



## ***European Council—Luxembourg***

The following is the final communique on the discussions by the European Communities' leaders at their latest summit meeting—held in Luxembourg on June 29-30.

### ***1. Economic and Social Situation***

1. The European Council discussed in depth the present social and economic situation in which the European Community and the Member States find themselves at the time when the first cautious signs of limited improvement in the business cycle are becoming visible, but when the ravages of inflation and unemployment have by no means been brought under control. In the same context, the European Council reviewed the Communities' position with regards to the Western Economic Summit in Ottawa, and dealt with the needs to preserve and strengthen the Communities' internal market. The European Council discussed these interlocking problems on the basis of a paper presented by the European Commission on the 'Economic and Social Situation in the Community', the general orientation of which received unanimous approval.

2. The European Council expressed its firm conviction that, by the pursuit

of coordinated flexible policies, maintained over a sufficient length of time, the Community will be able to overcome the present social and economic difficulties and return to a situation of economic growth, stability and satisfactory levels of employment. In particular, the problem of mass unemployment, which is a major preoccupation for all the members of the European Council, should not be approached in any spirit of fatalism.

3. In this light, the European Council reviewed the work done by the Joint Council (Eco/Fin-Social Affairs), and agreed that a sound foundation had been laid for subsequent action. In particular, there was agreement that the highest priority should be accorded to coordinated action against unemployment and inflation, including efforts aimed at structural adjustment.

4. The major responsibility for these actions lies with national Governments, and will need to take account of the different economic situations in each Member State, and of their particular possibilities and the constraints with which they are faced, but the effectiveness of such action will be increased by coordination within a Community framework. A major effort

*European leaders at Luxembourg*



should be made both at the national and the Community level, to increase investments aimed at higher growth and employment. Investment should be directed in particular to industries with a high innovative potential and which will secure for the Community in the coming decades the place in the industrial world to which it is entitled. The European Council was convinced that investment in energy conservation and production is of vital importance. Care should be taken not to waste precious funds on economic activities that are bound to decline in importance. In the same connection, it was underlined that considerable growth potential is to be found in the sector of small and medium enterprises.

5. The European Council took note of the fact that, in some Member States, the *réduction* in working time is seen as a significant element in the battle against unemployment. It was agreed that further study to evaluate the effects of such measures would be made at the Community level. In this connection the competitive position of European industries vis-a-vis other industrialised countries deserves close attention.

6. It was stressed that optimal use should be made of the Community's financial instruments and of the facilities of the European Investment Bank to promote the flow of productive investment. Efforts should also be undertaken to secure a larger economic benefit from the research activities that are under way in the Community and the Member States.

7. The European Council reaffirmed its commitment to a meaningful Social Policy by the European Community. It approved the conclusions reached by the Joint Council with regard to the labour market and the problems of unemployment. It took note with interest of suggestions made for the promotion of harmonised working conditions and workers' rights. In this context, the term "*espace sociale*" was used. It expressed its conviction that the pursuit of balanced and purposeful social and economic policies required close consultation with the social partners.

8. The European Council echoed the alarm sounded by the Commission

on the state of the internal market, which is increasingly threatened by intentional and unintentional barriers to trade, and by the pervasive use of subsidies to ailing industries. The European Council agreed that a concerted effort must be made to strengthen and develop the free internal market for goods and services, which lies at the very basis of the European Community, and which is the platform for which it conducts its common commercial policy.

9. With regard to the forthcoming meeting of the Western Economic Summit, the European Council stressed the need for a united approach to the problems presented by the level and volatility of interest and exchange rates, as these pose a serious threat to Europe's incipient economic recovery. These issues should be pursued in depth in discussions with the other major monetary powers. Important monetary policy objectives are shared with the US, but the US should be urged to take due account of the significant international consequences of its domestic policies. The Community itself should do its part to relieve the strain on monetary policy.

10. The European Council also reviewed the Community's relations with Japan, and it was agreed that in Ottawa, strong emphasis should be paid to a broad span of questions relating to the smooth functioning of the open and multilateral world trading system, including excessive concentration of export in sensitive sectors. The European Council stressed the need for effective openness of domestic markets, in particular the Japanese market. These issues should be kept under regular review, and in doing so, the Community should make the fullest possible use of its bargaining power as an entity.

#### *Steel Prices*

11. The European Council discussed the serious situation which faces the European steel industry. While welcoming the outcome of the recent Steel Council, the European Council agreed on the urgent need to see steel prices in the European market raised to a more remunerative level, and urged the Commission, sup-

ported by all the Member States, to do all in its power to see to it that the steel industry respects the necessary discipline.

#### *North-South Dialogue*

12. The European Council approved the report on North-South policy drawn up by the Council (General Affairs), and recommended its approach for subsequent action. It is of the opinion that cooperation with developing countries and the intensification of international economic relations serve the interests of all concerned, and that they are necessary not only in order to strengthen the economics of the developing countries, but also to promote the recovery of the world economy. It considers it intolerable that widespread poverty and hunger persist in various parts of the developing world.

The European Council was of the opinion that the preparations for the new round of global negotiations should be completed as soon as possible. It emphasised the crucial importance of a positive impetus to be given to this effect by the Summit conferences in Ottawa and Cancun.

#### *Implementation of the 30th May 1980 Mandate*

13. The European Council had a discussion of the procedure for dealing with the Commission's paper. They confirmed that the implementation of the 30th May Mandate would be a major topic for the meeting in London on 26/27 November, where appropriate conclusions are to be reached. The European Council asked the General Affairs Council to make thorough and timely preparations for their meeting in November. The Council will be assisted by a group consisting of one representative of each Member Government, who shall be at least of Ambassadorial rank. The Commission was invited to continue its contribution and to make appropriate formal proposals in good time.

## **II. Political Cooperation**

The European Council has discussed the overall political situation and paid attention in particular to Afghanistan, the Middle East, Lebanon, Cambodia and Namibia. On

Afghanistan they issued a separate formal declaration.

#### *European Council Declaration on Afghanistan*

1. The European Council notes with deep concern that the situation in Afghanistan remains an important cause of international tension, that Soviet troops remain in Afghanistan and that the suffering of Afghan people continue to increase.

2. The European Council recalls its earlier statements, notably those issued at Venice on 13 June 1980, and Maastricht on 24 March 1981, which stressed the urgent need to bring about a solution which would enable Afghanistan to return to its traditional independent and non-aligned status free from external interference and with the Afghan people having the full capacity to exercise their right to self-determination. In keeping with the resolutions voted by the United Nations, the Islamic Conference and the New Delhi Conference of the Non-aligned Movement, the European Council has made it clear on several occasions that it will support any initiative which could lead to the desired result.

3. The European Council considers that the time has come for a fresh attempt to open the way to a political solution to the problem of Afghanistan. They therefore propose that an international conference should be convened as soon as possible, for example in October or November 1981, and that the conference should consist of two stages, each stage being an integral part of the conference.

4. The purpose of stage one would be to work out international arrangements designed to bring about the cessation of external intervention and the establishment of safeguards to prevent such intervention in the future and thus to create conditions in which Afghanistan's independence and non-alignment can be assured.

5. The European Council proposes that in due course the permanent members of the United Nations Security Council, Pakistan, Iran and India and the Secretary-General of the United Nations and the Secretary-General of the Islamic Conference, or their representatives, be invited to

participate in stage one of the conference

The purpose of stage two would be to reach agreement on the implementation of the international arrangements worked out in stage one and on all other matters designed to assure Afghanistan's future as an independent and non-aligned state.

7. Stage two would be attended by the participants in stage one together with representatives of the Afghan people.

8. The Member States of the European Community will be ready at a later stage to make further proposals on the detailed arrangements for the proposed conference.

9. The European Council firmly believes that the situation in Afghanistan continues to demand the attention of the international community. It is convinced that this proposal offers a constructive way forward and therefore calls on the international community to support it fully with the aim of reducing international tension and ending human suffering in Afghanistan.

#### *Middle East*

The European Council noted the report of the presidency as well as Mr. Van der Klaauw's oral comments on his contacts with the parties concerned with the Middle East conflict.

It concluded that the efforts undertaken by the Ten to promote the conclusion of a peaceful settlement should be continued energetically and without respite, taking account of the results of the missions decided upon in Venice.

Accordingly, the European Council decided, on the basis of the results of the mission just completed by the President-in-office, to instruct Ministers to elaborate further the practical possibilities available to Europe to make an effective contribution towards a comprehensive peace settlement in the Middle East, through internal reflection, appropriate contacts being maintained with all parties concerned, including the United States.

As regards the attack by the Israeli Air Force on the Iraqi nuclear plant on 7 June 1981, the European Council can only endorse the resolution adopted unanimously by the UN Security Council.

#### *Lebanon*

Recalling its earlier statements concerning Lebanon, the European Council noted with interest the results of the work of the Arab Quadripartite Committee. The Council earnestly hoped that positive results would be obtained at the Committee's next meeting in Beit-ed-Dine, so as to achieve a genuine national reconciliation, which can give Lebanon international security and foster its stability in peace with its neighbours.

#### *Cambodia*

The European Council recalls the position it has adopted in favour of an independent and neutral Cambodia with a genuinely representative government, free from any foreign military presence and maintaining friendly relations with all the countries of the region.

Convinced that a genuine solution to the problem of Cambodia will be possible only on the basis of the United Nations General Assembly resolution 35/6, the Ten declare their readiness to contribute to the success of the international conference on Cambodia called by the UN Secretary-General.

The European Council noted the future Presidency's intention to be represented there by its Foreign Minister.

#### *Namibia*

The European Council discussed the question of Namibia. It reaffirmed its resolve to do what lies in its power to promote an early peaceful settlement through negotiations on the basis of resolution 435 of the UN Security Council. In this context, it continues to encourage the effort of the group of 5 western powers.

## **Investor Protection in the EC**

Stock market investment involves risk, and each EC Member country tries to limit the extent of that risk through some safeguard provisions; those safeguards, however, provide uneven protection from one member country to another.

The EC Commission has already started to take steps to even out some of those uncertainties. Two directives have been adopted in 1978 and 1980 on coordinating the conditions for admission of securities to the official stock exchange listing (1), and the content of official stock exchange listing particulars (2).

These directives, however, only partially cover the problems, and the EC Commission has just set out new proposals which will both safeguard investors and make it easier for investors to operate in stock markets throughout the European Community. The latest proposal specifies requirements for prospecti when the stocks are not officially listed but offered for subscription or for sale to the public (3).

(1) Directive 79/279/EEC, OJ L 66 of 16.3.1979.

(2) Directive 80/390/EEC, OJ L 100 of 17.4.1980.

(3) COM (80) 893 of 31.12.1980.

The 1980 directive, known as the Listing Particulars Directive, is part of the EC Community effort to build up a body of legislation designed to harmonise company law. It aims to render equivalent in the member countries the guarantees offered to investors, and to give them more protection by co-ordinating the requirements for the drawing up, scrutiny and distribution of listing particulars to be published for admission of securities to official stock exchange listings. The earlier directive contains provisions relating to information to be published by issuers whose securities are admitted to official listing, in particular when exceptional events occur likely to have a significant effect on stock exchange prices. A further directive is under discussion concerned with information to be published on a regular basis.

These directives do not cover securities not officially listed. The Com-

mission believes that investors in non-listed securities also need protection and this requires that information concerning them and their issuers should be available when the securities are first offered for subscription or sale to the public, whether or not they are subsequently admitted to official stock exchange listing.

The Commission notes that even in those member countries in which the market provided by the official stock exchange is the central market, a number of public offers take place outside the stock exchange, and investors do not, therefore, have the benefit of the safeguard which are associated with admission to official stock exchange listing. Furthermore, only five Community countries (France, Belgium, Luxembourg, the UK and Ireland) require a prospectus to be published on the occasion of an offer of securities to the public, and the requirements for information widely differ. The object of the new draft directive is to make safeguards available to investors throughout the Community and to make it easier for them to buy securities in member countries other than their own. In the Commission's view it would not be fair, in the circumstances, to limit protection only to stock exchange listings.

### **Scope of the Draft Directive**

The Commission's proposal covers only non-listed securities, and would impose the obligation to publish a prospectus not only on the 'classical' occasion of an issuer offering its securities for *subscription* to the public, whether directly or by means of a financial intermediary action on its behalf, but also where offers of *sale* are made by shareholders. The scope is, therefore, wide, but provision is made for the competent authorities to exercise a certain power of discretion to take account of individual cases.

While there is no precise definition of a 'public offer', it would be considered as such when 'not addressed to a restricted circle of persons'. Member countries would have to determine what is meant by 'restricted circle of persons' having regard to the number

of persons to whom the offer is addressed and, if appropriate, having regard also to their nature, to the amount on offer, and to the means of publicity used for making the offer.

The Schedules detail the information to be published relating to shares, debt securities, and certificates representing shares, similar in content to that contained in the Listing Particulars Directive, but with suitable adaptations to take account of different circumstances. In certain limited circumstances, e.g. where a shareholder or financial intermediary

would not be in possession of such detailed information as required by the Schedules, provision is made for exemption from publishing certain information when a public offer for sale is made.

There is also provision for co-operation between the competent authorities in the case of public offers affecting more than one member country, with a view to establishing, as far as possible, a common text for the prospectus to be published in each country.



**Delegation of the Commission of the European Communities to the United Nations**

Head of Press and Information:  
Michael Lake

Deputy Director:  
Ann Polya-Ramsey

Press and Information Office  
1 Dag Hammarskjold Plaza  
245 East 47th Street  
New York, NY 10017  
(212) 371-3804

Return Postage Guaranteed

Bulk Rate  
U.S. Postage  
Paid  
Permit No. 9856  
New York, NY