

THE EUROPEAN COUNCIL

**LUXEMBOURG
1-2 DECEMBER 1980**

Documents in the dossier include:

Conclusions

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Session of the European Council

Luxembourg, 1 and 2 December 1980

Conclusions

In the face of the disquiet caused by developments in the international situation, the European Council is conscious of the responsibilities devolving upon Europe.

The Council considers that Europe's experience and resources make it one of the essential factors of equilibrium and peace in the world.

It is in the context of the solidarity which unites a strong America and a Europe confident of itself and of its role that dialogue and coordination between them will best serve the cause of peace and freedom.

The European Council will therefore ensure that Europe acquires greater cohesion and that its voice is heard.

Earthquake in southern Italy

The European Council expresses its deep emotion in the face of the disaster which has struck part of southern Italy. The Heads of State or of Government of the Member States of the Community and of Greece wish to convey their deepest sympathy to the stricken population, to the families mourning their dead, and to all those who, in these tragic circumstances, are suffering the destruction of their homes or the loss of their means of livelihood.

The peoples of the Member States of the European Community cannot remain indifferent to these tragic events. Over and above the spontaneous aid rendered by the Governments and other public authorities as well as by a multitude of citizens and associations in all our countries, it is the duty of the Community and its Member States, in the name of solidarity, to provide exceptional assistance in the present circumstances to the stricken areas.

The Council of the European Communities is invited to decide without delay, on a proposal from the Commission and as part of the normal budget procedure, to supplement the emergency aid with exceptional aid measures designed to make an effective contribution, mainly through a loan with an interest-rate subsidy, to the reconstruction programme in the affected areas in order to

mitigate the effects of the disaster on the economic and social situation of the regions concerned and to ensure that these measures can be effective as soon as possible.

Economic and social situation

The European Council noted that the repeated increases in the price of oil forced upon the consumer countries are the main cause of the world recession. Any further increase in the price of oil would also have serious consequences for the non-oil-producing developing countries.

The European Council considers that the prospects for the European economy have never required more vigilant attention.

The European Council is particularly concerned at the rapid increase in unemployment in the Member States of the Community. It reaffirms that the reduction of rates of inflation and improvements in the competitiveness of undertakings by suitable investments facilitating the necessary structural adjustments are the most appropriate ways of achieving improved growth and combating unemployment on a lasting basis. A combined effort by Governments with the collaboration of employers' and labour organizations is essential to cope with this situation. The various Community instruments must continue to serve, first and foremost, policies aimed at reducing structural unemployment and at improving infrastructure and the economic situation of the less favoured rural regions.

A special effort should be made in the Community and in all Member States to assist young people to find employment and to ensure that their training is geared to requirements.

The European Council reaffirms the importance in its view of a dialogue with employers' and labour organizations, and of coordination and exchanges of information between Member States on their employment policies. The Commission will intensify its studies, on the basis of which the Council, jointly composed of Economic Affairs, Finance and Social Affairs Ministers, will be required to consider the matter further.

The European Council draws attention once more to the pledges of all the Community Member States to reduce their dependence on oil by energy saving and by having recourse to other energy sources, including coal and nuclear power, and to do their utmost to prevent artificial stresses from occurring on the oil market. In this connection, the European Council noted the conclusions reached by the Council (Energy) on 27 November.

Financial questions and the EMS

The European Council examined the developments which had occurred since its last meeting in Venice in the monetary and financial spheres, both internationally and in the Community context.

It noted that payments imbalances remained a source of tension in international monetary and financial relations and particularly affected certain developing countries. It considers that the maintenance of a stable international monetary and financial system is a prerequisite if policies for the adjustment and recycling of capital are to contribute in parallel and in an orderly manner towards

overcoming the existing imbalances and if the measures taken to benefit the developing countries are to be pursued effectively. The European Council stressed that the work undertaken by the competent international institutions to work out solutions to the financial problems raised by the repeated increases in oil prices and to the needs of the developing countries should be actively pursued, with due regard for the independence and competence of the Bretton Woods institutions. It confirmed that the Community Member States would coordinate their positions in these discussions.

The European Council notes that the European Monetary System worked out two years ago has operated in an exemplary fashion despite all the new events which have occurred since then on the international scene. It has thus made an essential contribution towards establishing an improved monetary order, both at Community level and in order to respond better to the problems arising in international monetary relations.

It considers that the work in hand on the Community's monetary problems will have to be actively continued by the Council of Ministers particularly as regards adjustment of Community balance-of-payments loans and the gradual development of the use of the ECU. It noted the intention of the Council of Ministers and of the Committee of Governors to renew the agreements on medium-term assistance and the swap arrangements which form an integral part of the European Monetary System. It notes that all these measures will contribute to the further strengthening of the zone of monetary stability and solidarity in Europe. It also confirms the need to coordinate policies on interest rates and on exchange rates vis-à-vis non-member countries and as far as possible to act in concert with the monetary authorities in those countries.

The European Council confirms its determination to continue strengthening the European Monetary System until its transition to the institutional stage at the appropriate time. It calls upon the Commission and the Council of Ministers to continue their work.

Industrial innovation and development

The European Council examined with interest the Commission communication on innovation.

It considers that, in the necessary adjustment of their industrial structures, Community undertakings must aim resolutely at applying and developing activities based on an innovatory approach. This effort must be undertaken in conjunction with both sides of industry as a necessary component of an active policy on employment.

It hopes that the efforts made in this direction by the Member States will be better coordinated in order to improve the competitiveness of European products by making the best use of the dimension afforded by the common market. It requests the competent authorities of the Community to examine ways of eliminating the fragmentation of markets and improving incentives to innovation and the dissemination of knowledge.

International trade

The European Council emphasized the importance of keeping the world's trading system open under free and fair conditions. In this connection, they endorsed the Council's statement of 25 November about the Community's relations with Japan.

Mandate given to the Commission on 30 May 1980

The European Council referred to the mandate given to the Commission of the European Communities to carry out by the end of June 1981 an examination of the further development of Community policies, without calling into question either the common financial responsibility for these policies, which are financed from the Community's own resources, or the basic principles of the common agricultural policy.

Taking account of the situations and interests of all Member States, this examination will aim to prevent the recurrence of unacceptable situations for any of them.

Report of the Three Wise Men

The European Council examined the Report of the Three Wise Men on the basis of a detailed study made by the Ministers of Foreign Affairs.

The European Council found that the depth of the analysis of the institutional situation and the realism of the solutions proposed by the Three Wise Men - solutions based on a balanced assessment of the Community's problems and needs and the appropriate means for dealing with them - make of this report a rich source of ideas and suggestions for improving the machinery and procedures of the Community's institutional system.

It is because these ideas and suggestions are so plentiful that the European Council's deliberations, and the specific conclusions to which they give rise for the time being, do not entirely cover all the suggestions in the report of the Three Wise Men, nor do they exhaust the matter. Independently of any decisions which may be taken in the near future, the report is and will continue to be a fertile seedbed of ideas and suggestions on which the institutions and the Member States may draw for their deliberations on the Community's institutional system.

The European Council wishes to thank the Foreign Affairs Ministers for their study, which has formed the basis for the conclusions which it has reached and which will be published.

European Union

The European Council took note of the reports from the Ministers for Foreign Affairs and the Commission on the progress made towards European Union in the past year. It decided that, as in the past, these reports will be published in a suitable form.

The Middle East

The European Council reviewed the action taken by the Nine since the adoption of the Venice Declaration on the Middle East.

The Council heard the report of Mr Thorn on the mission which he carried out on behalf of the Nine in accordance with paragraph 11 of the Venice Declaration. It noted that this mission had made clear the great interest aroused by the position taken up by Europe and that in this respect it had been a success.

The results of the mission confirm that the principles of the Venice Declaration incorporate the essential elements for a comprehensive, just and lasting settlement to be negotiated by the parties concerned. They reinforce the Nine's determination to contribute to the search for such a settlement.

In this spirit the European Council approved the decision of the Ministers for Foreign Affairs to undertake consideration of the matter with the aim of clarifying and giving substance to the Venice principles. This consideration has resulted in the drafting of a report on the principal problems relating to a comprehensive settlement under the following headings: withdrawal, self-determination, security in the Middle East, Jerusalem.

The report emphasizes that the measures envisaged under these four headings should form a coherent whole and should therefore be coordinated carefully.

The European Council was in agreement on this approach.

It noted that different formulas were possible to give substance to some of the Venice principles, in particular on the duration of the transitional period leading up to the electoral procedure for self-determination, the definition of the provisional authority for occupied territories, the conditions and modalities for self-determination, the guarantees of security, and Jerusalem.

With a view to a more thorough exploration of these formulas and with the determination to encourage a climate more favourable to negotiations, the European Council considered it necessary that new contacts be established with the parties concerned side by side with continued discussions within the Community.

The European Council accordingly instructed the Presidency-in-Office to undertake these contacts in consultation with the Ministers for Foreign Affairs.

The Council also asked the Ministers to continue their discussions with due regard for developments in the situation and to report back to the Council.

The European Council laid down this action programme in order to provide a more consistent platform designed to bring the parties concerned closer together.

East-West relations

The European Council held a detailed exchange of views on developments in East-West relations.

- I. On the question of the Madrid meeting, the European Council stressed the importance which the Nine attached to the CSCE process and their willingness to continue it. It pointed out that compliance by all concerned with the principles of the Helsinki Final Act is both the basis of this process and a precondition of its continuation.

It affirmed the determination of the Nine not to be content with apparent results in Madrid but to achieve genuine and balanced progress in the various chapters of the negotiations. In particular, it confirmed with this in mind the support which the Nine had already expressed in their declaration of 20 November 1979 for the proposed European Disarmament Conference, the first stage of which would be the drafting of binding and verifiable confidence measures to apply to the entire European continent.

- II. The European Council expressed its sympathy for Poland and outlined the position of the Nine as follows:
 1. In their relations with Poland, the Nine conform and will conform strictly to the United Nations Charter and to the principles of the Helsinki Final Act.
 2. In this context, they would point out that in subscribing to the principles, the States signatory to the Final Act have undertaken in particular to:
 - respect the right of every country to choose and freely develop its own political, social, economic and cultural system as well as to determine its own laws and regulations;
 - refrain from any direct or indirect, individual or collective intervention in internal or external affairs which fall within the national competence of another signatory State regardless of their mutual relations;
 - recognize the right of all people to pursue their own political, economic, social and cultural development as they see fit and without external interference.
 3. The Nine accordingly call upon the signatory States to abide by these principles with regard to Poland and the Polish people. They emphasize that any other attitude would have very serious consequences for the future of international relations in Europe and throughout the world.

4. They state their willingness to meet, insofar as their resources allow, the requests for economic aid which have been made to them by Poland.

Lebanon

The European Council again devoted its attention to the situation in Lebanon, where the latest developments are continuing to give rise to serious anxiety.

The Nine wish to reaffirm that the unity, independence, sovereignty and territorial integrity of Lebanon must be fully respected. This is essential to enable the legitimate Government of Lebanon to restore peace throughout the country. Lebanon belongs to the Lebanese: it is for them alone to establish the rules of their coexistence.

It is in this spirit that the Nine make a fresh appeal for the integrity of the borders of Lebanon and the safety of its people to be respected. Respect for the international boundaries of Lebanon is one of the essential factors in the security and stability of the region.

As they declared in Venice on 13 June, the Nine trust that Unifil will be enabled to fulfil the assignment given to it by the Security Council.

The European Council reaffirms that one of the aims of the Nine's action in the interests of peace in the Near East is to restore the integrity of Lebanon's borders and to enable it once more to exercise its national sovereignty in full.

Jordan/Syria

The European Council noted with concern the situation which has arisen between Jordan and Syria, two states with which the Nine have long enjoyed close relations. They called upon the governments concerned to exercise restraint and to resolve any disagreements by peaceful means, including the possibility of action in the United Nations.

1. Luxembourg European Council

European Council

Discussions dominated by the international situation

1.1.1. The European Council met in Luxembourg on 1 and 2 December with Mr Werner, Prime Minister of Luxembourg and President of the Council and of political cooperation, in the chair. The Commission was represented by Mr Jenkins and Mr Ortoli.

Besides the Heads of State or of Government of the nine Member States, the European Council was attended for the first time by Mr Rallis, the Greek Prime Minister. He took a full part in the proceedings on matters relating to political cooperation but reverted to observer status when the Council discussed specifically Community matters, since it was not until 1 January 1981 that Greece was formally to become the tenth member of the Community. This participation by a newcomer before it has actually joined the Community is not without precedent: the Prime Ministers of Denmark, Ireland and the United Kingdom attended the first Summit Conference of the enlarged Community in Paris on 19 and 20 October 1972.¹

Apart from the aid to the victims of the earthquake in Italy, it was events on the international scene, rather than Community affairs, which dominated the discussions—East-West relations, particularly the situation in Poland, and problems in the Middle East, particularly the results of the Venice mission.

The Commission had made its usual contribution to the preparations by providing the Council with a series of papers to facilitate or guide its discussions. These papers bore on the economic and social situation in the Community, industrial innovation and development, the North-South Dialogue,

international trade (especially relations with Japan and the United States), European Union and Poland.

Results of the Luxembourg meeting

1.1.2. The subjects dealt with at the Luxembourg European Council and the outcome of the discussions were, as usual, set out in the Conclusions made public by the President at the end of the meeting. But this time the statements adopted by the European Council are prefaced by a 'political introduction'.

Conclusions of the Presidency

1.1.3. The following is the full text of the Conclusions issued by the President to the national delegations and made public after the meeting:

1.1.4. 'In the face of the disquiet caused by developments in the international situation, the European Council is conscious of the responsibilities devolving upon Europe.

The Council considers that Europe's experience and resources make it one of the essential factors of equilibrium and peace in the world.

It is in the context of the solidarity which unites a strong America and a Europe confident of itself and of its role that dialogue and coordination between them will best serve the cause of peace and freedom.

The European Council will therefore ensure that Europe acquires greater cohesion and that its voice is heard.

¹ Bull. EC 10-1972, Part One, Chap. 1.

Earthquake in southern Italy

1.1.5. The European Council expresses its deep emotion in the face of the disaster which has struck part of southern Italy. The Heads of State or of Government of the Member States of the Community and of Greece wish to convey their deepest sympathy to the stricken population, to the families mourning their dead, and to all those who, in these tragic circumstances, are suffering the destruction of their homes or the loss of their means of livelihood.

The peoples of the Member States of the European Community cannot remain indifferent to these tragic events. Over and above the spontaneous aid rendered by the Governments and other public authorities as well as by a multitude of citizens and associations in all our countries, it is the duty of the Community and its Member States, in the name of solidarity, to provide exceptional assistance in the present circumstances to the stricken areas.

The Council of the European Communities is invited to decide without delay, on a proposal from the Commission and as part of the normal budget procedure, to supplement the emergency aid with exceptional aid measures designed to make an effective contribution, mainly through a loan with an interest-rate subsidy, to the reconstruction programme in the affected areas in order to mitigate the effects of the disaster on the economic and social situation of the regions concerned and to ensure that these measures can be effective as soon as possible.

Economic and social situation

1.1.6. The European Council noted that the repeated increases in the price of oil forced upon the consumer countries are the main cause of the world recession. Any further increase in the price of oil would also have serious consequences for the non-oil-producing developing countries.

The European Council considers that the prospects for the European economy have never required more vigilant attention.

The European Council is particularly concerned at the rapid increase in unemployment in the Member States of the Community. It reaffirms that the reduction of rates of inflation and improvements in the competitiveness of undertakings by suitable investments facilitating the necessary structural adjustments are the most appropriate ways of achieving improved growth and combating unemployment on a lasting basis. A combined effort by Governments with the collaboration of employers' and labour organizations is essential to cope with this situation. The various Community instruments must continue to serve, first and foremost, policies aimed at reducing structural unemployment and at improving infrastructure and the economic situation of the less-favoured rural regions.

A special effort should be made in the Community and in all Member States to assist young people to find employment and to ensure that their training is geared to requirements.

The European Council reaffirms the importance in its view of a dialogue with employers' and labour organizations, and of coordination and exchanges of information between Member States on their employment policies. The Commission will intensify its studies, on the basis of which the Council, jointly composed of Economic Affairs, Finance and Social Affairs Ministers, will be required to consider the matter further.

The European Council draws attention once more to the pledges of all the Community Member States to reduce their dependence on oil by energy saving and by having recourse to other energy sources, including coal and nuclear power, and to do their utmost to prevent artificial stresses from occurring on the oil market. In this connection, the European Council noted the conclusions reached by the Council (Energy) on 27 November.¹

Financial questions. EMS

1.1.7. The European Council examined the developments which had occurred since its last

¹ Bull. EC 11-1980, point 2.1.97.

meeting in Venice in the monetary and financial spheres, both internationally and in the Community context.

It noted that payments imbalances remained a source of tension in international monetary and financial relations and particularly affected certain developing countries. It considers that the maintenance of a stable international monetary and financial system is a prerequisite if policies for the adjustment and recycling of capital are to contribute in parallel and in an orderly manner towards overcoming the existing imbalances and if the measures taken to benefit the developing countries are to be pursued effectively. The European Council stressed that the work undertaken by the competent international institutions to work out solutions to the financial problems raised by the repeated increases in oil prices and to the needs of the developing countries should be actively pursued, with due regard for the independence and competence of the Bretton Woods institutions. It confirmed that the Community Member States would coordinate their positions in these discussions.

The European Council notes that the European Monetary System worked out two years ago¹ has operated in an exemplary fashion despite all the new events which have occurred since then on the international scene. It has thus made an essential contribution towards establishing an improved monetary order, both at Community level and in order to respond better to the problems arising in international monetary relations.

It considers that the work in hand on the Community's monetary problems will have to be actively continued by the Council of Ministers, particularly as regards adjustment of Community balance-of-payments loans and the gradual development of the use of the ECU. It noted the intention of the Council of Ministers and of the Committee of Governors to renew the agreements on medium-term assistance and the swap arrangements which form an integral part of the European Monetary System. It notes that all these measures will contribute to the further strengthening of the zone of monetary stability and solidarity in Europe. It also confirms the need to coordinate policies on interest rates and on exchange rates *vis-à-vis* non-member countries and as far as possible to act in concert with the monetary authorities in those countries.

The European Council confirms its determination to continue strengthening the European Monetary System until its transition to the institutional stage at the appropriate time. It calls upon the Commission and the Council of Ministers to continue their work.

Industrial innovation and development

1.1.8. The European Council examined with interest the Commission communication on innovation.²

It considers that, in the necessary adjustment of their industrial structures, Community undertakings must aim resolutely at applying and developing activities based on an innovatory approach. This effort must be undertaken in conjunction with both sides of industry as a necessary component of an active policy on employment.

It hopes that the efforts made in this direction by the Member States will be better coordinated in order to improve the competitiveness of European products by making the best use of the dimension afforded by the common market. It requests the competent authorities of the Community to examine ways of eliminating the fragmentation of markets and improving incentives to innovation and the dissemination of knowledge.

International trade

1.1.9. The European Council emphasized the importance of keeping the world's trading system open under free and fair conditions. In this connexion, they endorsed the Council's statement of 25 November about the Community's relations with Japan.³

¹ OJ L 379 of 30.12.1978; Bull. EC 12-1978, points 1.1.1 to 1.1.11.

² Point 2.1.141.

³ Bull. EC 11-1980, point 1.2.4.

Mandate given to the Commission on 30 May 1980

1.1.10. The European Council referred to the mandate given to the Commission of the European Communities to carry out by the end of June 1981 an examination of the further development of Community policies, without calling into question either the common financial responsibility for these policies, which are financed from the Community's own resources, or the basic principles of the common agricultural policy.¹

Taking account of the situations and interests of all Member States, this examination will aim to prevent the recurrence of unacceptable situations for any of them.

Report of the Three Wise Men

1.1.11. The European Council examined the Report of the Three Wise Men on the basis of a detailed study made by the Ministers of Foreign Affairs.

The European Council found that the depth of the analysis of the institutional situation and the realism of the solutions proposed by the Three Wise Men—solutions based on a balanced assessment of the Community's problems and needs and the appropriate means for dealing with them—make of this Report a rich source of ideas and suggestions for improving the machinery and procedures of the Community's institutional system.

It is because these ideas and suggestions are so plentiful that the European Council's deliberations, and the specific conclusions to which they give rise for the time being, do not entirely cover all the suggestions in the Report of the Three Wise Men, nor do they exhaust the matter. Independently of any decisions which may be taken in the near future, the Report is and will continue to be a fertile seedbed of ideas and suggestions on which the institutions and the Member States may draw for their deliberations on the Community's institutional system.

The European Council wishes to thank the Foreign Affairs Ministers for their study, which has formed the basis for the conclusions which it has reached and which will be published.

European Union

1.1.12. The European Council took note of the reports from the Ministers for Foreign Affairs and the Commission on the progress made towards European Union in the past year. It decided that, as in the past, these reports will be published in a suitable form.²

The Middle-East

1.1.13. The European Council reviewed the action taken by the Nine since the adoption of the Venice Declaration on the Middle East.³

The Council heard the report of Mr Thorn on the mission which he carried out on behalf of the Nine in accordance with paragraph 11 of the Venice Declaration.³ It noted that this mission had made clear the great interest aroused by the position taken up by Europe and that in this respect it had been a success.

The results of the mission confirm that the principles of the Venice Declaration incorporate the essential elements for a comprehensive, just and lasting settlement to be negotiated by the parties concerned. They reinforce the Nine's determination to contribute to the search for such a settlement.

In this spirit the European Council approved the decision of the Ministers for Foreign Affairs to undertake consideration of the matter with the aim of clarifying and giving substance to the Venice principles. This consideration has resulted in the drafting of a report on the principal problems relating to a comprehensive settlement under the following headings: withdrawal, self-determination, security in the Middle East, Jerusalem.

The report emphasizes that the measures envisaged under these four headings should form a coherent whole and should therefore be coordinated carefully.

¹ OJ C 158 of 27.6.1980.

² Bull. EC — Supplement 4/80.

³ Bull. EC 6-1980, point 1.1.6.

The European Council was in agreement on this approach.

It noted that different formulas were possible to give substance to some of the Venice principles, in particular on the duration of the transitional period leading up to the electoral procedure for self-determination, the definition of the provisional authority for the vacated territories, the conditions and modalities for self-determination, the guarantees of security, and Jerusalem.

With a view to a more thorough exploration of these formulas and with the determination to encourage a climate more favourable to negotiations, the European Council considered it necessary that new contacts be established with the parties concerned side by side with continued discussions within the Community.

The European Council accordingly instructed the Presidency-in-Office to undertake these contacts in consultation with the Ministers for Foreign Affairs.

The Council also asked the Ministers to continue their discussions with due regard for developments in the situation and to report back to the Council.

The European Council laid down this action programme in order to provide a more consistent platform designed to bring the parties concerned closer together.

East-West relations

1.1.14. The European Council held a detailed exchange of views on developments in East-West relations.

I. On the question of the Madrid meeting,¹ the European Council stressed the importance which the Nine attached to the CSCE process and their willingness to continue it. It pointed out that compliance by all concerned with the principles of the Helsinki Final Act is both the basis of this process and a precondition of its continuation.

It affirmed the determination of the Nine not to be content with apparent results in Madrid but to achieve genuine and balanced progress in the various chapters of the negotiations. In particular, it confirmed with this in mind the support which the

Nine had already expressed in their declaration of 20 November 1979² for the proposed European Disarmament Conference, the first stage of which would be the drafting of binding and verifiable confidence measures to apply to the entire European continent.

II. The European Council expressed its sympathy for Poland and outlined the position of the Nine as follows:

1. In their relations with Poland, the Nine conform and will conform strictly to the United Nations Charter and to the principles of the Helsinki Final Act.

2. In this context, they would point out that in subscribing to these principles, the States signatory to the Final Act have undertaken in particular to:

— respect the right of every country to choose and freely develop its own political, social, economic and cultural system as well as to determine its own laws and regulations;

— refrain from any direct or indirect, individual or collective intervention in internal or external affairs which fall within the national competence of another signatory State regardless of their mutual relations;

— recognize the right of all people to pursue their own political, economic, social and cultural development as they see fit and without external interference.

3. The Nine accordingly call upon the signatory States to abide by these principles with regard to Poland and the Polish people. They emphasize that any other attitude would have very serious consequences for the future of international relations in Europe and throughout the world.

4. They state their willingness to meet, insofar as their resources allow, the requests for economic aid which have been made to them by Poland.

Lebanon

1.1.15. The European Council again devoted its attention to the situation in Lebanon, where the latest developments are continuing to give rise to serious anxiety.

¹ Bull. EC 11-1980, points 1.1.1 to 1.1.5.

² Bull. EC 11-1979, point 2.2.60.

The Nine wish to reaffirm that the unity, independence, sovereignty and territorial integrity of Lebanon must be fully respected. This is essential to enable the legitimate Government of Lebanon to restore peace throughout the country. Lebanon belongs to the Lebanese: it is for them alone to establish the rules of their coexistence.

It is in this spirit that the Nine make a fresh appeal for the integrity of the borders of Lebanon and the safety of its people to be respected. Respect for the international boundaries of Lebanon is one of the essential factors in the security and stability of the region.

As they declared in Venice on 13 June,¹ the Nine trust that UNIFIL will be enabled to fulfil the assignment given to it by the Security Council.

The European Council reaffirms that one of the aims of the Nine's action in the interests of peace in the Near East is to restore the integrity of Lebanon's borders and to enable it once more to exercise its national sovereignty in full.

Jordan/Syria

1.1.16. The European Council noted with concern the situation which has arisen between Jordan and Syria, two states with which the Nine have long enjoyed close relations. They called upon the governments concerned to exercise restraint and to resolve any disagreements by peaceful means, including the possibility of action in the United Nations'.

¹ Bull. EC 6-1980, point 1.1.8.

No. 31/1980
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CONCLUSIONS OF THE EUROPEAN COUNCIL
LUXEMBOURG, DECEMBER 1 & 2, 1980

The Heads of Government of the Nine assembled in a European Council on December 1 and 2, in Luxembourg, reached the following conclusions.

In the face of the disquiet caused by developments in the international situation, the European Council is conscious of the responsibilities devolving upon Europe.

The Council considers that Europe's experience and resources make it one of the essential factors of equilibrium and peace in the world.

It is the context of the solidarity which unites a strong America and Europe confident of itself and of its role that dialogue and coordination between them will best serve the cause of peace and freedom.

The European Council will therefore ensure that Europe acquires greater cohesion and that its voice is heard.

EARTHQUAKE IN SOUTHERN ITALY

The European Council expresses its deep emotion in the face of the disaster which has struck part of southern Italy. The Heads of State or of Government of the Member States of the Community and of Greece wish to convey their deepest sympathy to the stricken population, to the families mourning their dead, and to all those who, in these tragic circumstances, are suffering the destruction of their homes or the loss of their means of livelihood.

The peoples of the Member States of the European Community cannot remain indifferent to these tragic events. Over and above the spontaneous aid rendered by the Governments and other

public authorities as well as by a multitude of citizens and associations in all our countries, it is the duty of the Community and its Member States, in the name of solidarity, to provide exceptional assistance in the present circumstances to the stricken areas.

The Council of the European Communities is invited to decide without delay, on a proposal from the Commission and as part of the normal budget procedure, to supplement the emergency aid with exceptional aid measures designed to make an effective contribution, mainly through a loan with an interest rate subsidy, to the reconstruction program in the affected areas in order to mitigate the effects of the disaster on the economic and social situation of the regions concerned and to ensure that these measures can be effective as soon as possible.

ECONOMIC AND SOCIAL SITUATION

The European Council noted that the repeated increases in the price of oil forced upon the consumer countries are the main cause of the world recession. Any further increases in the price of oil would also have serious consequences for the non-oil-producing developing countries.

The European Council considers that the prospects for the European economy have never required more vigilant attention.

The European Council is particularly concerned at the rapid increase in unemployment in the Member States of the Community. It reaffirms that the reduction of rates of inflation and improvements in the competitiveness of undertakings by suitable investments facilitating the necessary structural adjustments are the most appropriate ways of achieving improved growth and combatting unemployment on a lasting basis. A combined effort by Governments with the collaboration of employers' and labor organizations is essential to cope with this situation. The various Community instruments must continue to serve, first and foremost, policies aimed at reducing structural unemployment and at improving infrastructure and the economic situation of the less-favored rural regions.

A special effort should be made in the Community and in all Member States to assist young people to find employment and to ensure that their training is geared to requirements.

The European Council reaffirms the importance in its view of a dialogue with employers and labor organizations, and of coordination and exchanges of information between Member States

on their employment policies. The Commission will intensify its studies on the basis of which the Council, jointly composed of Economic Affairs, Finance and Social Affairs Ministers, will be required to consider the matter further.

The European Council draws attention once more to the pledges of all the Community Member States to reduce their dependence on oil by energy saving and by having recourse to other energy sources, including coal and nuclear power, and to do their utmost to prevent artificial stresses from occurring on the oil market. In this connection, the European Council noted the conclusions reached by the Council (Energy) on 27 November.

FINANCIAL QUESTIONS, EUROPEAN MONETARY SYSTEM (EMS)

The European Council examined the developments which had occurred since its last meeting in Venice in the monetary and financial spheres, both internationally and in the Community context.

It noted that payments imbalances remained a source of tension in international monetary and financial relations and particularly affected certain developing countries. It considers that the maintenance of a stable international monetary and financial system is a prerequisite if policies for the adjustment and recycling of capital are to contribute in parallel and in an orderly manner towards overcoming the existing imbalances and if the measures taken to benefit the developing countries are to be pursued effectively. The European Council stressed that the work undertaken by the competent international institutions to work out solutions to the financial problems raised by the repeated increases in oil prices and to the needs of the developing countries should be actively pursued, with due regard for the independence and competence of the Bretton Woods institutions. It confirmed that the Community Member States would coordinate their positions in these discussions.

The European Council notes that the European Monetary System worked out two years ago has operated in an exemplary fashion despite all the new events which have occurred since then on the international scene. It has thus made an essential contribution towards establishing an improved monetary order, both at Community level and in order to respond better to the problems arising in international monetary relations.

It considers that the work in hand on the Community's monetary problems will have to be actively continued by the

Council of Ministers, particularly as regards adjustment of Community balance of payments loans and the gradual development of the use of the European Currency Unit (ECU). It noted the intention of the Council of Ministers and of the Committee of Governors to renew the agreements on medium-term assistance and the swap arrangements which form an integral part of the EMS. It notes that all these measures will contribute to the further strengthening of the zone of monetary stability and solidarity in Europe. It also confirms the need to coordinate policies on interest rates and on exchange rates vis-a-vis non-member countries and as far as possible to act in concert with the monetary authorities in those countries.

The European Council confirms its determination to continue strengthening the EMS until its transition to the institutional stage at the appropriate time. It calls upon the Commission and the Council of Ministers to continue their work.

INDUSTRIAL INNOVATION AND DEVELOPMENT

The European Council examined with interest the Commission communication on innovation.

It considers that, in the necessary adjustment of their industrial structures, Community undertakings must aim resolutely at applying and developing activities based on an innovatory approach. This effort must be undertaken in conjunction with both sides of industry as a necessary component of an active policy on employment.

It hopes that the efforts made in this direction by the Member States will be better coordinated in order to improve the competitiveness of European products by making the best use of the dimension afforded by the common market.

It requests the competent authorities of the Community to examine ways of eliminating the fragmentation of markets and improving incentives to innovation and the dissemination of knowledge.

INTERNATIONAL TRADE

The European Council emphasized the importance of keeping the world's trade system open under free and fair conditions. In this connection, they endorsed the Council's statement of 25 November about the Community's relations with Japan.

MANDATE GIVEN TO THE COMMISSION ON MAY 30, 1980

The European Council referred to the mandate given to the Commission of the European Communities to carry out by the end of June 1981 an examination of the further development of Community policies, without calling into question either the common financial responsibility for these policies, which are financed from the Community's own resources, or the basic principles of the common agricultural policy.

Taking account of the situations and interests of all Member States, this examination will aim to prevent the recurrence of unacceptable situations for any of them.

EUROPEAN UNION

The European Council took note of the reports from the Ministers for Foreign Affairs and the Commission on the progress made towards European Union in the past year. It decided that, as in the past, these reports will be published in a suitable form.

REPORT OF THE THREE WISE MEN

The European Council examined the Report of the Three Wise Men on the basis of a detailed study made by the Ministers of Foreign Affairs.

The European Council found that the depth of the analysis of the institutional situation and the realism of the solutions proposed by the Three Wise Men - solutions based on a balanced assessment of the Community's problems and needs and the appropriate means for dealing with them - make of this report a rich source of ideas and suggestions for improving the machinery and procedures of the Community's institutional system.

It is because these ideas and suggestions are so plentiful that the European Council's deliberations and the specific conclusions to which they give rise for the time being, do not entirely cover all the suggestions in the Report of the Three Wise Men, nor do they exhaust the matter. Independently of any decisions which may be taken in the near future, the Report is and will continue to be a fertile seedbed of ideas and suggestions on which the Institutions and the Member States may draw for their deliberations on the Community's institutional system.

The European Council wishes to thank the Foreign Affairs Ministers for their study, which has formed the basis for the conclusions which it has reached and which will be published.

THE MIDDLE EAST

The European Council reviewed the action taken by the Nine since the adoption of the Venice Declaration on the Middle East.

The Council heard the report of Mr. Thorn on the mission which he carried out on behalf of the Nine in accordance with paragraph 11 of the Venice Declaration. It noted that this mission had made clear the great interest aroused by the position taken up by Europe and that in this respect it had been a success.

The results of the mission confirm that the principles of the Venice Declaration incorporate the essential elements for a comprehensive, just and lasting settlement to be negotiated by the parties concerned. They reinforce the Nine's determination to contribute to the search for such a settlement.

In this spirit, the European Council approved the decision of the Ministers of Foreign Affairs to undertake consideration of the matter with the aim of clarifying and giving substance to the Venice principles. This consideration has resulted in the drafting of a report on the principal problems relating to a comprehensive settlement under the following headings: withdrawal, self-determination, security in the Middle East, Jerusalem.

The report emphasizes that the measures envisaged under these four headings should form a coherent whole and should therefore be coordinated carefully.

The European Council was in agreement on this approach.

It noted that different formulas were possible to give substance to some of the Venice principles, in particular on the duration of the transitional period leading up to the electoral procedure for self-determination, the definition of the provisional authority for the vacated territories, the conditions and modalities for self-determination, the guarantees of security, and Jerusalem.

With a view to a more thorough exploration of these formulas and with the determination to encourage a climate more favorable to negotiations, the European Council considered it

necessary that new contacts be established with the parties concerned side by side with continued discussions within the Community.

The European Council accordingly instructed the Presidency-in-Office to undertake these contacts in consultation with the Ministers for Foreign Affairs.

The Council also asked the Ministers to continue their discussions with due regard for developments in the situation and to report back to the Council.

The European Council laid down this action program in order to provide a more consistent platform designed to bring the parties concerned closer together.

EAST-WEST RELATIONS

The European Council held a detailed exchange of views on developments in East-West relations:

1. On the question of the Madrid meeting, the European Council stressed the importance which the Nine attached to the CSCE process and their willingness to continue it. It pointed out that compliance by all concerned with the principles of the Helsinki Final Act is both the basis of this process and a pre-condition of its continuation.

It affirmed the determination of the Nine not to be content with apparent results in Madrid but to achieve genuine and balanced progress in the various chapters of the negotiations. In particular, it confirmed with this in mind the support which the Nine had already expressed in their declaration of November 20, 1979, for the proposed European disarmament conference, the first stage of which would be the drafting of binding and verifiable confidence measures to apply to the entire European continent.

2. The European Council expressed its sympathy for Poland and outlined the position of the Nine as follows:
 - a) In their relations with Poland, the Nine conform and will conform strictly to the United Nations Charter and to the principles of the Helsinki Final Act.

- b) In this context, they would point out that in subscribing to these principles, the States signatory to the Final Act have undertaken in particular to:
- respect the right of every country to choose and freely develop its own political, social, economic and cultural system as well as to determine its own laws and regulations;
 - refrain from any direct or indirect, individual or collective intervention in internal or external affairs which fall within the national competence of another signatory State regardless of their mutual relations;
 - recognize the right of all people to pursue their own political, economic, social and cultural development as they see fit and without external interference.
3. The Nine accordingly call upon all the signatory States to abide by these principles with regard to Poland and the Polish people. They emphasize that any other attitude would have very serious consequences for the future of international relations in Europe and throughout the world.
4. They state their willingness to meet, insofar as their resources allow, the requests for economic aid which have been made to them by Poland.

LEBANON

The European Council again devoted its attention to the situation in Lebanon, where the latest developments are continuing to give rise to serious anxiety.

The Nine wish to reaffirm that the unity, independence, sovereignty and territorial integrity of Lebanon must be fully respected. This is essential to enable the legitimate Government of Lebanon to restore peace throughout the country. Lebanon belongs to the Lebanese: it is for them alone to establish the rules of their co-existence.

It is in this spirit that the Nine make a fresh appeal for

the integrity of the borders of Lebanon and the safety of its people to be respected. Respect for the international boundaries of Lebanon is one of the essential factors in the security and stability of the region.

As they declared in Venice on 13 June, the Nine trust that UNIFIL will be enabled to fulfil the assignment given to it by the Security Council.

The European Council reaffirms that one of the aims of the Nine's action in the interests of peace in the Near East is to restore the integrity of Lebanon's borders and to enable it once more to exercise its national sovereignty in full.

JORDAN/SYRIA

The European Council noted with concern the situation which has arisen between Jordan and Syria, two states with which the Nine have long enjoyed close relations. They called upon the governments concerned to exercise restraint and to resolve any disagreements by peaceful means, including the possibility of action in the United Nations.