

THE EUROPEAN COUNCIL

**THE HAGUE
26-27 JUNE 1986**

Documents in the dossier include:

The Hague European Council

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E.C. Leaders Consider Further Action Against South Africa

European Community News No. 22/1986

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Washington DC

1. The Hague European Council

1.1.1. As Mr Delors said on the eve of the first European Council of the year, which was held in The Hague on 26 and 27 June, this was the first time since Fontainebleau in June 1984 — in fact since 1983 — that the European Council was not pressed by deadlines and having to take decisions in the place of the Council of Ministers. And so this was a return to the original idea behind these meetings of Heads of State or Government: a 'fireside chat', a free discussion to appraise how Europe stands and to determine how to give it the impetus it needs. It was also the first European Council to be attended by the Spanish and Portuguese Prime Ministers, Mr Felipe González and Mr Aníbal Cavaco Silva.

Such was the background to an agenda which covered several matters of concern to the Community that did not demand immediate decisions: the situation and the outlook on the economic and social front; the state of play on the large internal market; implementing the report on a people's Europe (→ point 2.1.130), which is well behind schedule; the future of the agricultural policy in the face of internal structural challenges and international competition; the safety of nuclear installations following the Chernobyl disaster.

On all these subjects, the Commission had provided the Presidency with brief background material.

The European Council adopted conclusions on each of these items. As regards the internal market, it asked those Member States which had not yet done so to make every effort to ensure that the Single European Act was ratified in time and could be implemented in full from 1 January 1987. It also defined the areas of special interest in which the Council of Ministers should make further efforts: the liberalization and harmonization of land, sea and air transport, and, in the case of air, the need for appropriate decisions on tariffs, capacity and access to markets, in accordance with the competition rules of the Treaty; removal of tax barriers; liberalization of public con-

tracts. On implementing the report on a people's Europe, the European Council also pointed to areas where progress was needed: the easing of restrictions on border area passenger traffic; right of residence; a general system of mutual recognition of diplomas.

The Heads of State or Government also adopted conclusions on the need for effective international cooperation, for collaboration between the Member States and the Commission to combat drug addiction, and for closer relations between the Community and Latin America following enlargement.

It was definitely political cooperation—mainly the problem of South Africa—which took up the greater part of the discussions at The Hague. The outcome was a much-debated statement whereby the European Council declared itself in favour of a European programme of assistance to the victims of apartheid and urged the South African Government to release unconditionally Nelson Mandela and other political prisoners and to lift the ban on the African National Congress and other political parties. No agreement was reached on immediate and automatic sanctions. It was agreed that in the next three months the Community would enter into consultations with the other industrialized countries on further measures which might be needed, including a ban on new investments and on imports of certain products from South Africa. Finally, the emphasis was laid on initiating the necessary dialogue with leaders of the black population. With this in mind the European Council asked Sir Geoffrey Howe, the UK Foreign Secretary and incoming Council President, to go to South Africa in order to establish the conditions in which dialogue could begin.

Conclusions of the Presidency

Economic and social situation

General

1.1.2. 'The European Council considered the economic and social situation within the European

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

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

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

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

Long-term unemployment

1.1.3. With a view to supporting a convergent European policy aiming at the return of the long-term unemployed to the labour market, the European Council welcomed the Commission's pro-

posals on exchanging information on successful national experiences, on conducting pilot actions under the European Social Fund and on coordinating actions under the Community structural instruments in regions in need of industrial restructuring. In this connection the possibility was also advocated of arriving at tripartite commitments by governments and the social partners to stimulate the re-employment of those who have been out of work for a long time. Similar efforts should be made to encourage the absorption of school-leavers into the labour market.

Technological cooperation

1.1.4. The European Council stressed that technological cooperation and innovation at Community level and in a wider European context will make an indispensable contribution to the ability of European industry to survive in a ruthlessly competitive world. Efforts in this direction should be closely geared to the perfection of the internal market, the application of uniform standards, the opening-up of public purchasing, the implementation of specific R&D programmes which also take account of the interests of small and medium-sized businesses and the need to consult with the social partners who have their own responsibilities in this matter. The Council called on the Commission and the Council of Ministers (industry and research) to complete their deliberations on the next multiannual programme for technological cooperation within the next few months and to see to it that momentum is not lost.

Capital market

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

Internal market

General

1.1.6. In view of the urgent need to make progress with regard to the introduction of an area without internal frontiers by 1992, as provided for in the Single European Act, the European Council requested those Member States which had not yet

done so to make every effort to ensure that the Single European Act was ratified in time and could be implemented in full as from 1 January 1987.

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

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

Working method

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

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

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

Areas of special interest

1.1.8. The European Council considered that the Council of Ministers (transport) should make a further effort to overcome the difficulties which

have recently appeared in relation to the liberalization and harmonization of land, sea and air transport, in the light of the relevant judgments of the European Court of Justice. With regard to air transport, the Council of Ministers should without delay adopt the appropriate decisions on air tariffs, capacity and access to markets, in accordance with the rules of competition of the Treaty.

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

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

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

A people's Europe

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

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

- (i) easing of restrictions on border area passenger traffic;
- (ii) right of residence;
- (iii) a general system of mutual recognition of diplomas.

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

- (i) cooperation in the area of public health (action programme against cancer), and

(ii) intra-Community contacts between students and universities (Erasmus).

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

Agricultural policy in the international context

General

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

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

Structural problems

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

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

public expenditure claimed by agriculture can be reduced.

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

International cooperation

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

The situation after the Chernobyl disaster

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

Short-term consequences

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

Medium and long-term consequences

1.1.15. As regards the medium and long-term aspects, the European Council considered that it was within the International Atomic Energy Agency that progress should primarily be made, *inter alia* in analysing the accident at Chernobyl, and the Community and the Member States had to contribute actively to the decision-making pro-

cess in that forum. The Community and the Member States will, in particular, have to promote the rapid preparation of international conventions guaranteeing the essential exchange of information and governing mutual assistance in the event of accidents as well as the implementation of the international responsibility of States.

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

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

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

The European Council received with great interest in this connection the communication of 16 June 1986 from the European Commission and asked the Council to give priority to examining the programme of work incorporated in it.

Drugs

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

The European Council considered it advisable to organize *ad hoc* collaboration between the Member States and the European Commission to examine what initiatives could be taken in this area without there being any duplication with work carried out elsewhere. The European Council noted with approval that the Presidency intends to have this question examined by Ministers for the Interior in the autumn. The contribution which could be made to the conference to be held under the auspices of the UN in the first half of 1987 should also be examined. The European Council

decided to continue its examination of this serious matter at its next meeting.

Latin America

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

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

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

Statement on South Africa

1.1.18. (1) The European Council is gravely concerned about the rapid deterioration of the situation and the increasing levels of violence in South Africa. The reimposition of the state of emergency and the indiscriminate arrest of thousands of South Africans can only further delay the start of a genuine national dialogue on South Africa's future, which is so urgently needed if a peaceful solution of the country's problems is to be found.

Furthermore, extensive censorship has been imposed on the media. The European Council believes that the present policies of the South African Government can only lead to increasing repression, polarization and bloodshed.

(2) Against this background, the European Council has re-examined the Twelve's policy towards South Africa. It reaffirms that the main goal of this policy is the total abolition of apartheid. To support the process of non-violent change in South Africa and to emphasize their deep concern about the recent course of events, the Heads of State or Government have decided to take additional action.

(3) The European Council has declared itself in favour of a concerted European programme of assistance to the victims of apartheid, encompassing both Community and national action, in order to maximize the effectiveness of Europe's contribution in this field.

In this connection the European Council has agreed on an increase in financial and material

assistance to the victims of apartheid, in particular those affected by the disturbances in Crossroads, and to political prisoners, including those arrested in connection with the recent reimposition of the state of emergency.

(4) The European Council is convinced that the commencement without delay of a national dialogue with the authentic leaders of the black population is essential to halt a further escalation of violence and allow negotiations leading to a truly democratic and non-racial South Africa.

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

In this context the European Council calls on the South Africa Government:

(i) to unconditionally release Nelson Mandela and other political prisoners;

(ii) to lift the ban on the African National Congress, the Pan Africanist Congress of Azania and other political parties.

(5) In the mean time in the next three months the Community will enter into consultations with the other industrialized countries on further measures which might be needed covering in particular a ban on new investments, the import of coal, iron, steel and gold coins from South Africa.

(6) The European Council decided to ask the future UK Presidency Foreign Minister to visit southern Africa, in a further effort to establish conditions in which the necessary dialogue can commence.'

Statements and comments

1.1.19. Mr Ruud Lubbers, President of the European Council, said at his final press conference after the meeting that all those present had recognized the need to agree on a package of measures banning new investments and imports of certain products from South Africa, a package that could be altered after consultations with the other industrialized countries but which must still be 'at least as heavy'. He also said that he hoped Sir Geoffrey Howe's mission would be successful, which would make it unnecessary to apply these measures. He stressed that this solution was the result of a compromise between those who would have liked to decide upon sanctions there and then and those who wanted only a declaration of intent. They could have gone

further, he added, but it was a step in the right direction, especially as it had been recognized that no Member State could block these measures should they prove necessary.

Mr Delors highlighted three positive features of this European Council: the 'fireside' discussion on the major international political issues (East-West relations, but also the situation in Latin America and relations between Greece and Turkey); the dual impetus given to achieving the single market and to maintaining the strategy of cooperation for growth and employment advocated by the Commission; the in-depth discussion on South Africa, from which a common position had emerged, even though...

Chancellor Helmut Kohl deplored the hypocrisy of some Member States over sanctions against South Africa, adding, however, that the Pretoria Government must not draw wrong conclusions from the fact that sanctions had not been decided. Mr Felipe González, the Spanish Prime Minister, was among those who regretted that the European Council had not gone further. The Danish Prime Minister, Mr Poul Schlüter, pointed out that, in any event, Denmark was already imposing a trade embargo against South Africa. Mrs Margaret Thatcher, the British Prime Minister, stressed the practical nature of the Council's approach, which was intentionally moderate, but constructive, and emphasized that the Twelve were unanimous on each word of the statement. In her view there was none better than Sir Geoffrey Howe to talk to Mr Pik Botha, the South African Foreign Minister, in an attempt to identify the scope for negotiation. Should this mission fail, Mrs Thatcher conceded, then they would have to consider other measures as adumbrated in paragraph 5 of the European Council's statement. President François Mitterrand admitted that the text of the statement was not altogether adequate, but they had had to choose between a decision acceptable to all 12 Member States or no decision at all.

1.1.20. The President of the European Council and the President of the Com-

mission both addressed Parliament's July part-session on the outcome of the Hague meeting.

Mr Lubbers's first point was that the decision to hold only one European Council meeting during the six months of the Dutch Presidency had been a deliberate choice: the intention had been to allow the Council of Ministers to concentrate on the practicalities and on decision-making and leave the European Council free to carry out its proper function of showing the political way forward.

He then commented on the conclusions that had been adopted. On the issue of South Africa, he declared that he had tried to reach a compromise that would be 'a step in the right direction'. As regards the economic and employment situation, it was a matter not only for the Member States but also for the Community as a whole. The European Council's attention had been drawn to the matter at a moment when falling oil prices offered a chance of stimulating economic growth. Mr Lubbers stressed that the European Council had insisted that concertation between governments and the two sides of industry be amplified with an eye to securing tripartite agreements, especially in regard to long-term unemployment and young people out of work. A discussion had been held on the differences in interpreting unemployment figures.

Mr Lubbers went on to say that work on completing the internal market, the utilization of common standards, the opening up of public contracts and the specific research programmes would continue.

Mr Lubbers emphasized the need to improve and speed up the decision-making process in the Council. He summed up the searching and fruitful discussion that had taken place on agricultural policy, particularly in its international context, and remarked upon the coordination of the Community stance towards the United States and the Community's position on the forthcoming trade negotiations in GATT.

Mr Delors said that while the Hague European Council had not obtained spectacular

results, it had done some deep thinking on several issues, and the conclusions adopted would stimulate the Community's efforts over the next few months. He mentioned, in particular, the discussions on agriculture in its international context, a people's Europe and the aftermath of Chernobyl.

Concerning a people's Europe, Mr Delors felt that the situation was not so good: this was not the time for such enthusiastic declarations as had been made at earlier European Councils. The discussion on the aftermath of Chernobyl had been most disappointing, though that had been veiled by a good communiqué. Strains had shown at once between those for and those against nuclear energy and between those who preferred international action and those who believed that the first thing to do was apply the Euratom Treaty.

On the other hand, the discussions on giving effect to the priorities of the Single Act, the improvement of economic structures and the economic situation in general had been very useful. As regards implementing the Single Act, Mr Delors was very happy that the European Council had confirmed that completing the large market and the objective of economic and social cohesion were two sides of the same coin and that on the matter of improving working methods it had supported the Commission against the Finance Ministers, who, he said, could no longer keep putting off their decisions on directives on indirect taxation and excise duties. On the internal market, Mr Delors alluded to what he called the credibility threshold: at the moment companies and trade unions were keenly interested by the large market, but that would change if within a year or so nothing had been done about opening up public procurement, adopting relevant common standards, technological cooperation based on open public contracts and a social dialogue to sustain the whole endeavour. On the improvement of economic structures, the President referred to long-term unemployment as a cancer that was undermining our societies, aggravating inequalities and worsening the lot of the poor and those who are relegated to the fringes of society.

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E.C. LEADERS CONSIDER FURTHER ACTION AGAINST SOUTH AFRICA

European Community leaders last week said the Community and its Member States will provide increased assistance to the victims of apartheid, and will consider imposing further punitive measures against South Africa.

The 12 Heads of State or Government (the European Council), meeting June 26 and 27 in The Hague, also discussed agricultural trade problems, drugs and the Chernobyl nuclear disaster.

The text of their conclusions follows.

CONCLUSIONS OF THE EUROPEAN COUNCIL THE HAGUE, JUNE 26-27, 1986

SOCIAL AND ECONOMIC SITUATION

General

The European Council considered the economic and social situation within the European Community and concluded that, in spite of substantial progress in establishing sounder structural conditions for economic growth, present levels of economic performance and investment are by themselves unlikely to permit further substantial reductions in unemployment.

It confirmed therefore the necessity of continuing macro and microeconomic policies aimed at structural improvement, in combination with additional efforts to generate gainful employment. The Council expressed the opinion that economic growth is not only a responsibility of individual Member States, but also of the Community as a whole.

The European Council agreed that the opportunities offered by lower oil price levels should as much as possible be translated into additional economic growth. It asked the Economic and Finance Council to monitor the progress made in the framework of the cooperative growth strategy agreed at the end of 1985.

The Council further agreed that action at the Community level should be taken to enable business to maximize its capacity to create prosperity and jobs, inter alia by examining the scope for improved access to innovative forms of risk capital and the efforts of the European Investment Bank, and welcomed the measures introduced both at the Community and at the national level to limit the regulatory burdens of legislation.

The European Council also called for a common strategy, to be discussed with social partners, to promote enterprise, to encourage flexible employment patterns, and help long-term unemployed people back into jobs.

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

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

Long-term unemployment

With a view to supporting a convergent European policy aiming at the return of the long-term unemployed to the labor market, the European Council welcomed the Commission's proposals on exchanging information on successful national experiences, on conducting pilot actions under the European Social Fund and on coordinating actions under the Community structural instruments in regions in need of industrial restructuring.

In this connection, the possibility was also advocated of arriving at tripartite commitments of Governments and the social partners to stimulate the re-employment of those who have been out of work for a long time. Similar efforts

should be made to encourage the absorption of school-leavers into the labor market.

Technological cooperation

The European Council stressed that technological cooperation and innovation at the Community level and in a wider European context will make an indispensable contribution to the ability of European industry to survive in a ruthlessly competitive world. Efforts in this direction should be closely geared to the perfection of the internal market, the application of uniform standards, the opening-up of public purchasing, the implementation of specific R & D programs which also take account of the interests of small and medium-sized businesses and the need to consult with the social partners who have their own responsibilities in this matter.

The Council called on the Commission and the Council of Ministers (Industry/Research) to complete their deliberations on the next multiannual program for technological cooperation within the next few months and to see to it that momentum is not lost.

Capital market

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

INTERNAL MARKET

General

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

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

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

Working method

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

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

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

Areas of special interest

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

The European Council confirmed that a number of basic decisions needed to be taken rapidly in relation to the removal of fiscal barriers at the frontiers in order to achieve the goals set for 1992, and welcomed the work program

proposed to this end by the Commission and endorsed by the Council of Finance Ministers.

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

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

A People's Europe

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

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

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

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

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

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

AGRICULTURAL POLICY IN THE INTERNATIONAL CONTEXT

General

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

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

Structural problems

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

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

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

International cooperation

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

THE SITUATION AFTER THE CHERNOBYL DISASTER

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

Short-term consequences

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

Medium and long-term consequences

As regards the medium and long-term aspects, the European Council considered that it was within the International Atomic Energy Agency that progress should primarily be made, inter alia in analyzing the accident at Chernobyl, and that the Community and the Member States had to contribute actively to the decision-making process in that forum. The Community and the Member States will, in particular, have to promote the rapid preparation of international conventions guaranteeing the essential exchange of information and governing mutual assistance in the event of accidents as well as the implementation of the international responsibility of States. They will also have to make a major contribution to the international conference on nuclear safety in September, whose importance is stressed by the European Council.

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

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

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

DRUGS

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

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

LATIN AMERICA

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

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

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

matter closely and to submit reports to the European Council as and when necessary.

STATEMENT ON SOUTH AFRICA

The European Council is gravely concerned about the rapid deterioration of the situation and the increasing levels of violence in South Africa. The reimposition of the State of Emergency and the indiscriminate arrest of thousands of South Africans can only further delay the start of a genuine national dialogue on South Africa's future, which is so urgently needed if a peaceful solution of the country's problems is to be found.

Furthermore, extensive censorship has been imposed on the media. The European Council believes that the present policies of the South African government can only lead to increasing repression, polarization and bloodshed.

Against this background, the European Council has re-examined the Twelve's policy towards South Africa. It reaffirms that the main goal of this policy is the total abolition of apartheid. To support the process of nonviolent change in South Africa and to emphasize their deep concern about the recent course of events, the Heads of State and Government have decided to take additional action.

The European Council has declared itself in favor of a concerted European program of assistance to the victims of apartheid, encompassing both Community and national action, in order to maximize the effectiveness of Europe's contribution in this field.

In this connection the European Council has agreed on an increase in financial and material assistance to the victims of apartheid, in particular those affected by the disturbances in Crossroads, and to political prisoners, including those arrested in connection with the recent reimposition of the State of Emergency.

The European Council is convinced that the commencement without delay of a national dialogue with the authentic leaders of the black population is essential to halt a further escalation of violence and allow negotiations leading to a truly democratic and nonracial South Africa.

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

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

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

In the meantime, in the next three months the Community will enter into consultations with the other industrialized countries on further measures which might be needed, covering in particular a ban on new investments, the import of coal, iron, steel and gold coins from South Africa.

The European Council decided to ask the future U.K. Presidency Foreign Minister to visit southern Africa, in a further effort to establish conditions in which the necessary dialogue can commence.