

EUROPEAN COUNCIL

(Strasbourg, 8 July 1981)

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(Only the spoken text is valid)

*Lord Carrington  
Speech at European  
Parliament*

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1. It is my first duty, at the beginning of this UK Presidency to report on the European Council in Luxembourg. This of course marked the end of the Dutch Presidency, and I must therefore also take this opportunity to pay my predecessors the tribute they have well deserved.
2. We in the UK are fortunate that both of our two Presidencies of the Community have followed those of the Netherlands. Under their able chairmanship, the Community has been able to make progress on a wide range of issues. Let me mention just three areas where their Presidency has played a particularly valuable role.
3. First, there was the agricultural price-fixing last March when agreement was reached with a pleasant absence of the delay and acrimony which has occasionally characterised this exercise in earlier years. Secondly, the important progress made on tackling the problems arising from the crisis in the steel industry showed that the Community is capable of responding to the social and industrial problems of the 80s. This augurs well for the future. And in the Middle East the patient and persistent work of Mr van der Klaauw has enhanced the reputation of European diplomacy and kept alive the hope that Europe can contribute to an eventual settlement of the problems afflicting this troubled but vital area of the world. In one other important sector, fisheries, the Presidency's efforts, through no fault of their own, did not bring success. We inherit the task from them and consider it a high priority to conclude the negotiations which have already lasted for longer than is good for the Community or for the wellbeing of our fishermen.
4. The final act of the Dutch Presidency was the European Council which took place in Luxembourg last week. You will already have seen the exhaustive press accounts of this Council, which provided a valuable opportunity for the Heads of Government to make progress on a range of Community matters. I will therefore concentrate on the main points.
5. The discussion of the economic situation provided the occasion for a worthwhile exchange of views between the Heads of Government. The Commission had contributed a useful paper analysing the prospects. The Council saw the first cautious signs of limited improvement in the business cycle but at a time when inflation and unemployment have by no means been brought under control. The Council unanimously agreed on objectives: to overcome inflation and unemployment and to return to a situation of economic growth, stability and satisfactory levels of employment. The Council recognised, however, that the major responsibility for

tackling these problems lies with national governments because action needs to take account of the different economic situations in each member state. The differing levels of unemployment, balance of payments and budget deficits mean differing constraints and opportunities for member countries.

6. However, the effectiveness of action by national governments can be increased by co-ordination within a Community framework. In this context the European Council reviewed the work of the so-called "Jumbo" Council and agreed that it had laid a firm basis for future co-ordinated action to combat inflation and unemployment. The Council was also particularly concerned that full use should be made of the Community's financial instruments and of the facilities of the European Investment Bank to promote the flow of productive investment, including the growth potential in small and medium businesses.

7. The Council also recognised that the changing patterns of world trade mean structural changes in our own industries. The focus should be on investment in industries with potential for the future rather than on economic activities that are bound to decline in importance. There was agreement on the need to improve the Community's internal market for both goods and for services.

8. The Heads of Government also reviewed the matters for discussion at the forthcoming Economic Summit meeting in Ottawa and were agreed on the need for a united front in the face of the current level and volatility of interest and exchange rates, which could retard economic recovery in the Community. They agreed that the Community should do its part to relieve the strain on monetary policy. These questions will be pursued during discussions with the other major monetary powers, including the United States.

9. On trade, the Council discussed the threat to the smooth functioning of the world trading system from the excessive concentration of Japanese exports on sensitive sectors. They stressed the need in particular for the Japanese market to be effectively open to foreign trade. This will need to be pursued within the Community and at Ottawa.

10. The Council approved the recent report of the Foreign Affairs Council on North/South policy. They agreed that co-operation with the Developing World and the strengthening of international economic relations serve the interests of all the countries involved; and that it was intolerable that large areas of the Developing World still suffer from poverty and hunger. The Council therefore took the view that the preparatory work for the new series of Global Negotiations should be completed as soon as possible, and stressed that

the Summits of Ottawa and Cancun should give an impetus to this work.

11. The European Council discussed what action should follow the Commission report on restructuring the Community budget. They agreed that after the necessary clarification of the Commission's document has taken place, a special group would be set up to assist the Foreign Affairs Council in the preparation of this subject. It was agreed that restructuring would be a major topic for the European Council to be held at the end of November, and that appropriate conclusions should be reached on that occasion.

12. On the Political Co-operation side the European Council also discussed the Middle East, Afghanistan, Lebanon, Cambodia, and Namibia, all of which were mentioned in the communiqué issued at the end of the meeting. . On the Middle East they agreed to review the results of the contacts established during the last six months by the Dutch Presidency on the basis of the Venice Declaration of last June and decided that European efforts should be energetically pursued taking account of these results. The Ten, while maintaining their contacts with all parties concerned, including the United States, will now be considering how best this can be done.

13. The European Council approved and published a proposal on Afghanistan which has been in preparation for some time. The purpose is to establish the framework for a political solution acceptable to all the parties concerned. The proposal for an international conference in two stages builds upon earlier proposals, takes account of the objections which these attracted, and has already gained support from a number of the Governments concerned. It offers, we believe, a fair and reasonable basis for the peaceful solution of a problem on which the international community cannot and will not turn its back.