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S P E E C H

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of the European Communities

- on the European Council on 4 and 5 December 1978

- reviewing the current Council Presidency

(Luxembourg, 13 December 1978)

Mr President,
Ladies and
Gentlemen,

Today's sitting of the European Parliament comes only a few days after the last meeting of the European Council. It is also the last to be held in the second half of 1978, in which the Federal Republic of Germany holds the office of President of the Council. I would therefore like both to inform you of the outcome of the European Council and give you an outline of the activities of the German Presidency in the Council of the European Communities.

The European Council held at the beginning of last week was one of the longest and most important in the history of that Institution. At that meeting there were discussions of exceptionally difficult and complex questions which involved the very essence of the Community's development.

The most important part of the discussions was devoted, as you know, to the European Monetary System.

As President of the Council I welcome the fact that the European Monetary System (EMS) will be introduced on 1 January 1979, as planned. This decision was taken unanimously by all the members of the European Council.

The European Council has set itself the aim of attaining a higher degree of currency stability in the Community, with the help of this European Monetary System. The new system is a fundamental element of a comprehensive strategy aimed at sustained growth with stability, a gradual

return to full employment, levelling-up of living standards and fewer regional disparities in the Community. We also expect the EMS to have a stabilizing effect on the international economic and monetary scene. In that way it will serve the interests of the industrialized and the developing countries alike. The new system will be consistent with the rules of the IMF. European countries which have particularly close economic and financial ties with the European Community may participate in the system of exchange rates and the intervention mechanism on the basis of agreements amongst Central Banks.

Although all members of the European Council approve the aims of the EMS, three Heads of Government found that they were not yet in a position to participate initially in the projected exchange rate and intervention mechanism.

The Heads of Government of Ireland and Italy have asked for time to consider the matter until the meeting of the Council of Finance Ministers on 18 December. Yesterday we received the welcome news that the Italian Government had also decided to join the system from the outset. This decision, which has certainly been no easy one for Italy, is an important step forward towards closer convergence in the economic development of the Community and will strengthen its cohesion.

At this juncture therefore it is still uncertain whether the EMS will start off on 1 January with 8 or only 7 members initially. Nevertheless I would not hesitate to describe the EMS as an important stage in the history of European Union, for:

- The Community is extending its powers to monetary policy.
- It is making further headway, backed by monetary policy, towards a higher degree of convergence of economic development.
- It is pressing ahead with redoubled vigour in its task of fostering growth and stability.
- The Community's position in the world is being consolidated and its influence increasing.

To be sure, the impulse to greater growth and stability would be stronger and the advantage to the Community greater if all the Member States could participate fully in the new system from the outset.

However, the decisive point is that the EMS is a Community system decided on by the European Council in which all the Community members took part. All have committed themselves to a greater convergence of economic policies with the aim of greater stability and growth.

I would now like to run through the other topics dealt with by the European Council.

In accordance with its usual practice, the Council held an exchange of views on the economic and social situation. The Heads of State and Government reviewed the measures adopted, particularly after the meeting in Bremen, in order to increase economic growth, and they stressed the need to ensure that swift implementation of such measures continued. The European Council was able to note that the concept of co-ordinated action had been put into practice. According to the Commission the growth rate in the European Communities will rise in 1979, thanks to this co-ordinated action, to 3 $\frac{1}{2}$ %.

The European Council also devoted particular attention to the employment situation. In view of the fact that unemployment more especially affects young people, the European Council welcomed the decision of the Council of Ministers for Labour and Social Affairs to extend aid from the Social Fund to cover the promotion of recruitment of young people and the creation of jobs for them. It requested the latter Council to keep a close watch on progress in implementing the new aid possibilities.

The European Council reiterated its view that only a common and co-ordinated approach could bring about a greater degree of convergence of economic development within the European Communities. As such economic development should be seen in the longer term,

the European Parliament entrusted the Commission with a survey of the prospects of structural development to 1990. This survey should examine, in particular, trends in production and demand and balance of payments and labour problems.

Within the context of economic and social policy, the European Council also took note of the conclusions of the last Tripartite Conference and invited the Governments to take them into account when formulating their economic and social policies. I am aware that during the last part-session of your Parliament, criticism was levelled at the procedure normally followed at such Conferences. The European Council considers this dialogue between workers, employers, Governments and the Commission to be useful, and noted the Presidency's intention of getting together with management and labour to examine possibilities for improving the working methods of these Conferences.

As regards agriculture, the European Council discussed a report from the Commission on the future development of the common agricultural policy. The examination of the problems dealt with in this report will be continued by the Ministers for Agriculture.

As for the effects of the European Monetary System on agriculture, the European Council took the view that the introduction of the EMS as such need not necessarily lead to changes in agricultural prices, monetary compensatory amounts etc. expressed in national currencies. However, it emphasized in this connection that, in the interests of a return to the uniformity of prices in agriculture, it would be important to prevent any permanent monetary compensatory amounts from being created in the future, while taking due account of the prices policy, and to reduce the existing amounts progressively.

I now come to the Committee of Wise Men.

The names of the public figures chosen for this Committee are well known, as are their long political experience and services. On the initiative of the President of the French Republic, the European Council invited the Committee to consider the adjustments to the machinery and procedures of the Institutions which are necessary in order to guarantee the smooth functioning of the Communities on the basis of and in compliance with the Treaties, including their institutional arrangements, and progress towards European Union.

The Committee was requested to report back on its conclusions to the European Council in October 1979.

At this stage, I should like to add two remarks:

- firstly, there is full agreement that the task given to the Committee should in no way delay the progress of the negotiations on accession;
- and secondly, the need to examine the working methods of the Community does not result solely from enlargement from nine to twelve Member States. The problems to be examined have, indeed, existed for a long time and have often come in for discussion by your Parliament.

The European Council also took note of two reports on European Union forwarded to it by the Foreign Ministers and the Commission. In the meantime, I have communicated these reports to the President of the European Parliament.

There we have in essence, Mr President, the results of the European Council.

Mr President, Ladies and Gentlemen,

It is now the turn of our French friends to take on the Presidency of the European Communities. Following an old tradition I should now like to attempt to make a preliminary assessment of the achievements of the German Presidency.

In my inaugural address in this Forum on 4 July 1978 I described the Presidency's particular responsibility as being that of uniting the Member States within the Community in decision-making for Europe. In my view we have fulfilled this task satisfactorily over the last few months by dint of common effort and endeavour even though it may not have been possible to realize all of our hopes. European decisions have been taken in various spheres. Let me just refer to the three most important of these. In the course of our discussions we will perhaps have the opportunity of returning to matters which we have no time to cover now.

The three events to which I refer are:

- preparations for the first direct elections to the European Parliament,
- the introduction of the EMS and
- progress towards the enlargement of the Communities.

The formal decisions implementing the act on direct elections and fixing the election date have been taken.

The political parties have also begun active preparations in all the Member States. In a few months millions of

European citizens will cast their votes. Here I would appeal for the remaining time to be used to make our fellow citizens more fully aware of the significance of this important European political event.

I have already mentioned the European Monetary System. I would merely remind you, in this connection, of the Council Decision authorizing the Commission to contract loans to encourage investment in the Community. This new instrument will allow an additional contribution to be made to the Community's efforts hitherto in this sphere. It will help to encourage the implementation of investment projects thus contributing to an increase in the degree of convergence and integration of economic policies. This new credit facility thus coincides with the goals of the European Monetary System and will have a major role to play in that context.

The enlargement of the Community to include three new Southern European States which recently found their way back to democratic forms of Government and life has progressed apace in the last six months.

The negotiations with Greece have now reached the decisive phase. We may rest assured that, in accordance with the Council's statement of intent, the questions of substance still outstanding (financing of the Community budget, freedom of establishment, social questions and certain agricultural problems) will for the most part be resolved by Christmas.

Negotiations for the accession of Portugal were formally opened on 17 October 1978 and the actual substantive negotiations began as early as 1 December. Precisely because of

the difficulties facing this country, it is essential that the Member States demonstrate to Portuguese democracy the confidence the latter so urgently needs in its future development as an integral part of Europe.

Recently the Commission also submitted the opinion required under the EEC Treaty on the accession of Spain. This should, we hope, enable the Council at its meeting on 19 December to adopt the basic decision on the opening of negotiations with this country with which we are linked by ties of friendship and whose path to democracy we are following with a sympathetic eye.

The purposeful promotion and acceleration of the process of enlargement thus was and continues to be a fundamental goal of our Presidency.

The development of relations between the Community and our other partners in the Mediterranean is still, precisely in connection with enlargement, one of the Community's principal preoccupations. In the first place I should like to mention our relations with Turkey which, once the Community has been enlarged, will be our oldest and most important associate. Relations with this country are shortly to be adapted to recent developments in the economic sphere and the resulting requirements thereby created.

Other extremely important negotiations are also currently in progress and here I am naturally referring to the negotiations regarding a new Convention with the ACP States. These negotiations are characterized by a common wish for improved economic co-operation and a common will to find concrete solutions to the development problems of these countries.

The first round of negotiations is scheduled to terminate on 21 December 1978 with a ministerial Conference in Brussels. This Conference will provide both sides with an opportunity of adopting guidelines for those areas of the negotiations still remaining open. I am firmly convinced that it will be possible to bring the negotiations to a successful conclusion next year. They will further develop and improve the "pact for progress" between the European Community and the ACP States.

The major event worthy of mention in the field of external relations was the EC-ASEAN Foreign Ministers Conference on 20 and 21 November 1978. This meeting was also special in that important matters of external policy were discussed in addition to economic and trade questions.

It was a source of particular satisfaction for me that this event occurred during the German Presidency. The efforts made during the careful preparatory work were rewarded by a very successful conclusion to the proceedings. This event will have world-wide repercussions. ASEAN will be further strengthened as a force and as a factor of stability and peace in South-East Asia as a result of its political recognition by the EC. The political guidelines set forth in the joint declaration will provide the necessary stimulus for the exploratory talks to begin shortly on the content of a possible co-operation agreement. European industry should make greater use in future of the possibilities of this dynamically developing market in South-East Asia.

The Community is continually endeavouring to improve and strengthen its external relations network. Its chief objectives are to secure a better balance of interests with its partners and closer co-operation on the basis of

equality. Its position is one of open-mindedness and world-wide horizons. This also applies to the current GATT negotiations, which have not been terminated to date. The EC will continue to do everything in its power to attain this objective. A successful conclusion to the negotiations is a necessary precondition for the maintenance and expansion of a free world trade system and is thus a matter of prime interest to the Community.

Mr President, Ladies and Gentlemen,

As I am unable to give a comprehensive report here and am obliged to confine myself to the most salient events, I should like to close the matter of external relations with these remarks.

I now come to the internal development of the Community and trust that you will forgive me if I restrict myself to two important sectors:

As regards the agricultural sector, in November the Council reached substantive agreement in principle on a second package of measures for the structural improvement of the Mediterranean regions following the earlier adoption in May of this year of a series of market and structural measures for these regions. In so doing the Community took account of the special problems facing agriculture in the Mediterranean region and made an important contribution towards resolving them. We hope that the reservations still outstanding on the formal adoption of the second Mediterranean package will soon be withdrawn

In the fisheries policy we started a renewed joint effort to establish a common fisheries regime at a special meeting of the Agricultural and Fisheries Ministers in November, which was preceded by detailed bilateral and multilateral consultations between those concerned; unfortunately, however, without any result as yet - in spite of the intervention of the European Council as well.

All those involved have, however, indicated their political determination to reach an acceptable solution. Until then we shall have to try to give the necessary guidelines for the conservation of stocks and the continuing of fishing operations.

Mr President, Ladies and Gentlemen,

A month ago I gave this House a review of European political co-operation during the past year. Because of this I would today like to touch on only a few aspects of this subject.

The period of one Presidency -- only six months -- is short, generally too short to start an initiative in foreign relations and also to bring it to a conclusion. I am, however, happy, before this House, to be able to point out that recent months have brought progress in a number of areas to which the German Presidency has paid special attention from the beginning.

In the European political co-operation area too, the enlargement of the Communities occupies the first place. At their meetings on 12 June and 14 September 1978 the Ministers had already agreed how, at an early stage in the negotiations, the acceding countries would be informed about the structure and content of the European political co-operation machinery. At their 32nd meeting alongside the European Council on 4 December the Foreign Ministers of the Nine agreed on rules providing for increasingly closer involvement of the acceding countries in European political co-operation during the time between the signature of the Treaties of Accession and their coming into force.

Initially consisting of briefing, co-operation will naturally develop via a close consultative relationship to full participation in every area of our common deliberations.

With the meeting between the Foreign Ministers of the Nine and the Foreign Ministers of the ASEAN States, European political co-operation entered new territory. The Conference itself constitutes a milestone.

In the long run nothing should stand in the way of increased political co-operation between the two groups, for example in the form of more intensive consultations in the van of international negotiations or in attempts to solve international conflicts or in other international matters. This is all the more so since our contacts will give us opportunities for better understanding of each others' positions. An example of this is the attention which the Nine are now giving to the problem of refugees from Indo-China, which is pressing hard on some of the ASEAN States and for which they have requested international help.

During the second half of 1978 the Nine were faced, in the United Nations, in a particularly striking manner with the task of imposing the basic tenets of our Western understanding both of human rights in general and of our concepts of a minimum standard of Western civil rights and of gaining the understanding of the Community of nations for these principles.

In UNESCO we can point to an important success which has promise for the future. The declaration on the media, the draft of which aroused the strongest misgivings on our part, and to which we therefore could not agree, now respects, in its present agreed version, principles of freedom of opinion and freedom of information which are for us inalienable and clearly rejects the originally intended subjection of this area

to State influence or even State control.

In the General Assembly of the United Nations itself the Nine this year abandoned a practice which they had followed for a considerable time of acting jointly only passively. They took an important initiative in proposing a draft Resolution for measures to preserve peace which was accepted by a large majority. In the Community of Nations this will be understood as a further indication of the strengthened international position of the Nine. Our task now is to build powerfully in the years to come on this gain in the persuasive power of our united action.

Whether or not there is peace in the Near East and in Africa, regions bordering on Europe, affects the direct interests of our European Continent. The Nine have therefore taken up a series of unambiguous and carefully prepared positions concerning developments in the Near East and in Africa and have brought influence to bear on those concerned to resolve the problems peacefully.

It gives me special satisfaction that the General Commission of the Euro-Arab Dialogue met in Damascus in December. I confidently hope that the stagnation which had become apparent in the Dialogue has been overcome and that fresh impetus has been given to further work.

In Africa new developments have placed difficulties in the way of the efforts which the Nine are making to further the cause of peace in this Continent, and in particular peaceful change in Southern Africa. I reported on this to you in November. The Foreign Ministers have paid attention to the position in Southern Africa. They have confirmed their opinion that the internal elections in Namibia must be regarded as null and void - since they conflict with Resolution No 435 of the United Nations Security Council.

Only elections controlled by the United Nations, and therefore internationally acceptable, can produce lasting solutions.

Since the statement made by the European Council on 13 July 1976 it has become evident outside the Community that the Nine regard combating international terrorism as a common task.

During the German Presidency the Nine have therefore intensified their efforts to create effective instruments of defence. The Ministers for Justice and the Ministers responsible for internal security all came together to discuss questions in their spheres. At their meeting in Luxembourg on 10 October the Ministers for Justice agreed to draw up an agreement for signing and later ratification, by means of which they will apply among themselves the European Council's agreement on combating terrorism. In addition they continued, with good results, their wider task of creating a European legal area for criminal prosecutions. On 30 November the Interior or Justice Ministers responsible for internal security met for their third conference, devoted to questions of practical crime prevention with particular emphasis on combating terrorism.

Mr President,
Ladies and Gentlemen,

Political co-operation in Europe, which for our Governments is now a matter of course, has also proved its worth in the past few months. The enlargement of the Community will be not only geographic but also thematic. To be sure, this will impose burdens on it, particularly of a technical nature. In the next few years consideration will therefore have to be given to how the foundations of European political co-operation can be strengthened from the point of view of organization and structure.

The process of the construction of Europe is also dynamic in regard to European political co-operation

For this reason I am convinced that in coming years European Political Co-operation will gain not only in breadth but also in depth and efficacy.

Let me just add a few words on the relations between the European Parliament and the Council. I should like to assure you, Mr President, and each Honourable Member that all members of the Federal Cabinet have found our collaboration with you in recent months both constructive and fruitful.

During the German Presidency we had the first experience of the conciliation procedure which we introduced in connection with the extension of the budgetary powers of the European Parliament. The Council is well aware of the significance of this important instrument for inter-institutional dialogue. For this reason it is a particular source of regret to me that it has as yet not proved possible to bring to a successful conclusion two conciliation issues pending between the Council and the Parliament for some time now. It is my view that, generally speaking, even better mechanisms should be evolved for the conciliation procedure, both where the Council and the European Parliament are concerned. Particular attention should be paid to this question in the months to come.

A further specific problem still outstanding between the Council and the European Parliament is the adoption of the budget. I should like to express the hope that at tomorrow's discussions you will decide on solutions which will enable us to reach agreement.

Since the Copenhagen report close relations also exist between political co-operation and the Parliament on the basis of concrete management and my personal view, which I have always expressed openly, is that these relations should be expanded and developed.

Mr President, Ladies and Gentlemen,

today I take my leave of you.

The period of the German Presidency is drawing to a close. However, I am also leaving the Parliament as presently constituted. While I am delighted at the prospect of the election of members of this Parliament by direct universal suffrage, I must confess to a certain sadness at the thought that some of you will be leaving this Parliament as your term of office ends. I am nevertheless convinced that we shall all, whatever path we take, continue to work to build Europe. Let me in conclusion express one wish: that the spirit of co-operation which has long existed between the European Parliament and the Council will also prevail in the relations between the Council and the new directly elected Parliament.
