

**FRENCH GOVERNMENT MEMORANDUM ON REVIVALIZATION OF THE
COMMUNITY**

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5. French Government memorandum on revitalization of the Community

3.5.1. Ever since it took office the new government in France has been stressing the importance which it attaches to the proper functioning and further development of an integrated Europe. In this memorandum it wishes to inform its partners, the European institutions and, through them, the people of Europe of the reasons for the revitalization now necessary, the considerations which it feels should govern it and what, in its view, it could consist of.

I — Reasons for revitalization

They arise from the present state of the Community and of the world.

Within the Community the dominant feeling is one of dissatisfaction. Those who are easily pleased might, of course, marvel that the Community has so far more or less survived the misfortunes of the age and the major crisis now facing the world. Yet no one can fail to see its inadequacies, its internal dissensions, its lack of nerve and its procrastination. And we need a dynamic Community which is capable of evolving and reacting quickly in order to deal with problems requiring solutions on a scale that transcends national boundaries.

Some of the common policies are in difficulty. The common commercial policy does not have the instruments to enable the Community to meet its main competitors on equal terms. The CAP has given European consumers a guaranteed food supply and provided farmers with a guaranteed income, but it has run into difficulties in obtaining finance for expansion. Community action in the Third World is exemplary but limited.

Other common policies, which should be particularly dynamic, are inadequate, inappropriate or even virtually non-existent: regional policy, social policy, energy policy, industrial policy.

All in all, the Community does not appear to have the means to overcome the economic crisis which has engulfed part of the world.

The public in all our countries is therefore beginning to doubt whether the Community serves any useful purpose. It is time to react. The union of European nations is more than ever indispensable to the survival and dissemination of the various cultures which are Europe's glory.

Europe today is neither a political nor a military power. It is, however, a commercial, even an economic power. Europe must draw an impetus for renewal from the challenge facing it in the form of the third industrial revolution as man-

ifested in the current crisis and the problem of the place of the Third World in the economic future of the industrialized nations. The success of the Community is necessary for the success of each of the European nations. If Europe cannot increase its cohesion and recover its dynamism, the difficult economic battle in which our countries are engaged will be lost. Not only Europe's prosperity but also its freedom would then be ultimately at risk. This would mean the loss of an important factor in maintaining world equilibrium.

There is no political power without economic power. There is no economic power without political and cultural power.

The disquieting state of the world, as a result both of economic, commercial and monetary disorder and disarray and of political tension, makes it all the more necessary to react.

In this uncertain and dangerous world it is the responsibility of European governments to ensure that, far from being weakened, European integration is reinforced and diversified. To contribute to restoring confidence in the world and consolidating peace, Europe must become a focus of stability, growth and initiative. In order to do this, it must set itself ambitious targets in employment, energy self-sufficiency, industrial independence and justice. It must achieve social growth and be bold in defining a new economic order.

II — Guiding principles of revitalization

1. In order to restore the confidence of our people in Europe and therefore in themselves, the French Government suggests to its partners that we make a joint endeavour to prove that real progress towards European integration is possible. It is therefore proposing an approach which is at once pragmatic and ambitious: to advance wherever it is useful, urgent and possible to do so, in order that confidence may be restored on the basis of action, thereby making continued progress possible.

2. The first prerequisite for restoring confidence is to undertake priority action on employment. It is, however, obvious that if it is to have lasting results, the battle against unemployment must be directed towards creating long-term, i.e. competitive jobs. It is in the interests of our countries and of our partners throughout the world that Europe should remain a force for scientific and technical progress. Anything which caused Europe to lag behind would soon endanger its independence and its position in the world.

3. The French Government's suggestions are based not only on its own view of the crisis but also on ideas put forward by its partners in the Community, the Commission, the European Parliament, the Economic and Social Committee and the European Trade Union Confederation. Its choice was guided only by a desire to give priority to the action most immediately necessary to achieve the desired ends.¹

4. This proposal for a revitalization contains no institutional innovations. The Community already has institutions with considerable powers, and it does not seem necessary either to increase their powers or to alter the balance between them. All that is needed is to temper power with resolve and to fire institutions with purpose.

5. Restructuring will come as a result of revitalization. In accordance with the mandate of 30 May 1980, the Council and the Commission are currently examining the extent to which the shift in the balance of Community activities and the resulting restructuring of the budget will prevent unacceptable situations from recurring. The truth is that no real restructuring of the budget is possible without lasting revitalization.

6. Most of the new measures suggested here are not at all costly. Some will even lead to significant savings, particularly in agriculture, or to a more efficient use of Community resources. Others will involve only national expenditure, while still others will have no budgetary implications whatsoever.

The fact that it is not possible at present to consider exceeding the 1% VAT ceiling cannot therefore be used as a pretext for refusing to consider any new measures.

Having said this, however, the French Government does not rule out the possibility of exceeding the ceiling at some future date if, of course, the developments to be expected from revitalization do prove to justify allocating additional resources to the budget.

7. We should not start with any preconceived ideas on the respective roles of the Community, the State and the business community. The important thing is in each case to determine the level at which a particular measure can be most effectively implemented. There are measures which must logically be taken at the level of the whole Community to make the best use of the European dimension. Other measures would appear to offer a better guarantee of effectiveness if carried out at national level with the Community playing only a harmonizing or at most accompanying role. Some measures involve cooperation between the States concerned without requiring the participation of all the Member States. Final-

ly, there are measures which are matters for the business community and for which various incentives, at Community and national level, are desirable. It will be noted in this connection that there are already measures, particularly in the monetary and research fields, which do not involve all ten Member States.

8. A frequent criticism of the Community is that European integration is the day-to-day job of technocrats who have no contact with the living reality of the people of Europe. This criticism is partly without foundation since there are many institutions and bodies in which such contact is commonplace. However, consultation with management and labour should be intensified wherever possible. If Europe is to live and develop, it is not enough for people to accept it; they must be aware of playing an active part in its life and development. It is time to review the role of the European Trade Union Confederation and the use of tripartite and other procedures which have already been tried in the ECSC and sometimes even in the EEC.

III — Proposed measures

Instead of presenting an overall plan which would, of necessity, be artificial, the French Government has chosen to start from the existing situation and, without claiming to be comprehensive, to indicate sector by sector the measures which it considers important and useful.

A — Economic policy

1. The economies of the Member States have sometimes reacted in very different ways to the pressures of the crisis (unemployment, stagnation, inflation, balance-of-payments disequilibria). This has made convergence of economic policies more difficult. Yet, while it is possible to implement policies which are varied to allow for the special characteristics of each of the national economies, some common measures can be implemented at this stage by all the Member States.

The Commission is therefore justified, in the foreword to the draft fifth medium-term economic policy programme, in going beyond the 'fight against unemployment—fight against inflation' antithesis to recommend eliminating obstacles to economic progress, systematically making the best use of the size advantage of the common market and promoting competitive investment.

2. In this connection, the French Government recommends making greater use of the various

¹ References to a number of Commission proposals which could provide a basis for revitalization appear in the footnotes. The list is, of course, not exhaustive. Moreover, the French Government is not necessarily in agreement with every aspect of these proposals. But it would like the Council to resume or continue examination of them in a constructive spirit.

borrowing facilities available to the Community at present, not only to grant loans but also to encourage investment in sectors in which the Community would provide guidelines for the desired developments. An attempt should also be made to lessen the deflationary effect in Europe of the third major oil price rise which resulted from the recent trend of the dollar. The resources in question should be used for purposes clearly defined by the Community, such as energy saving, acute conversion problems in certain regions, and research and technology. Such action could provide a useful boost to economic activity without interfering with the effectiveness of the fight against inflation.¹

This should not rule out the possibility of an additional Community loan if, when the time came, existing resources proved insufficient to attain the desired objectives. In any event, existing resources should be more closely concentrated on priority objectives in order to combine Community measures and national measures more effectively. The desired diversification of the Communities' financial resources could be achieved by granting interest-rate subsidies from the budget or guaranteeing loans to undertakings, on the basis of guidelines laid down by the Community. The ways and means of achieving such diversification should be examined as soon as possible.²

3. In the monetary field, where the EMS has been proving its usefulness over the past two years, the French Government is anxious that work now under way in the Community should very soon lead to new plans to facilitate transition to a further stage. It would confine itself to stating one obvious fact: while it is true that the EMS will function more effectively if Member States' economies follow a similar pattern, it is also true that the discipline imposed by participation in the system is a powerful incentive to convergence of economic policies and therefore paves the way for future progress.

4. If the Community is to assert itself internationally, a real commercial policy, and even an external economic policy, must be devised: the existence of such a policy is a prerequisite for the effectiveness of other common policies, whether in agriculture, energy or industrial matters. If it is to contribute to the success of the various Community policies, it must cover all external economic instruments and, in particular, foreign trade and investment in the Community.

B — Employment policy—European social area

In the French Government's view, the idea of a 'European social area' has three main objectives:

- (i) it should make it possible to put employment at the heart of Community social policy by stepping up cooperation and adjusting Community policies;
- (ii) it should intensify dialogue between management and labour at Community level and in the various Member States, both inside and outside undertakings;
- (iii) it should improve cooperation and consultation on social protection.

1. Placing employment at the heart of Community social policy

In the context of the serious economic crisis affecting the countries of Europe, the Community should make more and better use of existing structures and should develop an active employment policy.

(a) The Community should in the first instance be given the means to compare experience and assess the effectiveness of national and Community employment policies.

The joint meeting of Ministers for Economic Affairs, Labour and Social Affairs was a first step in this direction: the experiment should be repeated.

This objective could also be attained by setting up an employment policy evaluation unit, in which management and labour could be involved and which could be an offshoot of the Standing Committee on Employment.

(b) Existing Community instruments, and in particular the European Social Fund, should be amended to give priority assistance to:

- (i) creating jobs, particularly in new fields, in small and medium-sized undertakings, with support for local initiatives for creating jobs;
- (ii) facilitating adaption and reduction of working time, mainly by providing support for measures taken by the Member States under agreements between management and labour which involve job creation;
- (iii) developing schemes for worker training, conversion and adjustment to new technology;
- (iv) developing pilot schemes in such fields as vocational integration of long-term unemployed and handicapped persons and training new entrepreneurs.

Diversification of Community financial resources will be useful in this field. The Fund should cease to confine its intervention to budget subsidies.

(c) The detailed rules for implementing the Council Resolution of 22 November 1979 on the

¹ Communication on the economic and social situation in the Community.

² Commission report on the mandate of 30 May.

adaptation of working time (flexible retirement, temporary work, part-time work, shortening the working week) should be laid down without delay.¹

The Commission should submit new proposals, in conjunction with the sectoral committees concerned, on such matters as ways of reducing working time while maintaining economic equilibrium, linked work-and-training and overtime.

(d) Finally, provision should be made for new measures to improve working conditions, develop safety training and harmonize experience gained at national level in industrial medicine.²

2. Intensifying the dialogue between management and labour

(a) In the first instance it is essential to increase participation by management and labour in the work of the Community.

A seminar which would bring together representatives of the Member States, the Community institutions, trade unions and employers' organizations should be organized as soon as possible.

The topic would be the future guidelines for Community social policy, mainly in the field of employment and adaptation of working time.

The work of the Tripartite Conference, the Standing Committee on Employment and the Advisory Committee on Social Security for Migrant Workers should be made more effective by endeavouring to bring about a concerted improvement in organization and preparation.

The Council could second the Commission's efforts to encourage management and labour to create new joint committees in sectors affected by restructuring or the introduction of new technology (e.g. shipbuilding, the aerospace industry, the motor industry, metallurgy, textiles and clothing, banking and insurance).

(b) At the same time it is necessary to encourage and improve 'social dialogue' in areas of common interest:

(i) by improving worker information and consultation in companies with a complex structure, particularly multinationals;³

(ii) by introducing and harmonizing methods of consulting employees on the consequences of introducing new production technologies;⁴

(iii) by making the establishment of a 'social balance-sheet for undertakings' a general practice throughout the Member States, either through legislation or worker/management agreements;

(iv) by developing the youth exchange programme.

3. Improving cooperation and consultation on social protection

The Community must strive to:

(i) establish in conjunction with management and labour a European 'social budget' which will make it possible to make forecasts and will serve as a point of reference for national and Community initiatives;

(ii) improve the coordination of social security legislation with a view to increasing protection for migrant workers and gradually eliminating any remaining discrimination between men and women.

Essentially this would involve acting on plans currently being discussed by the Community to coordinate early retirement schemes and non-contributory benefits granted to residents in each Member State with a view to ensuring equal treatment.⁵

C — Agricultural policy

The work on adapting the CAP which has begun in the Community in accordance with the mandate of 30 May 1980 and with a view to enlargement is, of course, entirely in line with the movement to revitalize Europe. The CAP is based on principles which have ensured its success and which none would venture to challenge, but it must be adjusted and improved to ensure more precise control over the growth and destination of expenditure on it. In the medium term it is also

¹ Communication on guidelines for a Community labour market policy; Communication on guidelines for Community action in the field of temporary work; Communication on Community guidelines on flexible retirement; Communication on voluntary part-time work.

² Proposal for a Directive on the protection of workers from harmful exposure to metallic lead and its ionic compounds at work; proposal for a Directive laying down basic standards for the health protection of workers and the general public against the dangers of microwave radiation; proposal for a Directive on the protection of workers from the risks due to exposure to chemical, physical and biological agents at work (asbestos); Council Resolution of 22 June 1978 calling on the Commission to develop exchanges of information on experiences in organizing industrial hygiene, health and safety services.

³ Proposal for a Directive on procedures for informing and consulting the employees of undertakings with complex structures, in particular transnational undertakings.

⁴ Communication on employment and the new microelectronic technology.

⁵ Proposal for a Regulation amending, for the benefit of unemployed workers, Regulation No 1408/71 on the application of social security schemes to employed persons and their families moving within the Community.

important that the adjustments decided upon make it possible to maintain employment in rural areas and achieve greater equity in farm income support without perpetuating sinecures. Finally, the Community must not lose sight of the advantage which the food security guaranteed by the CAP represents in today's troubled world and must become aware of the opportunity which its agricultural potential offers it to play a part on world markets and to help feed the Third World.

The French Government feels that the following guidelines should be laid down for the CAP:

1. Prices and organization of markets

The agricultural price system must be adjusted to moderate the growth of expenditure on agriculture while guaranteeing farmers a fair income and ensuring that agriculture makes an increasing contribution to Community exports and that the Community plays an increasing role in combating hunger in the world. The guarantees must be differentiated so that they gradually diminish on the basis of the amount produced or of some other objective criteria yet to be defined.

The prospect of enlargement makes the introduction of a proper Community policy for Mediterranean products essential. For fruit and vegetables in particular, it must involve fostering a greater sense of responsibility among producer groups.

Proposals have already been made by the Commission but it is obviously necessary to go further and give products from the south of the Community their rightful place in the organization of Community agriculture.

2. Price and market unity

Monetary compensatory amounts are an assault on the unity of the market.

Although originally designed to stagger the effects on prices of adjustments in currency parities, they have tended over the years to become a permanent feature of market organization and at once a barrier to trade, a serious distortion of competition and an indirect means of developing agricultural production in certain countries.

In spite of undeniable improvements, the situation is still far from satisfactory: it therefore seems essential to dismantle existing MCAs without delay and reinforce the provisions which will prevent any future return to the situation which has prevailed in the Community over the past ten years.

Market unity also requires harmonization of the flat-rate VAT systems in existence in the Member States.

3. Community preference

It has become a matter of urgency to bring about a gradual reduction in Community imports of cereal substitutes, which are upsetting the balance on the cereals market and placing a considerable financial burden on the EAGGF.

Community preference for vegetable oils and fats should also be strengthened in preparation for enlargement, which is likely to aggravate the present situation. The objective must be to establish the fairest conditions possible for competition between imported oils and fats and Community oils and fats.

The same problem arises in the case of other substitutes, e.g. cereals imported at the fluctuating prices which obtain on the world market in competition with Community cereals for which the price is stable.

A number of the derogations granted in the past should be carefully reviewed: greater vigilance should therefore be exercised when renewing trade agreements with non-member countries.

The cost to the budget of derogations from Community preference which artificially inflate EAGGF Guarantee Section expenditure should be more closely monitored by the Community—perhaps by means of a table submitted to the Council at intervals—and should be entered in the chapters covering the measures under which the derogations are granted.

4. If European agricultural potential is to be developed as is desirable, the Community must pursue a more active and more stable export policy, particularly towards developing countries. The French Government supports the proposal submitted by the Commission under Article 113 of the Treaty of Rome on the negotiation of framework agreements relating to the multiannual supply of agricultural products.¹ It would like examination of this proposal to proceed as quickly as possible.

It could also include:

- (i) socio-cultural proposals and proposals for maintaining regional equilibrium which are essential to agricultural development, taking into account general economic considerations and considerations relating to employment;
- (ii) proposals for aid to forestry,² agri-food industries and the promotion and marketing of Mediterranean products, all of which come under the heading of structural policy.

¹ Communication on the negotiation of framework agreements relating to the multiannual supply of agricultural products.

² Proposal for a Council Resolution concerning the objectives and principles of forestry policy.

D — Energy

Since energy is one of the major challenges facing European countries, the Community will only be a reality if it adopts an active common energy policy.

The aims of the measures to be taken should be:

- (i) to develop European independence with regard to energy;
- (ii) to strengthen European solidarity;
- (iii) to extend cooperation with developing countries.¹

1. To achieve the first aim, more spontaneous and more systematic action should be taken to use energy rationally and to develop new forms of energy.

This should include:

- (i) further research on energy-saving production techniques, particularly in agriculture, and incentives for using them;²
- (ii) drawing up and implementing as full a programme as possible of common standards of performance for the main energy-using appliances;
- (iii) stepping up efforts to find energy substitutes, particularly agricultural produce with energy potential (for which EAGGF assistance should be available);³
- (iv) more intensive use of financial and administrative instruments (already in existence or to be introduced) and particularly loans, guarantees and interest-rate subsidies, in order to raise the level of Community investment in energy, especially in the field of energy savings and the development of new energy sources.

2. Increasing solidarity means, in the first instance, revising the Community's objectives for 1990, monitoring them more effectively and examining the means of achieving them, particularly in terms of investment, prices and taxation.⁴

At the same time an effort must be made to improve the measures to deal with any threat to oil supplies and to ensure greater market transparency so as to identify and, if necessary, forestall phenomena which may cause or aggravate regional imbalances and unjustified trade movements.⁵

The possibility should also be examined of concerted action *vis-à-vis* the refining industry to allow capacity to be adjusted to demand and encourage the installation of conversion units.⁶

3. Finally, the close relations which the Community maintains with the developing countries mark it out to be the prime mover in contributing to energy development in the Third World.⁷

The financial instruments available to the Community for assisting these countries should be diversified and extended to meet their prospecting and equipment needs more effectively. The Community could increase the impact of an initiative of this kind by helping to define and carry out energy programmes as well as training personnel.

E — Research and innovation

European countries will only overcome the crisis and hold their own against competitors in the current technological revolution if they make a sustained, coordinated effort in the field of research and technological development in the next few years.⁸

The Community can contribute to this effort in a variety of ways:

1. It could concentrate in the first instance on areas in which a common policy or the bones of a common policy already exist, and could direct its efforts towards:
 - (i) intensifying joint endeavours to promote new forms of energy and energy savings;
 - (ii) developing European cooperation on agronomic research;
 - (iii) increasing the capacity of European bodies involved in research of priority interest to developing countries (tropical agriculture and agronomy, study of arid soils, health problems, appropriate industrial development).
2. Secondly, further progress should be made in creating a united scientific and technological Europe. This means developing exchanges of scientists, technicians and engineers, particularly by

¹ Communication concerning energy and economic policy; Communication on the development of an energy strategy for the Community.

² Proposal for a Council Regulation amending Regulation No 725/79 as regards the granting of financial support for demonstration projects in the field of energy savings.

³ Amended proposal for a Regulation amending Regulation No 726/79 as regards the granting of financial support for projects to exploit alternative energy sources.

⁴ Communication on the taxation of petroleum products.

⁵ Communication on measures to limit the effects of a limited shortfall in oil supply.

⁶ Communication on problems affecting the oil refining industry in the Community.

⁷ Report on energy cooperation with developing countries and the role of the Community.

⁸ Communication on industrial development and innovation; Communication on common policy in science and technology: priorities and organization; Communication on the exploitation and evaluation of research results; Communication on the impact of Community R&D on horizontal policies.

twinning the leading laboratories in Europe;¹ it also presupposes further progress in scientific and technological information;² finally, research of common interest on the quality of products and equipment could be further promoted.

3. Thirdly, an impetus could be given to research projects on employment problems, working conditions, acceptability of new technologies and consumer protection.

4. Finally, the effectiveness of Community research projects already under way should be increased by:

- (i) improving the decision-making and management processes;
- (ii) improving follow-up, assessment, dissemination and exploitation of the results of joint research;
- (iii) integrating the Joint Research Centre more fully into the European scientific community.

F — Industrial policy

1. The Community must no longer restrict its intervention to taking on responsibility for resolving the difficulties of declining industries or for restructuring them.

It must by its own initiatives encourage the industrial development of Europe and the creation and development of advance technology sectors which will create employment.

2. The Community can second the action of undertakings and Member States mainly through accompanying measures and incentives.

3. To do this it must coordinate the use of the financial and non-financial resources available to it more fully. Where appropriate, it must also recommend concerted use of financial and fiscal resources available to governments. In its various policies, particularly customs, trade and competition policy, it must take account of the need to promote its industrial aims with a view to developing an external economic policy.³

4. The objectives could be as follows:

(a) The Community should continue setting up the common market by gradually removing technical barriers (mainly by supporting the work of bodies such as the European Committee for Standardization), progressively opening public contracts to competition and approximating national laws. This is particularly important in new advanced technology sectors where initial developments tend to be uncoordinated.⁴

Care should nevertheless be taken to ensure that commercial transactions are fair, mainly by giving the Community power to act against unfair com-

petition in intra-Community trade and encouraging the Commission to apply the procedures in Article 115 more strictly in order to prevent free movement from becoming a way of circumventing protective measures adopted nationally against produce from non-member countries.

At the same time it will be necessary to ensure that the unification of the common market is primarily of benefit to European undertakings and products.

Special care must be taken over these points in accession negotiations.

(b) The Community must facilitate closer relations and cooperation between undertakings in Europe.

In particular:

(i) work should be expedited on the proposal for a Council Regulation setting up a European Cooperation Grouping⁵ and the proposal for a Council Directive to harmonize the system of taxation applicable to mergers,⁶ and a fresh impetus should be given to the preparation of the convention on international mergers;

(ii) efforts should be made in a subsequent stage to make progress on the law governing groups of companies and on the creation of an innovative structure for a European company.⁷

(c) The Community should seek to eliminate distortions of competition arising from disparities

¹ Proposal for a Decision adopting a multiannual research and development programme for the EEC in the field of biomolecular engineering (1981-85).

² Proposal for a Council Decision adopting a third plan of action (1981-83) in the field of scientific and technical information and documentation.

³ Communication on industrial development and innovation; Communication on European society faced with the challenge of new information technologies: a Community response (and various proposals resulting therefrom); proposal for a Regulation concerning Community actions in the field of microelectronic technology; Commission report on the European aerospace industry: trading position and figures; Commission statement on the European motor industry; proposal for a Regulation on Community aid for industrial restructuring and conversion operations; proposal for a Decision on Community aid for restructuring or conversion investments in the shipbuilding industry; proposal for a Decision on Community aid for restructuring or conversion investments in the textile industry, particularly in the man-made fibres industry.

⁴ Communication on the state of the internal market; proposal for a Directive on the approximation of the laws of the Member States relating to the indication of the origin of certain textile and clothing products; proposal for a Directive on a special Community certification procedure for products originating in third countries; proposal for a Decision laying down a procedure for the provision of information in the field of technical standards and regulations.

⁵ Amended proposal for a Regulation on the European Cooperation Grouping.

⁶ Proposal for a Directive on the common system of taxation applicable to mergers, divisions and contributions of assets involving companies of different Member States.

⁷ Amended proposal for a Regulation embodying a Statute for the European Company.

in laws or regulations, particularly with regard to environmental and consumer protection.¹

(d) The attitude of the Member States to foreign investments (which is one of the features of a common external economic policy) should be reviewed in the light of criteria for determining whether they are authentically European, and greater weight should be given to the industrial objectives to be adopted at Community level.

G — Regional policy

The Community's regional policy should contribute to resolving problems resulting from the crisis wherever they arise. It should make it possible to reduce the disparities between regions within a single Member State and to alleviate the special difficulties of regions affected by chronic structural underdevelopment. The value of the budget allocation, which is of necessity limited, can be enhanced by diversifying the financial instruments used. Regional policy should also be more closely coordinated with the policies on agricultural structure, industry and transport.²

H — Commercial policy

The common commercial policy and the customs policy should play a part in promoting industrial development and job creation in the Community.

The Community's policy towards non-member countries must be as dynamic as that of its main competitors. Substantial progress in this area is essential for building up the common market.³

The Commission departments dealing with anti-dumping and anti-subsidy measures will have to be enlarged to increase their efficiency.

In order to deal with the sudden influx of imports, the Community will have to introduce measures similar to the United States Trade Act.

Finally, it is essential to take steps to deter import trade in counterfeit goods, and Member States should endeavour to bring negotiations on a draft agreement on this matter to a speedy conclusion.⁴

I — North-South Dialogue and relations with developing countries

The Community and its Member States are actively involved in a policy of cooperation with the Third World which is based on the idea and the fact of interdependence between industrialized and developing countries. The priorities which the European Council recommended that the Ten should adopt in the North-South Dialogue provide the framework for this policy. The policy could also use existing instruments to advantage and increase their impact, whether or not they

come within the framework of the Lomé Convention or the Mediterranean Agreements.⁵

1. The Community contribution to the recycling process

(a) Financial loans: the EEC would play a more active part in recycling oil-producing countries' surpluses if it were to grant loans from resources borrowed from the countries in surplus to support activities of interest to our ACP partners and to the Community. EIB action must go hand in hand with Commission action.

(b) Investment guarantees: to meet the developing countries' increasing financial needs, the Community could consider introducing a system of multilateral investment guarantees covered by the Community budget or the EDF to channel oil-producing countries' capital towards geographical areas or profitable sectors which it would not normally reach.

(c) In both these cases, co-financing and co-investment in partnership with countries in surplus should be continued and boldly extended.

¹ Proposal for a Directive on the approximation of the laws, regulations and administrative provisions of the Member States concerning liability for defective products; proposal for a Directive concerning the assessment of the environmental effects of certain public and private projects; proposal for a Directive on the limit values applicable to discharges of mercury into the aquatic environment by the chloralkali electrolysis industry; proposal for a Directive on the quality objectives for the aquatic environment into which mercury is discharged by the chloralkali electrolysis industry.

² Communication on new regional policy guidelines and priorities.

³ Communication on the 1981 programme for the achievement of the customs union; proposal for a Regulation on temporary importation arrangements; proposal for a Regulation on inward processing relief arrangements; proposal for a Regulation establishing economic outward processing arrangements applicable to certain textile and clothing products reimported into the Community after working or processing in certain third countries; proposal for a Directive amending Directive 79/695/EEC on the harmonization of procedures for the release of goods for free circulation; proposals for Council Regulations amending Regulation (EEC) No 926/79 of 8 May 1979 on common rules for imports and Regulation (EEC) No 925/79 on common rules for imports from State-trading countries; proposals on the establishment of the Community's scheme of generalized preferences for 1982-85 and the implementation of the arrangements for 1982; Communication concerning the renewal of the Arrangement regarding International Trade in Textiles (MFA) and recommendation for a Council Decision authorizing the Commission to negotiate the renewal of the Arrangement regarding International Trade in Textiles; Communication and recommendation from the Commission concerning renewal of the bilateral textile agreements; Communication concerning a textile policy for the preferential countries.

⁴ Draft Agreement on measures to discourage the importation of counterfeit goods.

⁵ Communication on reviving the North-South Dialogue; Communication on the North-South Dialogue — The search for security and predictability; Communication on Community policy for the North-South Dialogue.

2. Attaining the sectoral objectives of the North-South Dialogue

(a) Energy: To assist in the creation of an energy affiliate of the World Bank, consideration should be given to the possibility of European countries setting up a similar body among themselves.

The Community should also encourage any developments, whether in the production of material or in technical assistance, which could contribute to the exploitation of energy resources in developing countries.

(b) Food: The Ten should give their support to new thinking on this matter, based on the promotion of a series of structural reforms in international economic relations and the introduction of a coordinated programme of emergency aid.

3. Increasing the impact of existing instruments

(a) Development aid: In view of the developing countries' interest in more autonomous growth, one of the avenues to be explored could be less emphasis on major projects requiring large-scale investment and more on training and technical assistance projects involving greater participation by young people (from the Member States) in cooperation activities.

(b) The Stabex system: The system introduced in the first Lomé Convention and further developed in the second Convention should, as recommended in the final document of the Conference on the Least Developed Countries, be extended to the least developed countries not covered by the Lomé Convention (cost to the EEC: 50 million ECU for five years).

(c) A policy on refugees: By giving financial aid to developing countries which are receiving an ever-increasing number of refugees, the Community could contribute to better integration of refugees into the host country. Each operation to help refugees should be accompanied by a development plan.

In a desire to contribute to improving working conditions and to achieving social progress in developing countries, the Community should consider the possibility of taking observance of the minimum standards resulting from conventions concluded under the auspices of the International Labour Office into account in its policy of cooperation with these countries.¹

J — Cultural policy

The plan for a European Foundation should be revived on the basis of the draft agreement drawn up in 1978.

The aims of the Foundation should be extended to cover projecting the Community to the outside world.

The French Government considers that European integration will only progress if culture, which is one of the basic components of the identity of the European peoples, becomes a factor in the Member States' endeavour; in this connection it welcomes the Italian Government's proposal to convene an informal conference of Ministers for Culture in the Ten in the near future.

K — Institutional matters

1. Within the institutional framework laid down in the Treaties, an effort should be made to improve the operation of the Community and cooperation between its institutions.

2. More extensive application of the provisions on voting in the Treaties would enable the Council to take its decisions more quickly. All the governments subscribe to this idea without, however, implementing it. France proposes that the President should call for a vote where prescribed by the Treaty on the understanding that voting could be deferred if one or more Member States so requested in order to defend an essential national interest.

3. It would also be useful to devote some attention to relations between the Council and the European Parliament and the conditions under which Parliament carries out its role in the institutional complex. This review should take into account the difficulties which have arisen in connection with the budget in recent years and the European Parliament's desire to play a more active part in the Community's legislative process. Serious consideration should also be given to relations between the European Parliament and the national parliaments.

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If the Community is to come to grips with the problems of today, it must not delay in resuming progress in all areas in which this is necessary. It is with this conviction that the French Government suggests to its partners that a joint effort be made to achieve real progress without delay. It is our aim that the suggestions in this memorandum, which has grown out of a desire for pragmatism and efficiency, should be a call to action. The French Government hopes that its partners and the Community institutions will rally to this call and make their own contribution to Community thinking and decision-making.

¹ Communication on the observance of certain international standards governing working conditions.