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TO IMMEDIATE F C O
TELEGRAM NUMBER 2437 OF 1 JULY,
INFO IMMEDIATE BRUSSELS COPENHAGEN THE HAGUE ROME DUBLIN
PARIS BONN LUXEMBOURG ATHENS LISBON MADRID,
PRIORITY WASHINGTON.

EUROPEAN COUNCIL, MILAN, 28-29 JUNE.

FOLLOWING IS TEXT OF CONCLUSIONS DISTRIBUTED BY PRESIDENCY.

INSTITUTIONAL AFFAIRS.

THE EUROPEAN COUNCIL HELD A WIDE-RANGING DISCUSSION ON THE PROPOSALS OF THE AD HOC COMMITTEE FOR INSTITUTIONAL AFFAIRS SET UP AT FONTAINEBLEAU, AND THE DRAFT MANDATE OF THE ITALIAN PRESIDENCY AND IN PARTICULAR ON THE IMPROVEMENT OF THE COUNCIL'S DECISION-MAKING PROCEDURE, THE ENLARGEMENT OF THE EUROPEAN PARLIAMENT'S ROLE, THE COMMISSION'S ADMINISTRATIVE POWERS AND THE STRENGTHENING OF POLITICAL CO-OPERATION IN THE GENERAL CONTEXT OF THE TRANSITION TO EUROPEAN UNION.

IT CONFIRMED THE NEED TO IMPROVE THE OPERATION OF THE COMMUNITY IN ORDER TO GIVE CONCRETE FORM TO THE OBJECTIVES IT HAS SET ITSELF, IN PARTICULAR AS REGARDS THE COMPLETION OF THE INTERNAL MARKET BY 1992 AND MEASURES TO PROMOTE A TECHNOLOGICAL EUROPE.

THE EUROPEAN COUNCIL NOTED THAT THE PRESIDENT OF THE COUNCIL WOULD SUBMIT PROPOSALS FOR THE IMPROVEMENT OF THE COUNCIL'S DECISION-MAKING PROCEDURE, THE EXERCISE OF THE COMMISSION'S ADMINISTRATIVE POWERS AND THE PARLIAMENT'S POWERS WITH A VIEW TO THEIR EARLY ADOPTION.

THE EUROPEAN COUNCIL DISCUSSED IN DETAIL THE CONVENING OF A CONFERENCE TO WORK OUT THE FOLLOWING WITH A VIEW TO ACHIEVING CONCRETE PROGRESS ON EUROPEAN UNION:

- A TREATY ON A COMMON FOREIGN AND SECURITY POLICY ON THE BASIS OF THE FRANCO-GERMAN AND UNITED KINGDOM DRAFTS:
- THE AMENDMENTS TO THE EEC TREATY IN ACCORDANCE WITH ARTICLE 236

OF THAT

OF THAT TREATY, REQUIRED FOR THE IMPLEMENTATION OF THE INSTITUTIONAL CHANGES CONCERNING THE COUNCIL'S DECISION-MAKING PROCEDURE, THE COMMISSION'S EXECUTIVE POWERS AND THE POWERS OF THE EUROPEAN PARLIAMENT AND THE EXTENSION TO NEW SPHERES OF ACTIVITY IN ACCORDANCE WITH THE PROPOSALS OF THE DOOGUE COMMITTEE AND THE ADONNINO COMMITTEE, AS SET OUT ELSEWHERE, AND TAKING INTO ACCOUNT CERTAIN ASPECTS OF THE COMMISSION PROPOSAL CONCERNING THE FREEDOM OF MOVEMENT OF PERSONS.

THE PRESIDENT NOTED THAT THE REQUIRED MAJORITY AS LAID DOWN IN ARTICLE 236 OF THE TREATY HAD BEEN OBTAINED FOR THE CONVENING OF SUCH A CONFERENCE. THE PORTUGUESE AND SPANISH GOVERNMENTS WOULD BE INVITED TO TAKE PART IN THAT CONFERENCE. THE BELGIAN, GERMAN, FRENCH, IRISH, ITALIAN, LUXEMBOURG AND NETHERLANDS DELEGATIONS WERE IN FAVOUR OF HOLDING THAT CONFERENCE.

THE PRESIDENCY WOULD CONSEQUENTLY TAKE THE STEPS NECESSARY TO CONVENE THAT CONFERENCE WITH A VIEW TO SUBMITTING THE RESULTS FOR A DECISION BY THE HEADS OF STATE AND OF GOVERNMENTS AT THE EUROPEAN COUNCIL MEETING IN LUXEMBOURG.

A PEOPLE'S EUROPE.

THE EUROPEAN COUNCIL THANKED THE AD HOC COMMITTEE ON A PEOPLE'S EUROPE FOR ITS INITIAL REPORT AND FOR ITS FINAL REPORT SUBMITTED IN MILAN, BOTH OF WHICH CONTAINED NUMEROUS CONCRETE MEASURES AIMED AT INVOLVING THE CITIZENS OF EUROPE MORE DETERMINEDLY IN THE CONSTRUCTION OF THE COMMUNITY.

WITH REGARD TO THE LATTER REPORT, THE EUROPEAN COUNCIL APPROVED THE PROPOSALS WHICH IT CONTAINED. THOSE PROPOSALS CONCERNED INTER ALIA CITIZENS' RIGHTS, CULTURE, YOUTH, EDUCATION AND SPORT. THE EUROPEAN COUNCIL INSTRUCTED THE COMMISSION AND THE MEMBER STATES, ACTING WITHIN THEIR RESPECTIVE POWERS, TO TAKE THE NECESSARY IMPLEMENTING MEASURES, AND INSTRUCTED THE COUNCIL TO REPORT TO IT AT ITS DECEMBER MEETING ON THE PROGRESS ACHIEVED.

THE EUROPEAN COUNCIL ACCEPTED THE SUGGESTIONS ALONG THE SAME LINES CONTAINED IN THE FRENCH MEMORANDUM ON A PEOPLE'S EUROPE AND EMPHASIZED IN PARTICULAR THE SECTIONS OF THAT DOCUMENT CONCERNING YOUNG PEOPLE, CULTURE AND HEALTH. IN THIS CONTEXT, THE EUROPEAN COUNCIL EMPHASIZED THE VALUE OF LAUNCHING A EUROPEAN ACTION PROGRAMME AGAINST CANCER.

WITH REGARD TO THE MEASURES CONTAINED IN THE INITIAL REPORT AND APPROVED BY THE EUROPEAN COUNCIL IN MARCH 1965, THE EUROPEAN COUNCIL EXPRESSED ITS CONCERN AT THE DELAY IN IMPLEMENTING THEM

AND ASKED THE COUNCIL, THE MEMBER STATES AND THE COMMISSION, EACH ACTING WITHIN ITS OWN POWERS, TO TAKE THE NECESSARY DECISIONS TO REMEDY THIS SITUATION AS SOON AS POSSIBLE.

ECONOMIC AND SOCIAL SITUATION.

THE EUROPEAN COUNCIL DISCUSSED THE ECONOMIC AND SOCIAL SITUATION ON THE BASIS OF TWO REPORTS SUBMITTED BY THE PRESIDENCY ON THE FUTURE OF THE E.M.S AND ON THE PROBLEM OF INVESTMENT AND EMPLOYMENT IN THE CONTEXT OF THE IMPLEMENTATION OF THE STRATEGY DEFINED IN DUBLIN IN DECEMBER 1984.

AS REGARDS THE E.M.S THE COMMISSION WAS INVITED TO CONTINUE ITS CONSIDERATION OF ITS DEVELOPMENT, INCLUDING THE ROLE OF THE E.C.U, AT COUNCIL MEETINGS ON ECONOMIC AND FINANCIAL AFFAIRS AND WITH THE GOVERNORS OF THE CENTRAL BANKS.

AS REGARDS SHORT-TERM ECONOMIC POLICY, THE COUNCIL OF MINISTERS FOR ECONOMIC AND FINANCIAL AFFAIRS WAS INVITED TO CONSIDER THE EXTENT TO WHICH THE CONVERGENCE WHICH HAD ALREADY BEEN ACHIEVED BETWEEN THE MEMBER STATES IN THE FIELD OF INFLATION AND IMBALANCES MADE IT POSSIBLE TO INTENSIFY THE BATTLE AGAINST UNEMPLOYMENT.

ON A MORE GENERAL LEVEL, THE EUROPEAN COUNCIL INVITED THE COMMISSION TO SUBMIT TO THE EUROPEAN COUNCIL MEETING IN DECEMBER A DETAILED REPORT ON CURRENT INADEQUACIES AS REGARDS GROWTH AND EMPLOYMENT IN THE EUROPEAN ECONOMY COMPARED TO THAT OF ITS MAJOR COMPETITORS AMONGST THE INDUSTRIALIZED COUNTRIES AND ON THE NEW STRATEGIES THAT COULD BE IMPLEMENTED TO REMEDY THE SITUATION.

COMPLETION OF THE INTERNAL MARKET.

THE COUNCIL WELCOMED THE WHITE PAPER ON COMPLETING THE INTERNAL MARKET, SUBMITTED AT ITS REQUEST BY THE COMMISSION.

IT INSTRUCTED THE COUNCIL TO INITIATE A PRECISE PROGRAMME OF ACTION, BASED ON THE WHITE PAPER AND THE CONDITIONS ON THE BASIS OF WHICH CUSTOMS UNION HAD BEEN BROUGHT ABOUT, WITH A VIEW TO ACHIEVING COMPLETELY AND EFFECTIVELY THE CONDITIONS FOR A SINGLE MARKET IN THE COMMUNITY BY 1992 AT THE LATEST, IN ACCORDANCE WITH STAGES FIXED IN RELATION TO PREVIOUSLY DETERMINED PRIORITIES AND A BINDING TIMETAB

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PROGRESS TOWARDS THIS OBJECTIVE SHOULD BE BOTH GRADUAL AND VISIBLE AND THE EUROPEAN COUNCIL THEREFORE REQUESTED THE COMMISSION TO SUBMIT ITS PROPOSALS SWIFTLY AND THE COUNCIL TO ENSURE THAT THEY WERE ADOPTED WITHIN THE DEADLINES ESTABLISHED IN THE TIMETABLE.

THE FOLLOWING FIELDS AND MEASURES WERE CONSIDERED TO BE OF HIGH PRIORITY:

- THE REMOVAL OF PHYSICAL BARRIERS TO THE FREE MOVEMENT OF GOODS WITHIN THE COMMUNITY:
- THE REMOVAL OF TECHNICAL BARRIERS TO THE FREE MOVEMENT OF GOODS WITHIN THE COMMUNITY (IN PARTICULAR THE ADOPTION OF COMMON OR COMPATIBLE STANDARDS FOR MAJOR NEW TECHNOLOGIES IN ORDER TO OPEN UP PUBLIC PURCHASING AND SATISFY THE NEEDS OF THE ECONOMY):
- THE CREATION OF A FREE MARKET IN THE FINANCIAL SERVICES AND TRANSPORT SECTORS:
- THE CREATION OF FULL FREEDOM OF ESTABLISHMENT FOR THE PROFESSIONS:
- LIBERALIZATION OF CAPITAL MOVEMENTS.

IN DECIDING ON THE ABOVE MEASURES THE COMMUNITY WILL MAKE EVERY EFFORT TO ENSURE THAT THE CREATION OF A SINGLE FREE MARKET CONTRIBUTES TO FURTHERING THE MORE GENERAL OBJECTIVES OF THE TREATY INCLUDING THOSE OF HARMONIOUS DEVELOPMENT AND ECONOMIC CONVERGENCE.

2. AS REGARDS THE METHOD: APPLICATION WHENEVER THE SITUATION PERMITS OF THE PRINCIPLE OF THE GENERAL EQUIVALENCE OF THE MEMBER STATES' LEGISLATIVE OBJECTIVES AND OF ITS COROLLARIES: THE FIXING OF MINIMUM STANDARDS, MUTUAL RECOGNITION AND MONITORING BY THE COUNTRY OF ORIGIN: AN UNDERTAKING IN THE PART OF THE MEMBER STATES NOT TO TAKE MEASURES, THROUGHOUT THE REALIZATION OF THE PROGRAMME, THAT WOULD HAVE THE EFFECT OF DELAYING THE COMMUNITY'S ACHIEVEMENT OF THE ABOVE OBJECTIVE.

3. AS REGARDS THE APPROXIMATION OF VAT AND EXCISE DUTIES, THE EUROPEAN COUNCIL INVITED THE COUNCIL OF MINISTERS FOR FINANCIAL AFFAIRS TO EXAMINE ON THE BASIS OF THE WHITE PAPER ANY MEASURES WHICH MIGHT BE NECESSARY FOR THE ACHIEVEMENT OF THE OBJECTIVE OF A SINGLE MARKET AND THE POSSIBLE TIMETABLE FOR THE APPLICATION OF THOSE MEASURES.

4. THE COUNCIL OF MINISTERS WAS ASKED TO STUDY THE INSTITUTIONAL CONDITIONS IN WHICH THE COMPLETION OF THE INTERNAL MARKETS COULD BE ACHIEVED WITHIN THE DESIRED TIME LIMITS.

TECHNOLOGY.

THE EUROPEAN COUNCIL NOTED THAT A COLLECTIVE EFFORTS TO MASTER NEW TECHNOLOGY WAS A CONDITION FOR MAINTAINING EUROPEAN COMPETITIVENESS. IT THEREFORE DECIDED TO GIVE THE COMMUNITY A NEW TECHNOLOGICAL DIMENSION.

THE EUROPEAN COUNCIL APPROVED AND ENDORSED THE COMMISSION REPORT ON THE STRENGTHENING OF TECHNOLOGICAL CO-OPERATION IN EUROPE.

THE EUROPEAN COUNCIL GAVE ITS SUPPORT TO THE FRENCH EUREKA PROJECT FOR CREATING A TECHNOLOGICAL EUROPE AND TO THE COMMISSION'S CONSTRUCTIVE PROPOSALS IN THE SAME DIRECTION, AND NOTED WITH INTEREST THE AGREEMENTS ALREADY SIGNED BY SEVERAL EUROPEAN COMPANIES.

IT EXPRESSED THE WISH THAT THE EUREKA PROJECT SHOULD BE OPEN TO THOSE NON-COMMUNITY COUNTRIES WHICH HAD ALREADY SHOWN INTEREST IN TAKING PART IN IT. FRANCE, THE ORIGINATOR OF THE PROJECT, WOULD CONTINUE THE STEPS IT WAS TAKING BY CONVENING, IN COLLABORATION WITH THE PRESIDENCY AND THE COMMISSION, AN AD HOC COMMITTEE BEFORE 14 JULY TO HOLD A SESSION ON EUROPEAN TECHNOLOGY. THE COMMITTEE WOULD BRING TOGETHER THE MINISTERS FOR RESEARCH OR OTHER QUALIFIED REPRESENTATIVES OF THE GOVERNMENTS OF COUNTRIES WHICH HAD RESPONDED POSITIVELY TO THE INITIATIVE AND REPRESENTATIVES OF THE COMMISSION.

THE EUROPEAN COUNCIL CONSIDERED THAT THESE STEPS SHOULD EXPLOIT THE COMMUNITY DIMENSION IN ORDER TO:

- ESTABLISH A CLOSE LINK BETWEEN TECHNOLOGICAL DEVELOPMENT AND THE EFFORT TO UNIFY THE INTERNAL MARKET, FOR EXAMPLE BY MEANS OF PRACTICAL INCENTIVE MEASURES SUCH AS THE EUROTYPE PROPOSAL:
- ENSURE THAT THE TECHNOLOGICAL EFFORT WAS CLOSELY TIED IN WITH COMMON POLICIES, IN PARTICULAR TRADE POLICY TOWARDS THE COMMUNITY'S MAIN PARTNERS:
- REDUCE THE RISK OF UNNECESSARY DUPLICATION OF NATIONAL EFFORTS AND ASSEMBLE A CRITICAL MASS OF FINANCIAL AND HUMAN RESOURCES:
- OBTAIN THE MAXIMUM BENEFIT FROM THE IMMEDIATELY AVAILABLE COMMUNITY TECHNICAL AND FINANCIAL INSTRUMENTS, INCLUDING THOSE OF THE E.I.B.

JAPAN.

THE EUROPEAN COUNCIL EXAMINED THE QUESTION OF TRADE RELATIONS WITH JAPAN, IN PARTICULAR IN THE LIGHT OF THE SERIOUS CONCERN WHICH THE COUNCIL HAD EXPRESSED AT ITS MEETING ON 19 JUNE AND WHICH THE EUROPEAN COUNCIL FULLY SHARED.

MORE PARTICULARLY, THE EUROPEAN COUNCIL'S DISCUSSIONS WERE HELD IN THE CONTEXT OF THE RESPONSIBILITIES WHICH JAPAN SHARES WITH ITS WESTERN PARTNERS FOR SAFEGUARDING AND STRENGTHENING THE SYSTEM OF MULTILATERAL TRADE.

THE EUROPEAN COUNCIL ENDORSED THE REQUEST MADE BY THE COUNCIL THAT JAPAN SHOULD UNDERTAKE TO INCREASE SIGNIFICANTLY AND CONTINUOUSLY ITS IMPORTS OF MANUFACTURED PRODUCTS AND PROCESSED AGRICULTURAL PRODUCTS: IT ALSO EMPHASIZED THE IMPORTANCE OF LIBERALIZING JAPANESE FINANCIAL MARKETS AND INTERNATIONALIZING THE YEN.

THE EUROPEAN COUNCIL ASKED THE COMMISSION TO PUT ALL THESE CONCERNS TO THE PRIME MINISTER OF JAPAN DURING HIS FORTHCOMING VISIT TO EUROPE,

FAMINE IN AFRICA.

THE EUROPEAN COUNCIL, AWARE OF THE CRITICAL SITUATION CONFRONTING THOSE AFRICAN COUNTRIES AFFECTED BY DROUGHT, NOTED WITH SATISFACTION THAT THE OBJECTIVES OF THE DUBLIN PLAN HAD BEEN ACHIEVED AND THAT 1.2 MILLION TONNES OF CEREALS OR THEIR EQUIVALENT HAD FINALLY BEEN MOBILIZED BY THE COMMUNITY AND THE MEMBER STATES TO MEET EMERGENCY REQUIREMENTS. IT ALSO WELCOMED THE FACT THAT TWO-THIRDS OF THAT AID HAD ALREADY REACHED THE RECIPIENTS OR WAS EN ROUTE.

IT FELT, HOWEVER, THAT NEW FOOD AID REQUIREMENTS COULD ARISE IF THE RAINS WHICH HAD JUST STARTED ON THE CONTINENT OF AFRICA WERE AGAIN TO BE INSUFFICIENT. IN THAT CONTEXT IT WELCOMED THE COMMISSION PROPOSAL FOR A SPECIAL RESERVE ALLOCATION WHICH WOULD MAKE IT POSSIBLE TO MOBILIZE 500,000 TONNES OF CEREALS EQUIVALENT OVER AND ABOVE THE NORMAL AID PROGRAMME. THE EUROPEAN COUNCIL INSTRUCTED THE COUNCIL MEETING ON DEVELOPMENT TO EXAMINE THAT PROPOSAL AS A MATTER OF URGENCY.

THE COUNCIL WAS AWARE OF THE POSSIBILITY THAT SUCH DISASTERS MIGHT RECUR AND IT CONSIDERED IT NECESSARY FOR THE FUTURE TO SET UP A GENERAL CO-ORDINATED STRATEGY AGAINST SHORT- AND

LONG-TERM DROUGHT, AND IN THAT CONTEXT WELCOMED THE COMMISSION COMMUNICATION.

AS REGARDS THE LONG-TERM, THE COUNCIL CONSIDERED IT NECESSARY ABOVE ALL TO SUPPORT THE AFRICAN COUNTRIES' POLICY REDIRECTION EFFORT IN THE FIELD OF FOOD SECURITY. THE COUNCIL NOTED THAT THAT OBJECTIVE WAS INCLUDED IN LOME III AND EXPRESSED THE HOPE THAT THE MEMBER STATES WOULD ALSO GIVE PRIORITY IN THEIR NATIONAL AID PROGRAMMES TO SUPPORT FOR THAT POLICY SO THAT TOGETHER THEY WOULD ACHIEVE THE INDISPENSABLE CRITICAL FINANCIAL MASS.

IN THE FIELD OF ENVIRONMENTAL PROTECTION, IN PARTICULAR THE BATTLE AGAINST DESERTIFICATION, THE COUNCIL CONSIDERED IT VITAL, IN THE LIGHT OF THE IMPORTANCE OF PRESENT REQUIREMENTS, FOR ALL EUROPEAN AID, COMMUNITY AND BILATERAL, TO GIVE PRIORITY TO THAT TYPE OF ACTION, TO GIVE LONG-TERM COMMITMENTS AND TO ORGANIZE THEIR CONTRIBUTIONS COHERENTLY BY SETTING UP AN APPROPRIATE CO-ORDINATION STRUCTURE.

FCO ADVANCE TO:-

FCO - P.S/S OF S, RENWICK, FAIRWEATHER, SHEPHERD, BRAITHWAITE.
CAB - WILLIAMSON.
MAFF - ANDREWS.

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