and the Commission to keep external developments under continuous review. It requested them to report back to its meeting in March on what measures might be appropriate for the Community or may already have been initiated to assure the objective of a progressive increase in the actual and potential growth rate for the Community to the benefit of employment.

ENVIRONMENT

The European Council asked Environment Ministers at their Council Meeting on December 6 to make every effort to reach agreement on the guidelines for a Community policy on the reduction of lead in petrol and vehicle emissions.

The Council agreed to have a substantive discussion on environmental issues at its next meeting in March 1985.

AD HOC COMMITTEE ON INSTITUTIONAL AFFAIRS

The European Council has taken note of the interim report by the Ad Hoc Committee on Institutional Affairs. It recognized its great quality and the need for the Committee to continue its work with a view to securing the maximum degree of agreement. The Council agreed that the interim report should be published.

The European Council, for its next meeting in March 1985, has asked the Committee to complete its work and submit a report which, after preliminary consideration at that meeting, will be the main subject of the European Council in June 1985.

AD HOC COMMITTEE ON A PEOPLE'S EUROPE

The European Council noted with interest the interim report of this committee and requested the committee to make a further report to the European Council next March.

COUNCIL REPORT ON EUROPEAN UNION

The European Council approved the Annual Report on European Union. This Report will be forwarded to the European Parliament as provided for in the Solemn Declaration of European Union.

FAMINE IN AFRICA

In the face of the serious difficulties currently being experienced by many countries of Africa, especially those, like Ethiopia or the Sahel countries, which are suffering the effects of an unprecedented drought and the ravages of malnutrition and famine, the European Council stresses the urgency of taking concerted international action.

The European Council believes that the total to be provided by the Community and its member states between now and the next harvest should be 1.2 million tons.

The Commission, after consultation with member states to establish the amount of grain that will be provided by member states, will make a proposal to the Council with respect to any additional Community effort that may be needed to attain the figure of 1.2 million tons and the European Council invites the Council of Ministers to take any necessary decisions on the basis of such a Commission proposal in order to secure

the achievement of the 1.2 million total. The European Council appeals to other donor countries to match this effort by the Community and its member states in order that the total need of these states, currently estimated at 2 million tons, will be met. It stresses the need for urgent action to avoid threatened shortfall in the months immediately ahead.

It notes the need for improved coordination between the Community, its member states, other donors, and nongovernmental organizations, in order to increase the efficiency and pace of implementation of emergency aid measures and invites the Commission to initiate action in this regard.

The European Council acknowledges the need to undertake urgent action to speed up and support the recovery and rehabilitation process in African countries and to provide the Community's active support for their efforts to achieve self-sufficiency and security in food; also in implementing long-term operations to combat drought and desertification.

The European Council emphasizes the will of the Ten, in all international negotiations, to support initiatives to strengthen solidarity between the industrialized countries and the countries of the Third World and thus to foster development.

It welcomes the declaration on the critical economic situation in Africa just adopted by the U.N. General Assembly.

It notes with satisfaction the successful conclusion of the negotiations for the renewal of the Lomé Convention which links the European Community, its member states, and the African, Caribbean and Pacific states. The fact that the progress achieved so far has been consolidated bears witness to the strength and vitality of this cooperation.

CONCLUSIONS

The ten Heads of State or Government discussed the situation in the Middle East. They reaffirmed their desire to see urgent efforts made to establish peace and stability there and their willingness to assist efforts to that end.

ARAB-ISRAELI CONFLICT

The Ten regard it as vitally important that renewed efforts should be made toward negotiations for a settlement of the Arab-Israeli conflict. They note with satisfaction expressions of interest of both sides in a process of movement toward negotiations and they hope that this declared interest will be further built on. They remain convinced that a just, lasting and comprehensive peace in the Middle East can only be secured on the basis of the principles which they have stated many times in the past and to which the Ten continue to adhere.

In order to find a lasting solution, no amount of effort by third parties can be a substitute for direct negotiations among the parties themselves - the Arab states, Israel, and the Palestinian people - which must recognize mutually each other's existence and rights.

They call on all parties fully to implement the provisions of Security Council resolutions 242 and 338. They renew their call for an end to the illegal policy of settlements in the occupied territories.

The Ten have noted the recent holding of the Palestine National Council in Amman. They continue to believe that the Palestine Liberation Organization must be associated with peace negotiations.

The Ten have consistently offered to assist in any means open to them in attempts to identify common ground between the parties. The Ten, both collectively and individually, have maintained contact with all parties. In continuation of this policy, the European Council considers that such contacts should be developed with a view to seeking ways of promoting movement toward negotiation and improvement of the situation in the region.

LEBANON

The ten Heads of State or Government welcomed the negotiating process with U.N. involvement which has begun at Naqoura and hope that this will lead to complete Israeli withdrawal from Lebanon in accordance with the call of the Security Council. They recalled their position in favor of the full sovereignty, independence and territorial integrity of Lebanon and their belief that this can only be effected in circumstances where all foreign forces are withdrawn from the country except those whose presence is requested by the Lebanese government. The Ten, some of whom contribute to observer and peacekeeping operations in Lebanon, reaffirmed their willingness to assist that country's return to peace and normality.

IRAN-IRAQ

The Ten note with concern that this conflict has now entered its fifth year and that numerous efforts to bring about a ceasefire and negotiations have not so far met with success. They will continue to work for an early, just and honorable settlement and will give full support to any efforts to limit the scope of the conflict. An end now to the slaughter and destruction would spare many on both sides and allow Iran and Iraq, with both of whom the Ten desire good relations, to pursue their development in peace.

EAST-WEST RELATIONS

The Ten have sought, during a difficult period in East-West relations, to keep open all channels of dialogue and to work for more cooperative and more stable relations between East and West. They will continue to seek constructive, comprehensive, and realistic dialogue with the Soviet Union and the countries of Eastern and Central Europe and, wherever possible,

to develop further existing cooperation with them. They look for a similar positive response. They believe that the way to achieve a lasting improvement in international security is to build a broader understanding and new confidence between East and West.

The Ten attach the highest importance to the achievement of effective arms control and disarmament agreements on both nuclear and conventional weapons, as well as a convention to outlaw chemical weapons. The Heads of State or Government therefore welcome the recently announced U.S.-Soviet agreement to enter into new negotiations with the objective of reaching mutually acceptable agreements on the whole range of questions concerning nuclear and outer space arms. They hope that the meeting due to take place on January 7 and 8, 1985 between U.S. Secretary of State Shultz and Soviet Foreign Minister Gromyko will be followed by early substantive negotiations designed to bring about balanced reductions of intercontinental strategic nuclear weapons and intermediate nuclear forces to the lowest possible level, and to avert effectively the danger of an arms race in outer space.

In expressing their strong support for such talks, the ten Heads of State or Government reaffirm their own determination to do everything possible to ensure progress in the negotiations in which the Ten are taking part, notably the Conference in Stockholm on Confidence and Security-Building Measures and Disarmament in Europe. The agreement recently arrived at on a working structure for the Conference is a welcome development which they hope will permit substantive negotiations to get under way at Stockholm on concrete measures designed to lead to a real increase in confidence and security in Europe.

The tenth anniversary of the signature of the Helsinki Final Act in 1985 will serve to underline the continuing central role which the Conference on Security and Cooperation in Europe process plays in East/West relations. The Ten have already indicated that they will be ready to be represented at high level at the anniversary commemoration on the assumption that the international climate will make this appropriate. The Ten will continue to seek through the Conference on Security and Cooperation in Europe process more secure and more cooperative relations between the participating states, and greater contact between their peoples. In working to fulfill the Helsinki Final Act objective of promoting better relations among the C.S.C.E. participating states and insuring conditions in which their people can live in true and lasting peace free from any threat to or attempt against their security, the Ten will continue to emphasize the importance which they attach to the full implementation of all the provisions of the Final Act, including those relating to human rights and fundamental freedoms.

CENTRAL AMERICA

The Heads of State or Government note with satisfaction the inauguration of a new structure of political and economic dialogue between Europe and Central America at the conference held at San José, Costa Rica on September 28-29, 1984 between the Ministers of the European Community, Portugal, Spain the Central America countries and the Contadora Group.

The Heads of State or Government reiterate the statement on Central America which they made on June 19, 1983 at Stuttgart. In particular, they reaffirm their conviction that the problems of the region cannot be solved by armed force but only by a political solution springing from the region itself and respecting the principles of non-interference and inviolability of frontiers.

The Ten remain convinced that the Contadora process is the best opportunity to achieve a political solution to the crisis in the region. They hope that the efforts being made to reach agreement on the final text of the Contadora Act will come to early fruition and they urge all those concerned to work toward this end. They reaffirm the willingness which they expressed at San José to support, within their capabilities and if requested, the efforts of those States to which it falls to implement the provisions of any agreement.

TERRORISM AND ABUSE OF DIPLOMATIC IMMUNITY

The Heads of State or Government welcomed the set of principles on terrorism and abuse of diplomatic immunity adopted by the Foreign Ministers of the Ten on September 11. The Heads of State or Government agreed that this represented a significant step forward in the Ten's efforts to counter an increasingly serious problem and noted with satisfaction that these principles are now being applied.

3. Budgetary discipline

Conclusions of the Council on the application of budgetary discipline and on interinstitutional cooperation in this field

1.3.1. The Council met on 4 December, during the European Council meeting in Dublin, to try and clear up the unresolved points connected with the issue of budgetary discipline.¹ It came to a compromise which involved retaining the conclusions drafted before its meeting with Parliament but adding a second document concerning cooperation between the Council, Parliament and the Commission on joint budgetary discipline for the three institutions.

This second text also provides for a delegation from Parliament to be invited to meet the Council before the meetings at which it determines the reference framework for the year.

1.3.2. Adoption of the conclusions on budgetary discipline smoothed the way for the British and German Parliaments to approve advances by the Member States to cover the 1984 budget.

The last aspect of the future financing of the Community on which the Council has still to pronounce concerns new own resources (increase in the Community VAT ceiling to 1.4%).²

1.3.3. The Chairman of Parliament's Committee on Budgets thought that the text was an indication of the Council's desire to associate Parliament with the procedure but did not solve the practical question of how it would work. The President of the Commission stated that he was not satisfied with the formula adopted, which, though it opened the door to dialogue, did not remove the danger of a deterioration in the dispute. Mr Thorn emphasized the need to safeguard Parliament's rights over the budget and the Commission's right to make budget proposals.

Conclusions of the Council on the measures necessary to guarantee the effective implementation of the conclusions of the European Council on budgetary discipline

The Council of the European Communities, Having regard to the Treaties establishing the European Communities,

Whereas at its meetings on 19 and 20 March and 25 and 26 June 1984, 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;

Whereas principles of budgetary and financial discipline are specifically laid down;

Whereas the European Council considered it essential that the rigorous rules which at present govern budgetary policy in each Member State shall also apply to the budget of the Communities, and stated that the level of expenditure will be fixed on the basis of available revenue, and that budgetary discipline will apply to all budgetary expenditure;

Whereas the European Council invited the Council of Ministers to adopt the measures necessary to guarantee the effective application of the principles as set out in its conclusions,

Has adopted the following conclusions:

Article 1

1. At the beginning of the budgetary procedure each year, the Council shall fix a reference framework, i.e. the maximum level of expenditure which it considers it must adopt to finance Community policies during the following financial year in accordance with Articles 2 to 5 inclusive and Article 9.

2. In order to fix the reference framework, the Council shall act by qualified majority in accordance with Article 148(2), second indent, of the EEC Treaty.

3. The relevant provisions of the financial guidelines concerning the common agricultural policy, set out in the Annex to the Commission communi-

¹ Bull. EC 11-1984, point 2.3.4.

² Bull. EC 5-1983, point 1.1.1 *et seq.*; Bull. EC 2-1984, point 1.2.1 *et seq.*; Bull. EC 7/8-1984, points 2.3.9 and 2.3.10.

cation of 6 March 1984, shall be implemented; these provisions are annexed to these conclusions.

Article 2

The Council shall ensure that the net expenditure relating to agricultural markets calculated in accordance with Article 4 will increase by less than the rate of growth of the own resources base. This development shall be assessed on comparable bases from one year to the next.

Account shall be taken of exceptional circumstances, in particular in connection with enlargement.

Article 3

The amounts to be taken into account for the application of Article 2 shall be:

(a) as regards expenditure:

that chargeable to Section III, Part B, Titles 1 and 2 (EAGGF Guarantee) of the budget. The calculation of agricultural expenditure for the purpose of the guideline referred to in Article 2 shall be this expenditure, reduced by the sum of amounts corresponding to the marketing of ACP sugar, refunds in connection with food aid and the payments by producers in respect of the sugar and isoglucose levies as well as the revenue from any future internal agricultural charges;

(b) as regards the own resources base:

the potential revenue on the basis of which Titles 1 and 2 of the revenue side of the budget are determined. The calculation of the Community's own resources base for the purposes of the guideline referred to in Article 2 shall be the total VAT base upon which the VAT rate for the year in question is calculated, the amount of financial contributions (if any) included in the budget of the year, together with the own resources, other than those derived from VAT, set out in Revenue Title 1, less the sugar and isoglucose levies as well as the revenue from any future internal agricultural charges.

When the potential revenue from VAT is changed following an alteration in the VAT ceiling, the guideline provided for in Article 2 shall thereafter be calculated as if the new maximum VAT rate had been applied in all the years relevant to the calculation of the guideline.

Article 4

The level of net expenditure relating to agricultural markets for a given financial year shall be calculated as follows:

(a) the level of expenditure, as defined in Article 3(a), shall be the average of the actual outturn expenditure for 1984, and the best estimate of the outturn for 1985;

(b) the own resources factor shall be established by dividing the forecast level of the own resources base for the financial year in question, as defined in Article 3(b), by the average own resources base for 1984 and 1985;

(c) the level of expenditure for the financial year in question shall be determined by multiplying the amounts obtained by the application of paragraphs (a) and (b), unless the Council acting by the majority defined in Article 1(2) decides otherwise;

(d) the method of calculation shall be re-examined in accordance with the Fontainebleau conclusions under the heading 'budgetary imbalances' on the basis of the report to be presented by the Commission, one year before the 1.4% VAT ceiling is reached.

Article 5

In the event of failure to respect the qualitative guideline referred to in Article 2, the Council shall, during the following two financial years, ensure that, barring aberrant developments, agricultural expenditure is brought back within the limits imposed by this guideline. In so doing, the Council shall concentrate its activity primarily on the production sectors responsible for the failure to adhere to the guideline.

Article 6

1. The Council shall, when exercising its powers as legislative authority or branch of the budgetary authority, ensure that the reference framework is respected.

2. At the request of a member of the Council or the Commission, the Council, acting by the majority laid down in Article 1(2), may amend the reference framework.

Article 7

1. Except in the case of decisions mentioned in paragraph 4, when the Council is on the point of adopting an act which appears likely to increase expenditure for a financial year beyond the reference framework applicable to that year, the adoption of that act shall, at the request of a member of the Council or the Commission, be suspended.

2. Within a period not exceeding one month, the Council, acting by the majority laid down in

Article 1(2), shall determine whether the proposed act would, if adopted, lead to the reference framework being exceeded.

3. If the Council concludes that the proposed act would, if adopted, lead to the reference framework being exceeded, it shall reconsider the proposed act with a view to taking appropriate measures.

4. In the case of decisions affecting net expenditure relating to agricultural markets, the procedures laid down in paragraphs 5(c) and 6(b) of the Annex to the Commission's communication of 6 March 1984 shall apply.

Article 8

When the Council is on the point of adopting an act which has considerable financial implications for several years, the Council shall, before taking the final decision, formulate an opinion on whether the financial implications of the proposed act are compatible with the principles and guidelines governing the Community's budgetary policy.

Article 9

1. The Council shall comply with the maximum rate provided for in Article 203(9) of the EEC Treaty throughout the budgetary procedure.

2. In order to achieve this:

— when establishing the draft budget, the Council shall keep the increase in expenditure other than that necessarily resulting from the Treaties or from acts adopted in accordance therewith to a level no higher than half the maximum rate provided for in Article 203(9);

— at the second reading, the Council shall adopt a position such that the maximum rate is not exceeded.

3. Paragraphs 1 and 2 of this Article are without prejudice to the provisions of Article 203 of the EEC Treaty, particularly those of the last subparagraph of paragraph 9.

Article 10

On the assumption that the 1986 budget will be prepared on the basis of own resources being increased in that year, these Conclusions shall first apply to the exercise of the Council's powers in 1985 concerning expenditure in the financial year 1986.

Extract from the Commission communication of 6 March 1984 referred to in Article 1(3)

5. As regards the decisions which have a determinant effect on the volume of agricultural expenditure, that is the decision on agricultural prices which the Council of Agriculture Ministers must take each year on a proposal from the Commission, the Commission proposes the following rules:

(a) When submitting its agricultural proposals the Commission will supply a quantified estimate of their budget impact in relation to the movement in the growth of the Community's own resource base calculated according to a common and constant formula, namely the sliding average of the growth rates for the current year, the year immediately preceding and the year ahead. These figures will allow a judgment to be made of the compatibility of the proposals with the guideline referred to in paragraph 2 of this section.

(b) The Commission will draw up its proposals on prices (and related measures) in the light of the guideline referred to in paragraph 2. To this end the Commission confirms that it intends in the coming years to pursue a restrictive price policy for sectors in surplus and for those where a rapid growth in expenditure is coupled with limited outlets for disposal.

(c) On this basis the Commission suggests that the European Council request the Council to adopt the following rule: if in the Commission's opinion the Council of Agriculture Ministers seems likely to take decisions whose cost would exceed that of the original proposals of the Commission, the final decision must be referred to a special Council session attended by both Finance and Agriculture Ministers and can be taken only by that special session.

6. As regards the preparation and implementation of the budget the Commission proposes the following rules:

(a) In submitting its budget proposals in the context of its preliminary draft budget the Commission will take account of all foreseeable expenditure in the budget year concerned, including that stemming from its price proposals.

The aim of the Commission and the Council will thus be to keep EAGGF guarantee expenditure within the appropriations for the year.

(b) The Commission will institute an early-warning procedure enabling it to detect promptly any

risk during the year of budgetary overruns and report to the Council and Parliament forthwith.¹ It will in any event report to the Council and Parliament each month on the trend of agricultural expenditure.

After making use of all the opportunities afforded by the routine management of the CAP it will if need be propose to the Council and Parliament measures designed, without detriment to the principles of the CAP, to restrict increases in agricultural expenditure. It will be incumbent on those institutions to take the necessary decisions as speedily as possible so that these measures can achieve their purpose. Where appropriate, the Council's decisions could be taken at a special session of the kind referred to in paragraph 5(c).

The Commission will not introduce a supplementary budget until it has exhausted all the opportunities for savings afforded by the routine management of the CAP and by any additional Council decisions.

(c) In the event of failure to respect the qualitative guideline referred to in paragraph 2 (by reason either of a special Council decision (5(c)) or of a supplementary budget, adherence thereto will mean that both the Council and the Commission must during the following two financial years ensure that, barring aberrant developments, agricultural expenditure is brought back within the limits imposed by the qualitative guideline. In so doing they must concentrate primarily on the production sectors responsible for the failure to adhere to the guideline.

'Council conclusions on cooperation with the Commission and the European Parliament on budgetary discipline

The Council on 28 November and 4 December had a thorough discussion in the light of the meeting on

21 November on how to ensure the necessary cooperation between the European Parliament, the Commission and the Council in the matter of budgetary discipline.

The Council adopted the following conclusions:

— firstly, to invite the Commission and the European Parliament to examine with it ways in which the cooperation necessary for a budgetary discipline common to all three institutions may be brought about;

— secondly, to invite a delegation of the Parliament to meet it shortly before the meetings at which the Council is due to fix the reference framework for the year.

The Council authorized its President to transmit to the European Parliament the outcome of its deliberations on budgetary discipline, namely its conclusions on:

— the measures necessary to guarantee the effective implementation of the conclusions of the European Council on budgetary discipline;

— cooperation with the Commission and the European Parliament on budgetary discipline.'

¹ Apart from a Council decision on prices in excess of the Commission's proposals (when the special decision-making procedure in paragraph 5(c) would apply), such 'overruns' could only occur as a result of compelling economic developments which could not have been foreseen when the budget was adopted.

Statement by the
Taoiseach, Dr. Garret FitzGerald, T.D.,
on the European Council of Heads of State or Government,
held in Dublin Castle, on 3rd and 4th December.

I propose, a Cheann Comhairle, to make a statement on the European Council held in Dublin Castle on 3rd and 4th December.

I chaired the meeting, as Presidency representative, and was accompanied by the Minister for Foreign Affairs, Mr. Peter Barry. In accordance with established practice, I have already had the Presidency Conclusions of the meeting laid before both Houses.

A wide range of subjects was discussed. They included the economic and social situation; the enlargement of the Community; Integrated Mediterranean Programmes; the work of the two Ad Hoc Committees established at the Fontainebleau Council last June; European Union, famine in Africa; and a number of topics in the field of political cooperation, including the Middle East, East/West relations, Central America, terrorism and the abuse of diplomatic immunity.

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I need not spend time here putting forward the case for enlargement of the Community to include Spain and Portugal. Politically and economically, it is incumbent on the Community, pursuant to the call in the Treaty of Rome to other like-minded countries in Europe, to have Spain and Portugal join in our common endeavours.

On another level, it is important, if the Community is to develop, that it has at its disposal resources additional to those available to it now from the 1 per cent VAT levy and other revenues. As Deputies know, the bringing into operation of increased Own Resources for the Community by raising the VAT contribution level to 1.4% has been made conditional by certain member States on the date of Spanish and Portuguese accession to the Community.

The accession negotiations have been impeded by a number of difficulties and obstacles on which discussions both within the Community and with Spain and Portugal have been in progress for a long time now. The main outstanding issues before the Dublin Council were the regulation of the wine market, fisheries, questions affecting Spanish agriculture, and budgetary discipline.

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The major achievement of the meeting was to unblock the negotiations on enlargement, in particular by overcoming the grave, at times even apparently insuperable, difficulties, which had prevented agreement being reached, in either the Agriculture or Foreign Affairs Councils, on reform of the market organisation on wine. This was an essential preliminary to settling a Community position on wine for the negotiations with Spain and Portugal. Wine is a sector of major national importance to France and Italy, while Greece, the Federal Republic of Germany, and Luxembourg also had major interests at stake. Over the past few months, the Irish Presidency, working patiently and constructively in the different Councils, had succeeded, through successive compromise packages, in narrowing the differences between the views of these countries.

Nevertheless, following the Foreign Affairs Council on 26-28 November, we were faced with a deadlock which could have brought the enlargement negotiations to a halt. Once it was clear that the issues would have to be taken up at the European Council, I immediately initiated a round of contacts on 29 and 30 November, designed to establish the basis for a further Presidency initiative to break the deadlock. I visited Paris and Rome where I met President Mitterand and Prime Minister Craxi, with other

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4.
senior Ministers concerned, as well as meeting, briefly,
Prime Minister Papandreou. In Dublin, before the
Council, I met the President of the Commission and the
German Chancellor.

As a result of these meetings and, of telephone contacts
over the week-end with Paris and Rome, we were able to
table, at the commencement of the Council, a new
Presidency compromise which was warmly welcomed as a
suitable basis for discussion. The ensuing discussions
were at times, difficult but led eventually to an
understanding which is embodied in a text on table wine
that was agreed on Tuesday last by the Heads of State or
Government. This text, which has been circulated, forms
an integral part of the Presidency's conclusions of the
meeting.

This agreement enabled the relevant Heads of State or
Government to lift the reserves which had hitherto
prevented the finalisation of Community positions on
Spanish agriculture, fisheries and budgetary discipline.
This they formally agreed to do at the Council.

The agreement on enlargement and wine are, however,
subject to a reserve by Greece. Following a procedure
agreed by me as President of the Council with the Greek
Prime Minister, I first read to the meeting a statement by

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him recording that Greece did not agree with enlargement unless a satisfactory position of the Community was taken on Integrated Mediterranean Programmes, and that this was also the Greek position concerning wine, followed by a statement stating the agreed Community position to be that "Negotiations on enlargement will, therefore, have to proceed on an ad referendum basis in view of the above declaration, placing a Greek reserve on this issue." The texts of these two statements, as agreed with the Greek Prime Minister, have now been circulated as an integral part of the Conclusions of the Council.

This means that negotiations on enlargement, on the basis agreed by the Community, can now go ahead on the individual items, but that the whole matter remains ad referendum, in the light of the Greek reserve. In the meantime, the question of the Integrated Mediterranean Programmes, on which the discussion at the Council was long, and, at times difficult, has to be advanced so that a positive decision may be reached on it at the March European Council, thus opening the way for ratification of enlargement on the basis of the outcome of the final stages of the negotiations with Spain and Portugal, which can now proceed.

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The Community has, for some years now, been concerned with the longer term question of how it is to develop as an even more effective economic and political entity in the world today. At the Council in Fontainebleau, the Council agreed that an ad hoc Committee consisting of personal representatives of the Heads of State and of Government should be set up on the lines of the "Spaak Committee". This Committee's function is to make suggestions for the improvement of the operation of European cooperation in both the Community field and that of political, or any other, cooperation. At the Dublin Council, we had an interim report from the Committee, containing a number of reservations, as well as incorporating disagreement by Senator Dooge himself on the inclusion of defence within the scope of the proposals. The Council recognised the high quality of the work of the Committee and the need for it to continue with a view to reaching maximum agreement. The Council also agreed that the interim report should be published. For its next meeting in March, 1985, the Council has asked the Committee to complete its work and submit a report, which after preliminary consideration at that meeting, will be the main subject of the European Council in June, 1985.

The Council also noted the interim report of the ad hoc Committee on a People's Europe - which is concerned with measures to strengthen and promote the identity and image of Europe for the citizens of the Community and for the

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rest of the world - and asked^{7.} the Committee to make a further report to the European Council next March.

On the Economic and Social Situation, I had suggested to the Heads of State or Government in a letter which I sent to them before the Council, that, given the dominance and persistence of the problem of unemployment, we should discuss a collective effort to turn trends in a far more positive direction - as suggested by the Commission's excellent and balanced Annual Economic Report - a Report which was, indeed, very warmly received at the Council.

We need to tackle this problem because growth in the Community is expected to be no more than 2.25% in the current year - well below the Community's capacity. On present policies no increase is foreseen next year in this low rate of growth which is markedly below the performance of the United States and Japan.

At the same time, the growth in world trade is expected to fall next year from 9% in 1984 to 5%. And, most critically, unemployment in the Community, at 11% this year, is expected to rise even further to 11.5% next year - or 13 million people.

If growth in world trade were to fall below the expected figure the unemployment situation could be much worse.

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If we consider the Community's performance in a longer perspective there are two central and disturbing facts -

First, the rate of potential growth shows no sign of recovering to the kind of level that is within the capacity of the Community and is needed to reverse the still surging tide of unemployment; and

Second, we have not been getting enough jobs even out of the inadequate growth we have had, as compared, say, with the United States.

We should now be able to do better because -

- inflation is falling
- the Community's external payments are expected to be in surplus - although slight - in 1985
- profits have been improving, and
- investment has turned up.

In presenting this analysis of the situation to the Dublin Council I said that in facing these issues, we should have

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regard to the Commission's guidelines as set out in its Annual Economic Report - taking these guidelines as an overall package of proposals. Among the guidelines in the Report that were referred to in the Commission's Communication to the Council were the placing of appropriate emphasis on the need, for example, to assure monetary policies that will steer clear of any acceleration in inflation; the need to remove obstacles to increasing the readiness to take on labour and the need to strengthen competitiveness. But I pointed out that other guidelines in the Report, omitted from this Communication, should, in addition, be taken into account - notably the general objectives of a progressive increase in the actual and potential growth rate, combined with low and declining inflation; the recommendation for a pause in the reduction of deficits, where these have been brought soundly under control, in order to reduce tax burdens; and the need to develop cooperative action with the United States and Japan to sustain an adequate overall growth in world trade in the period ahead when the United States contribution will be less.

I also said that we welcomed the initiatives which have been taken to develop the EMS and look forward to the completion of the work as quickly as possible. The development of the EMS is, of course, bound up closely

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with our ability to strengthen our economies and to promote increased convergence which is the aim of the policy guidelines in the Commission's Annual Report.

The Council's conclusions are in the documents, copies of which have been presented to this House. I am very happy to report that our initiative on unemployment, which we have pursued consistently since assuming the EEC Presidency, is now at last producing some results, with the European Council's acceptance of the priority now to be given to unemployment and their acceptance of the balanced package of proposals contained in the Commission's Report. Moreover, the Council has agreed to the speedy implementation of these proposals. In addition, Deputies will note the precise and positive nature of the Conclusions arising from the discussion between Heads of State and Government which ask the appropriate Ministerial Councils of the Community:-

- (1) to initiate a review of manpower policies to re-orient training towards sectors where labour will be needed, take steps to encourage job mobility and foster enterprise, especially amongst the young;

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- (2) to take steps to complete the internal market, including implementation of European standards. As a comment, I should say that a great deal of work still remains to be done, now, more than a quarter of a century after the Community was established, in order to complete this basic objective of the entire enterprise;
- (3) to pursue and accelerate consideration of measures to achieve a greater role for the ECU and develop and strengthen the European Monetary System;
- (4) to implement without delay the firm political commitments agreed by the European Council at its meetings of Brussels and Fontainebleau in the field of transport policy. If transport, like other elements of our productive infrastructure, is not efficient, the Community suffers from the consequent lack of competitiveness and its people suffer in higher unemployment and lower living standards;
- (5) to adopt further measures to strengthen the technological base of the Community and restore

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competitiveness. To this end, the Council
asked the Commission to submit an appropriate
draft action programme for the next Council.

The Council also asked that the Community and member States should take measures, including concertation of economic policies, designed to reduce the differences existing between the various regions and the backwardness of the less favoured regions.

There is also at my instance a specific request to the ECO/FIN Council and the Commission to keep external developments under continuous review and to report back to the next meeting in March on what measures might be appropriate for the Community or may already have been initiated to assure the objective of a progressive increase in the actual and potential growth rate for the Community to the benefit of employment.

The third major subject dealt with at the Dublin meeting was the appalling famine which is ravaging the peoples of so many countries in Africa, like Ethiopia and the Sahel countries. These peoples are suffering the effects of an unprecedented drought and widespread malnutrition and famine. At least two million tonnes of grain are required for these particular countries until next year's harvest, in order to meet the priority needs of the countries hardest hit.

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I took the initiative to put this item on the agenda with a view to getting a clear political commitment from the European Council on further contributions on a scale commensurate with the urgent needs of the situation.

At the Council, I stressed the urgency of concerted international action to relieve the manifest disaster in these areas, and proposed to the Heads of State and Government a specific commitment: that the Community and its member States would provide between now and the next harvest 1.2 million tonnes of cereals - that is approximately 60% of the estimated priority needs of these areas. I also proposed that the Dublin Council should appeal to other donor countries to match this effort in order that the total need of the famine-stricken countries will be met, especially in the months immediately ahead.

I am glad to say that this Irish initiative was adopted by the European Council, which instructed the Commission, after consultation with the member States, to establish the amount of grain that will be provided by member States bilaterally and, following this, to make a proposal to the Council with respect to the additional Community effort needed to attain the figure of 1.2 million tonnes. The European Council invited the Council of

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Ministers to take any necessary decisions on the basis of such a Commission proposal in order to secure the achievement of the 1.2 million total. It also appealed to other donor countries to match this effort in such a way as to ensure that the total estimated need of 2 million tonnes by these States be met. The Council also stressed the need for urgency to avoid the threatened shortfall in the months immediately ahead and emphasised the need to undertake urgent action to speed up and support the recovery and rehabilitation process in African countries. This will involve active support by the Community for their efforts to achieve self-sufficiency and security in food and to implement long-term operations to combat drought and desertification.

The political items we discussed were: the situation in the Middle East, East-West relations and Central America, and also the problem of terrorism and the abuse of diplomatic immunities.

The importance which the Ten attach to the continuation of the dialogue, begun in Costa Rica last September, and in particular our firm view that a solution to the Central American crisis can be found only through peaceful means, is reflected in the conclusions of the European Council on the issue.

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The Middle East is an area in which the Ten have played an important role in recent years and they remain convinced that a just, lasting and comprehensive peace can be secured only on the basis of a reconciliation of the rights of Israel and of the Palestinian people. It is important not to exaggerate the scope for Ten activity at this stage but I think it is important that the Ten remain prepared to play an active role, should circumstances warrant. And it was with this end in view that the European Council have restated publicly the Ten's position and their readiness to assist in the search for a solution.

We reaffirmed the Ten's support for the sovereignty, independence and territorial integrity of Lebanon and the view that all foreign forces must be withdrawn from the country except those whose presence is requested by the Lebanese Government. The concern of the European Council was expressed at the apparently intractable Iran/Iraq conflict and at the slaughter and destruction which this conflict has brought.

East-West relations, while still troubled, have over the last six months shown clear signs of improvement. The European Council expressed the Ten's intention to continue to encourage a constructive, comprehensive and realistic

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dialogue between East and West and an early return to stable and predictable relations between the two superpowers. Of key importance is the resumption of crucial arms control negotiations, and the urgent need for the opening of talks aimed at avoiding an arms race in space. The European Council therefore welcomed the recently announced US Soviet agreement to enter into new negotiations on arms questions.

I think that it is worth noting that at the negotiations in which the Ten themselves are taking part, the Stockholm Conference on Disarmament in Europe, there has been a recent important agreement on the problems of a working structure for the Conference - problems which had reflected deep-seated differences between East and West. We hope that this will permit negotiations there to get under way on concrete measures aimed at increasing confidence and security on our continent. We underlined the continuing central role which the CSCE process, as set out in the Helsinki Final Act, plays in East/West relations.

Our discussions also touched on the question of terrorism and the abuse of diplomatic immunities. The Foreign Ministers, at their meeting on 11 September, approved a general approach by the Ten to this problem, central to

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which was the principle that no concessions under duress should be made to those who practice terrorism. The European Council endorsed, at the level of Heads of State or Government, the approach already approved by the Foreign Ministers.

Towards the end of the meeting, we convened separately as representatives of the Governments of the member States and, in accordance with the provisions of Article 11 of the 1967 Treaty Establishing a Single Council and a Single Commission, we appointed, by common accord, the members of the new Commission which is to take office from 1 January 1985. Those appointed are:-

Jacques Delors from France, President
Frans Andriessen from the Netherlands
Claude Cheysson from France
Henning Christopherson from Denmark
Willy de Clercq from Belgium
Lord Cockfield from the United Kingdom
Clinton Davies, also from that country
Nicolas Mosar from Luxembourg
Karl-Heinz Narjes from the Federal Republic of
Germany
Lorenzo Natali from Italy
Alois Pfeiffer from the Federal Republic of

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Germany

Carlo Ripa di Meana from Italy

Peter Sutherland from Ireland

Grigoris Varfis from Greece.

As President-in-Office of the European Council, I thanked President Thorn for his work and the work of his Commission during the past four years and wished him and the outgoing members well for the future. Equally, I should like now to express the hope that the new Commission under the Presidency of M. Jacques Delors, (whom I invited to attend the dinner for Heads of State and Government on Monday night), will find that their period in office is productive and will see decisive progress in widening and deepening European integration.

Finally, I should record that on 3rd December, during an interval in the proceedings, I had a meeting lasting approximately a quarter of an hour with the British Prime Minister, Mrs. Thatcher on some of the matters arising in the Council and on Northern Ireland. It is not the custom for either of the participants at these brief and informal meetings to indicate the content of the discussions. However, on this occasion, we were in agreement about re-affirming publicly our intention to proceed with the dialogue on the matters we discussed at Chequers, with a view to finding a political framework that would bring peace and stability to Northern Ireland.

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On the nature of the Dublin Council, I feel that we achieved important progress in relation to negotiations for enlargement, the provision of aid to relieve famine in Africa until the next harvest, and a serious review of the social and economic situation and the unemployment problem, which had not been discussed at recent European Council meetings, as well as preparing the way for the discussion of the final report of the Dooge Committee. The issues before us were numerous and difficult - obviously involving deep feelings in many countries. However, apart from one or two passages, the general tone of the meeting was good and the meeting itself constructive - both in its substance and outcome. The way is, I hope, gradually being cleared for progress towards the achievement of the ideals for which the Community was established.