

No. 22/84
June 28, 1984

Contact: Ella Krucoff
(202) 862-9540

"A NEW START" FOR THE EUROPEAN COMMUNITY

Leaders of the European Community member states have taken major steps to "relaunch" the Community and promote a closer European union.

"We've brought Europe to a strong new start", President Francois Mitterrand of France said after a June 25-26 summit meeting in Fontainebleau, France.

The 10 Heads of State or Government (the European Council) reached a settlement on the United Kingdom's complaint that its budgetary contributions to the Community are excessive. They also endorsed measures designed to remove remaining barriers between E.C. member states and promote a "people's Europe." The summit leaders asked that all police and customs formalities within the Community be abolished and that a European passport be available to E.C. citizens by January 1, 1985. They supported recommendations for a European flag and an anthem, European sports teams, minting of a European coin (namely the European Currency Unit), and streamlined border procedures.

Gaston Thorn, President of the E.C. Commission, said the achievements of the summit will "get Europe going again." Spain and Portugal will be able to join the Community as planned, and Europe will become an increasing part of its citizens' daily lives, he added.

The text adopted by the summit leaders follows:

CONCLUSIONS OF THE EUROPEAN COUNCIL
FONTAINEBLEAU, JUNE 25-26, 1984

The European Council, meeting at Fontainebleau on June 25 and 26, 1984, adopted the decisions on questions left in abeyance at its meeting in Brussels on March 19 and 20, 1984.

The European Council also confirmed the points of agreement which it had reached in Brussels. It took note of the progress made in regard to new policies and discussed environment and health issues. It adopted new guidelines for the reactivation of European cooperation.

BUDGETARY IMBALANCES

1. Expenditure policy is ultimately the essential means of resolving the question of budgetary imbalances.

However, it has been decided that any Member State sustaining a budgetary burden which is excessive in relation to its relative prosperity may benefit from a correction at the appropriate time.

The basis for the correction is the gap between the share of Value Added Tax (VAT) payments and the share of expenditure allocated in accordance with the present criteria.

2. As far as the United Kingdom is concerned, the following arrangement is adopted:

- for 1984, a lump sum of 1 billion ECUs* is fixed;
- from 1985 the gap (base of the correction) as defined in paragraph 1 is, for the period referred to in paragraph 4, corrected annually at 66 percent.

3. The corrections foreseen in paragraph 2 will be deducted from the United Kingdom's normal VAT share in the budget year following the one in respect of which the correction is granted. The resulting cost for the other Member States will be shared among them according to their normal VAT share, adjusted to allow the Federal Republic of Germany's share to move to 2/3 of its VAT share.

4. The correction formula foreseen in paragraph 2 (second indent) will be a part of the decision to increase the VAT ceiling to 1.4 percent, their durations being linked.

One year before the new ceiling is reached, the Commission will present to the Council of Ministers a report setting out the state of play on:

- the result of the budgetary discipline;
- the Community's financial needs;
- the breakdown of the budgetary costs among Member States, having regard to their relative prosperity, and the consequences to be drawn from this for the application of the budgetary corrections.

The Council of Ministers will reexamine the question as a whole and will take the appropriate decisions ex novo.

OWN RESOURCES AND ENLARGEMENT

The maximum rate of mobilization of VAT will be 1.4 percent on January 1, 1986; this maximum rate applies to every Member State and will enter into force as soon as the ratification procedures are completed, and by January 1, 1986 at the latest.

The maximum rate may be increased to 1.6 percent on January 1, 1988 by unanimous decision of the Council of Ministers and after agreement has been given in accordance with national procedures.

The European Council confirms that the negotiations for the accession of Spain and Portugal should be completed by September 30, 1984 at the latest. Between now and then the Community will have to make every effort to create the right conditions for the success of this enlargement, both in the negotiations with Spain on fisheries to ensure the conservation of fish stocks and also by reforming the common organization of the wine market to ensure that the quantities of wine produced in the Community are controlled, and by means of a fair balance between agricultural and industrial agreements.

FINANCING OF THE 1984 BUDGET

The European Council agreed that, pending national parliaments' ratification of the increase in own resources, steps will be taken at the next (Budget) Council of Ministers meeting to cover the needs of the 1984 budget to ensure that the Community operates normally.

DISMANTLING OF POSITIVE MONETARY COMPENSATORY AMOUNTS IN THE FEDERAL REPUBLIC OF GERMANY

The European Council asks the Commission to propose, and the Council of Ministers to decide on, measures which will enable VAT

relief for German agriculture under the German national budget to be increased from 3 percent to 5 percent with effect from July 1, 1984 until December 31, 1988 in compensation for dismantling the monetary compensatory amounts; the compensation shall not exceed the amounts dismantled.

SOCIAL POLICY

The European Council asks the Commission to carry out the work program set out in the Community's medium-term social action plan and to forge ahead with the work stemming from the Council of Ministers' conclusions on technological change and social adjustment and with that on production organization.

A PEOPLE'S EUROPE

The European Council considers it essential that the Community respond to the expectations of the people of Europe by adopting measures to strengthen and promote its identity and its image both for its citizens and for the rest of the world. An ad hoc Committee will be set up to prepare and coordinate this action. It will be composed of representatives of the Heads of State or of Government of the Member States.

The European Council approves the agreement reached on the principle of creating a European passport and asks the Council of Ministers to take the necessary decisions to ensure that this passport is actually available to Member States' nationals by January 1, 1985 at the latest.

It asks the Council of Ministers and the Member States to put in hand without delay a study of the measures which could be taken to bring about in the near future, and in any case before the middle of 1985:

- a single document for the movement of goods;
- the abolition of all police and customs formalities for people crossing intra-Community frontiers;
- a general system for ensuring the equivalence of university diplomas, in order to bring about the effective freedom of establishment within the Community.

The Committee will examine inter alia the following suggestions;

- symbols of the Community's existence, such as a flag and an anthem;

- formation of European sports teams;
- streamlining procedures at frontier posts;
- minting of a European coinage, namely the ECU.

It would also like the Member States to take steps to encourage young people to participate in projects organized by the Community beyond its frontiers, and in particular to support the creation of national committees of European volunteers for development, bringing together young Europeans who wish to work on development projects in the third world.

The ad hoc Committee will also examine the following suggestions:

- measures to combat drug abuse;
- the twinning of children's classes.

The Commission will contribute to the proceedings of the Committee within the limits of its powers.

AD HOC COMMITTEE ON INSTITUTIONAL AFFAIRS

The European Council decided to set up an ad hoc Committee consisting of personal representatives of the Heads of State and of Government, on the lines of the "Spaak Committee".**

The Committee's function will be to make suggestions for the improvement of the operation of European cooperation in both the Community field and that of political, or any other, cooperation.

The President of the European Council will take the necessary steps to implement that decision.

* European Currency Unit = \$.80 on June 22, 1984.

** The Spaak Committee laid the groundwork for the Community's founding Treaties of Rome.

