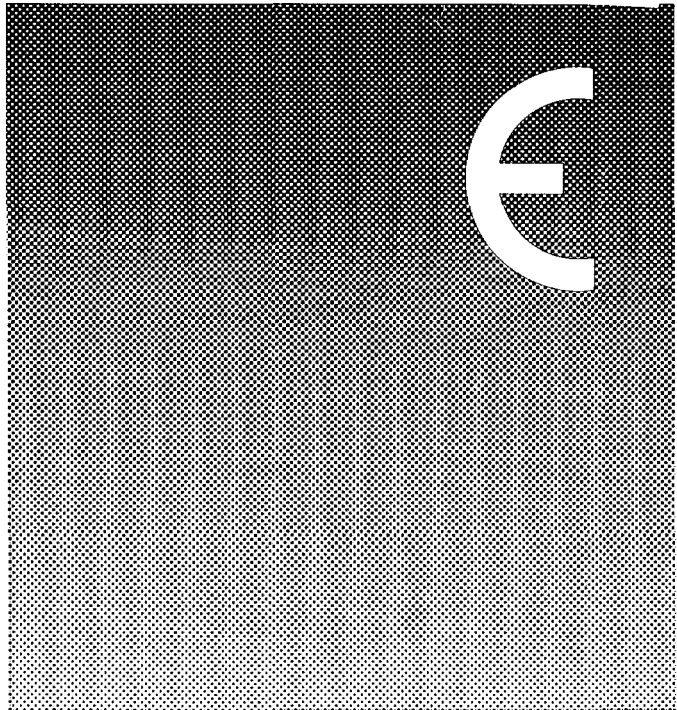


Programme of the Commission for 1982-83



This booklet contains the address which Mr Gaston Thorn, President of the Commission, delivered to Parliament on 16 February 1982 and also the Commission's outline work programme for 1982-83.

Commission of the European Communities

**Programme of the Commission
for 1982-83**

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**Address by
Mr Gaston Thorn,
President of the Commission,
presenting the Commission's
programme for 1982-83
to the European Parliament
on 16 February 1982**

*Mr President,
ladies and gentlemen,*

The traditions of this House require the President of the Commission to present the Commission's outline programme in February each year. But this year of all years my address and the debate which will follow cannot be regarded as just another ritual.

A fortnight ago the Commission adopted its outline programme. The document now in your hands sets out the main lines of action which the Commission will be pursuing over the months ahead. It would be tedious and a waste of time for me to go over the same ground.

Instead, I would like to offer you my analysis of the political and economic context and go on from this to indicate the major options and priorities which, to my mind, offer the most effective response to the challenges of the day.

The Community is in danger. Within its frontiers cohesion is compromised by the economic crisis which is rousing the old demons of protectionism, the illusion that salvation lies in going it alone. Outside, the Community is having to contend with the aggressive behaviour of its trading partners just when it should be working for the survival of its traditional industries and promoting the rise of those which hold the key to industrial development in the future.

The problems are awesome and forbidding. But I have not come here today to preach defeatism. The political options that I will put to you can, indeed must, serve as a springboard for the revitalization of the Community. The Community must emerge from its present tribulations more united, more confident

and more assertive on the world scene. The alternative is irreversible decline for the nations which form it.

I know that I can rely on this House to discuss my analysis and, I hope, endorse my options.

The economic and political context

The economic situation within the Community is still disturbing. In fact it worsened in some respects during 1981. I am thinking above all of unemployment, which has reached proportions unprecedented since the end of the war. At the end of last year no less than 10 300 000 people were looking for work. That's 9.3 % of the working population and an increase of 28 % in one year! The under-25s account for 40 % of all the unemployed.

The prospects for growth offered by present economic policies point towards a steady rise in unemployment. A decade ago today's unemployment figures would have been regarded as beyond the limits of the socially acceptable. We underestimated the limits. But if we fail to act now, we may be faced with serious problems of social stability one day. The economic cost of unemployment is broadly comparable to the oil bill, to which we attach so much importance. The social cost is incalculable.

For a number of years, our investment record has been poor. The proportion of resources devoted to investment is down by several points, instead of being on the increase, given our needs in terms of industrial restructuring and energy.

The lack of investment is worrying in more ways than one. To begin with, we are not creating the jobs needed to provide employment for an active population that is still growing quite rapidly. Secondly, we are slowing the pace of technological innovation which investment brings. Thirdly, we are impairing our competitiveness, which will increasingly depend on our ability to produce at competitive prices and move into technologically-advanced products.

The unrelenting recession is strengthening the temptation to go it alone which will eventually lead to fragmentation of the internal market. The proliferation of national aids could well undermine our best efforts to promote integration. The Community is lurching from wine war to turkey fight to budget dispute. Even restructuring of the steel industry is being slowed down because no-one will willingly accept redundancies in regions already hard hit by the crisis. There are many more examples. It is essential that we deal with the threat to the single market.

The single market is a priceless, irreplaceable asset; it has been a source of growth, employment, productivity and general wellbeing since the Community saw the light of day. The short-term advantages of increased protection are negligible compared with the cost — admittedly more difficult to quantify — of a renationalization of markets.

The Community could not survive the destruction of the single market. Each and every government needs reminding of this. If it were to founder, the Community's policies — the common commercial policy for instance — would lose their *raison d'être*. Even the common agricultural policy, founded on the twin pillars of free internal trade and Community preference, would not last long. Recent events illustrate this all too clearly.

Our relations with the United States and Japan are getting more and more strained as the crisis bites deeper. A major dispute is building up with the Americans over steel and agriculture and with the Japanese over the trade balance. As markets contract competition becomes fiercer and tends to spill over into other areas. Ultimately the very basis for the mutual guarantees which ensure effective freedom of trade and competition is put in jeopardy.

Every day we see how difficult the world's democracies are finding it to maintain a modicum of political cohesion. Do we really want to go to war over economic questions which, important though they may be, pale into insignificance beside the political challenges facing us? This is the message that we have tried to convey to the highest levels in the US Administration.

The May mandate

The Commission's May mandate report dominated Community business in 1981 and will continue to do so in 1982.

Events have clearly shown that the Commission was quite right to insist from the outset that the mandate could not be interpreted solely in budgetary terms. Its view was that a solution to the Community's problems could only be found by making an immediate start on laying the foundations for a second-generation Europe.

You will recall that the Commission recommended a three-point programme to give fresh impetus to the Community and restore its cohesion.

Point 1 was to revive the process of European integration by restoring economic and monetary solidarity and developing the Community policies which will provide the answers to the new challenges of the 1980s.

Point 2 was to reform and adapt the aspects of the common agricultural policy which are not entirely satisfactory, but without throwing out its basic principles.

Point 3 was to resolve the budget problem temporarily by whatever measures are necessary until such time as the development of common policies furnishes more lasting solutions.

The need to give the Community fresh impetus was evident when we wrote our report last June: subsequent events have borne this out. I have just outlined the difficulties confronting us. They will not be solved by larger doses of nationalism. The message from Parliament and the Commission is the same: the remedy has to be greater solidarity and further integration. This was and still is fundamental to the position which coloured the Commission's report and subsequent proposals.

In our proposals, we were looking for solutions to two problems which are causing growing concern: adjustment of the common agricultural policy and the United Kingdom's budget problem.

Our position on the common agricultural policy is underpinned by a number of basic truths. The result of 20 years' application of the CAP is positive. Set against what has been achieved, its total cost is not excessive. Every country needs an agricultural policy and it is worth remembering that the policies pursued by the Community's main competitors are just as costly, even when compared with the total of Community expenditure and the frequently much higher contributions of the Member States.

Because of the very success of the CAP and improvements in agricultural productivity, the Commission believes that adjustments ought to be made so that it will be easier to control the effects of the operation of market organizations (surpluses and cost to the budget). It believes that this can be achieved without jettisoning the three interrelated principles on which this policy has always rested.

The best way of ensuring the survival of the CAP is to make the adjustments which its past and future success demands calmly and before it is too late.

But to do this we must have a clear idea of the kind of agriculture Europe wants. The modernization process on which competitiveness depends must be pursued, but it must be reconciled with the need to avoid a massive flight from the land which would be quite unacceptable in the present situation. Hence the Commission's desire to remain alive to the problems of the incomes of small farmers and handicapped regions.

If we can agree on clear options, the rest is mainly a matter of technical detail calling for a little imagination. But if this agreement is not forthcoming, it will be a sign that we no longer even know in which direction we want to go.

The United Kingdom's budget problem has perhaps been the biggest obstacle to a satisfactory conclusion to discussions on the Community's future.

We should be quite clear about the reasons for the deadlock. To begin with, the economic crisis leaves nothing to spare in national budgets, and contributions to the Community budget are therefore viewed — rather short-sightedly — as a luxury to be kept for more prosperous times. There are also differences of opinion about the function of the Community budget : it is not an equalization mechanism designed to give back exactly what each has paid in, nor is it strictly comparable to a national budget. We have only to look at the relative sizes of the Community budget, which amounts to 0.8 % of the Community product, and national budgets, which can account for up to 50 % of national products. There is no comparison. Finally there are differing views about how the budget should develop in the medium-term. The Commission remains convinced that the development of common policies cannot be constrained by an arbitrary limitation on the resources available.

Our first task must be to resolve the question of what is referred to as the United Kingdom's budgetary imbalance — a problem which the governments recognize — without undermining solidarity between the Member States and without changing the fundamental characteristics of the Community budget. But the difficulty is that if compensation to the United Kingdom is financed solely from own resources — and there is no reason why it should not be — virtually all the available margin would be used up.

Like Parliament, the Commission has never taken the view that the Community's future can be dictated by the unthinking respect for the 1 % limit; we have no intention, either, of slowing down development of our structural policies or giving up joint financing of the common agricultural policy. To do so would be to accept stagnation.

Taking the step of proposing new own resources is much more than a budgetary matter. It means persuading the Member States, national parliaments and public opinion that the Community has something to offer which warrants a further transfer of resources. This House and the Commission are now faced

with a new imperative — I no longer dare to call it a mandate — to put a convincing Community project to our people. This must surely be our overriding priority with a view to the direct elections due in 1984, which will constitute an historic turning point, not just for Parliament, but for all those who have pledged themselves to the construction of a united Europe. This deadline is rapidly looming closer.

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A great deal of time and effort has gone into discussing the three facets of the Commission's report. At the beginning of January I myself tried to work out a compromise solution at the Foreign Ministers' request, but to no avail. Agreement still eludes us. It is hard to view this deadlock with equanimity.

The bones of contention may appear trivial, but the fear they raise is that they are simply a front for our governments' waning commitment to Europe or at least for fundamental differences on the structure and purpose of the Community.

I have no wish to minimize the importance of the points on which agreement was reached by the European Council. These include new Community policies in sectors such as industry, energy, research and development and an increase in the Community's borrowing and lending capacity.

My immediate aim is to try to persuade governments to come to an overall agreement as soon as possible, at the latest at the European Council in March. The talks which Mr Tindemans and I will be having with the governments of the Member States in the weeks ahead will enable us to see how much agreement has been reached on revitalization of the integration process. If full agreement is not forthcoming within this time, the Community will face an identity crisis. The Commission would have to make a complete appraisal of what the Community is and what it is to become, without losing sight of the gravity of the

situation and its institutional role. This House may rest assured that the Commission will involve it in its appraisal.

Economic recovery

For many years now the Community has made nothing like full use of its economic potential. This has led to a seemingly inexorable rise in unemployment. There is little inclination to invest because industry sees no point in increasing production capacity when existing plant is already lying idle.

Hopes of a recovery have been dashed time and again. Moderate growth was forecast for 1981, but the economy contracted instead. A few weeks ago we were still hoping for a 2% increase in GDP in 1982; it now seems that this forecast might have to be revised downwards.

The time has come to take a critical look at our economic policies. I am not suggesting that we should abandon our policies of restraint and control, particularly on monetary matters, public finance and incomes. Those policies are still essential.

But, while we continue a policy of restraint, we must also try to create a more favourable environment for employment and investment. We cannot afford to sit back and wait for growth to return of its own accord, as if by miracle, when the present process of adjustment is complete.

The reasons why I lay such emphasis on investment and employment is that they are both the main goal of our economic policy and the best way of achieving it. I am duty bound to make unemployment the focal point of our concern in order to avoid leaving our young people a legacy of nothing but submission and humiliation. Our societies must show that they are resilient enough to bounce back.

We must build our economic future ourselves, and not wait for Providence to reveal to us once again the lost secret of growth. The crisis will not go away unless we have a strategy to drive it away, and the heart of this united strategy must be top priority for investment.

I therefore propose that a plan be launched at Community level to give new impetus to investment by providing Community contributions to top up national measures.

In the first place, investment must be taken to mean public investment in the wider sense of the term. Not only must we modernize our infrastructure, but above all we must step up energy investments.

The challenge of the 1980s will continue to be the challenge of energy, and our response to it will to a large extent determine the outcome of the battle for employment.

Investment in energy improves employment prospects in two ways: like all investment it helps to increase the level of activity. But it also eases the strain that the oil bill imposes on the balance of payments. In 1981 this bill amounted to 4 % of GDP.

That figure shows more clearly than words how little leeway we have left to work towards our growth and employment objectives. We must recover that leeway. Governments have a decisive role to play in energy investment policy, not least because they provide a large part of the money.

But investment is above all a matter for businesses. Businessmen must be given assurances of a more stable and predictable economy if they are to be expected to be more positive in their thinking and planning.

One such assurance would be for governments to demonstrate clearly their determination to tackle the crisis effectively and guarantee monetary stability. The proposals that the Commission will shortly be putting forward for the

consolidation of the EMS, to which I shall return later, should be seen as a step in that direction.

Interest rates also play an important part in investment decisions. The rise in recent months has been caused by external factors, particularly in the United States. Only if we concert our action within the Community and put up a common front against the Americans can we hope to reduce the powerful dissuasive effects of current interest rates.

What can the Community do to help revive investment? The chief instruments, the important decisions, it is true, lie in the hands of the governments. But the Community's role will be to provide the necessary impetus and to ensure that national efforts are all moving in the same direction so that they will not be cancelled out by mutually incompatible action. The Community will above all be supplying the framework for a coherent plan of action designed to achieve maximum effectiveness and complementarity, as should always be the case in a community.

But we also have budgetary means, albeit very modest, and more substantial financial resources which have been regularly increased in recent years and concentrated more and more on energy. This is where we will see just how important it is for the New Community Instrument to be expanded.

Another contribution the Community can make to promoting investment and industrial development is to lay the foundations for an industrial strategy. This must rest first and foremost on the internal market, which needs to be protected from the many assaults being made on it and strengthened so that it can play its own vital role in the creation of a modern industrial base. We presented this strategy in a paper last October. The aim is to create a genuine European industrial area on the basis of real Community preference deriving from consolidation of the internal market, establishment of the legal framework for forming European companies, stronger incentives for research, development and innovation and bold measures concerning public procurement designed ultimately to break national monopolies.

Investment creates jobs, both directly and indirectly. But with unemployment increasing, we cannot simply wait for economic expansion to start producing its effects in the medium or long term. We must maintain an unflagging search for ways of stimulating demand for labour, making recruitment easier, and eliminating difficulties caused by administrative formalities, legal requirements and traditions. Here too, the main work will be done in the Member States or in the regions. But the Community has its part to play, and in the coming months we will give proper shape to the ideas outlined in the mandate report and the subsequent communications. We will begin by working out a common approach on matters such as vocational training and the reorganization of working time to support whatever action is taken in each of our countries and preclude any distortions of competition.

The rules and operation of our major structural funds will then have to be reviewed so that they can be better tailored to meet present-day needs. You have our proposals for reform of the Regional Fund. We are also seeing how the rules of the European Social Fund could be similarly revised and we expect to be able to present proposals to you in the next few weeks.

Finally, we must together do something specific on the employment front along the lines of the project already proposed by the Commission, which is designed to offer young people between the age of 16 and 18 an alternative to unemployment in the form of vocational training, further schooling or concrete job experience.

These, then, are the main lines in the battle for employment and investment. The Community is confronted today with a need for change which is almost as pressing as after the Second World War. What is at stake is its ability to maintain its position among the industrialized nations, to transform the widespread feeling of resignation which currently prevails among the young into a will to win, and to find the way forward once again in pursuit of common objectives.

I mentioned the EMS earlier. I can come back to it now. It is very important for three reasons. First of all, recent developments in international monetary

relations have appreciably increased instability in exchange rates and interest rates; the Community must make it clear that it is determined to reduce this uncertainty. Second, the fact that the EMS has worked well since it was set up gives ample justification for strengthening the system. Third, it will pave the way for an institutional development later.

The action which the Community will have to take is on two fronts. Firstly, on the internal front, there will have to be greater coherence within the system, the use of the ECU will have to be promoted and tangible progress must be made in achieving convergence of economic performances. For any strengthening of the system will be doomed to failure if the method and the results of coordinating policies are not considerably improved, and there have not been sufficient improvements in recent years.

But there is an external dimension to development of the EMS, which is particularly critical in the present world situation: the gradual establishment of effective monetary cooperation, organized in the first instance with the United States on exchange rates and interest rates, is now a necessity that all the Member States acknowledge. For months now the Commission has been pressing for talks on changes to be made in relations with the dollar: today the need for these talks is more urgent than ever.

For the Commission, this restatement of European monetary identity has a double symbolic value since it affects both mutual solidarity and discipline. I am pleased to report that the discussions we had in the Commission yesterday on the basis of the ideas and concepts we have been promoting untiringly for a number of months are fairly encouraging. There is at last evidence of a real determination to make progress in a vital area which I see as a test of our capacity to take decisions together and hence of our political cohesion.

This view of the economic policy requirements will guide the Commission in making whatever proposals are necessary.

External relations

Our external relations remit is particularly important this year with the economic crisis sharpening tensions on the international scene and East-West relations under strain.

The credibility of our external relations policy is a function of our internal cohesion and our ability to act consistently on behalf of the Community. We must all accept one basic fact: as soon as there is the slightest suspicion that we are not operating from an agreed position, our policy is weakened. This is why the Commission's ability to negotiate varies from one set of talks to another. If the individual Member States conduct parallel discussions, the Community's negotiating clout is obviously reduced. For instance, the Commission carries more weight in international discussions on steel and agricultural products than it does in talks on energy and monetary matters.

This general observation applies particularly to relations with Japan, a country which is exceptionally competitive in so many areas.

Japan and the Community are equally bound by internationally accepted rules. The Community is justifiably concerned by the imbalance in the development of its relations with Japan and by the worsening of its trade deficit. If Japan is to face up to its responsibilities as a major trading power, it must help to make the international economic system work, accepting the constraints along with the very substantial advantages. It owes it to itself to open up its domestic market, and I am thinking here of economic activity in general, not just trade. In banking and services, for instance, the Japanese should allow our firms the same degree of access as we allow theirs. Furthermore, Japan must recognize the need for voluntary restraint on certain exports, for it stands to gain if we succeed in putting our economic house in order. This is the philosophy underlying the present negotiations.

The Commission genuinely welcomes the market liberalization measures recently announced by the Japanese Government as a step in the right direc-

tion. But it feels that the obstacles to exporting to Japan are still formidable. This is why a new initiative is called for. It has therefore proposed to the Council that negotiations with the Japanese be actively pursued within GATT, under Article 23. Only if the Community acts as an entity—perhaps in concert with other GATT members—can it hope for positive results.

In the long term our success in meeting the Japanese challenge will depend on whether or not we are capable of providing the Community with an industrial strategy that will favour the emergence of competitive European firms.

The development of our economic relations with the Eastern bloc has been put in jeopardy by the drama in Poland and by East-West tension; all the difficulties latent in close relations between two such different political models and the ambiguity this inevitably engenders on the economic front have suddenly been brought to the surface. We have a difficult choice ahead of us.

It is clear that there can be no question of business as usual after the tragic developments in Poland last December. We condemn the brutal stifling of the hopes of the Polish people. The Community must support any moves to end the present oppression.

Today progress towards the normalization of relations between the Community and Eastern Europe—a development which we supported—has unfortunately been halted through no fault of ours.

But perhaps our main concern is the deterioration of relations with the United States, a country with which we have so many links. Our differences—it must be said—could escalate into something much more serious than the present trade dispute which has been exacerbated by the economic crisis and by domestic problems. We get the impression that Europe and the United States are beginning at times to doubt and hence distrust each other.

This development can be traced back to unfavourable interpretation of reactions on both sides of the Atlantic to recent political crises in various parts of

the world. It also reflects the changes which have radically reshaped American and European society since the war, influencing new generations and giving birth to new ideologies.

Against this background, trade tensions in steel and agriculture, though not new, are assuming an added dimension and becoming more difficult to deal with on their own merits. They are the rock on which the commercial and economic pact which has linked us for so long with the United States could well founder.

I am deeply convinced, rightly I hope, that with the help of meaningful dialogue the strong ties of common values, strategic interests and a shared destiny will enable us to preserve a strong and balanced alliance.

This does not preclude keen competition between Europe and America. The strategy worked out with the United States is quite clear: preservation of an open trading system and strict compliance with the GATT rules. We will not waver in our determination to ensure that the rules of the game are applied without distinction by one and all.

But our differences with the United States are more than purely commercial. Of particular concern to me are our divergent views on North-South relations and on the form and substance of future dialogue.

American economic and monetary policy and its corollaries—a budget in deficit and high interest rates—are imposing enormous burdens on the entire world economy. The countries of the Atlantic Alliance have now reached such a degree of economic interdependence that the preservation and development of trade within the Alliance is not feasible without closer coordination of economic policy. Failing this, increasing economic hostility would soon lead to political tension, something we obviously want to avoid.

The economic crisis is undoubtedly generating and aggravating tensions in Community relations with East and West alike, but there is no escaping the fact that its real victims are the developing countries.

The current deadlock in the North-South Dialogue makes the consolidation and expansion of cooperation between the Ten and the various groups of developing countries more urgent than ever. If the Community does not wish to run the risk of losing the political credibility built up on the strength of its development record, it cannot afford to abandon its objectives for the North-South Dialogue, as set out in the report endorsed by the European Council in June last year; it can act either on its own, or in conjunction with its Western partners or in association with like-minded oil-producing countries, but act it must.

Ten years ago the Paris Summit laid the foundations for the Community's development policy. Preparations for the renewal of the Lomé II Convention are about to start, and this is an opportunity for rethinking the aims, geographical bias and instruments of action on this front. The Commission would like to organize a debate, involving Parliament and the Council, to formulate the nucleus of its development policy for the 1980s. It will present the relevant proposals by the summer. At the same time it will press on resolutely with the campaign to combat hunger in the world, notably by means of the plan of action adopted by the Council at its instigation last November.

There is a lesson to be learned from all these facets of our external relations, and it is this: more than ever before, the Community must speak with a single voice on the international scene, to defend its legitimate interests and affirm its political and cultural identity.

Institutional matters

I should like to say something now about the institutional problems facing the Community today. Some call for immediate attention; others are linked to its long-term development.

In my programme address last year I stressed the supreme importance, especially at a time like this, of restoring good working relations between the Community institutions. It is, I think, inherent in the Community structure that Parliament, the Council and the Commission should vie with each other for influence: let us be realistic about this. But there must be sufficient cooperation between them to allow constructive solutions to emerge at the end of the day. This, as you know, has not always been the case—the budget is just one example, albeit a notable one, which you have often mentioned, Mr President. The Commission is glad that there are at last to be consultations between the institutions on the classification of expenditure and firmly intends to participate to the full. We are hoping for a political solution which will obviate the need for reference to the Court of Justice and will open up the prospect of a trouble-free budgetary procedure.

But apart from this esoteric squabble about the budget, what are our real problems? Anyone who keeps abreast of Community affairs knows the answer, but there is no harm in repeating it: they are Parliament's inadequate powers — I say that in all sincerity — and above all the Council's inability to take decisions.

This House envisaged a number of ways of strengthening its role in the resolutions it adopted last July. But the immediate course of action open to us is to improve and strengthen the conciliation procedure. Last December we sent a proposal to you and to the Council. We will continue our efforts to see that the Presidents of the three institutions consider the matter and reach a decision before summer.

It is of fundamental importance to the Community that the Council conquer its inability to take decisions at a time when there are so many important decisions to be taken. We must convince public opinion of the importance of our governments and nations renewing their political commitment to European integration. But in the everyday running of the Community, things would be so much easier if the rules of the Treaty were applied—by this, of course, I mean the use of majority voting in the many areas where it was intended. Wider use of majority voting is indeed coming back into favour, and I ask you to help see

that it stays that way. Mr Tindemans has made his intentions on this subject very clear and the Commission will stand by him and do everything it can to persuade members of the Council, in other words the governments of our Member States, to face up to their responsibilities.

When we tackle our immediate problems, we should never lose sight of our longer-term objective.

The Commission's views on European Union and its commitment to the idea are well known to this House and I will not repeat them here. We have welcomed the recent initiative taken by Mr Genscher and Mr Colombo, many of whose priorities coincide with mine. The Commission will play its role in the examination of the Genscher-Colombo initiative and be guided by the following considerations: we need above all to preserve and develop what we already have. In developing new ways of working together, such as extending the activities of intergovernmental cooperation as proposed in the draft Act, we must ensure that the integration process is safeguarded and strengthened, and the cornerstone of that process is, and must continue to be, the Treaties.

The Commission is obviously in favour of extending political cooperation to areas not previously covered. But it does not believe that this can or should be regarded as a substitute for progress in developing common policies or used as a pretext for failing to tackle real policy difficulties.

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I would like to say one final word about your new Committee on Institutional Problems. We welcome this initiative and are fully aware of the difficulty of the task undertaken. We are prepared to go with you along this path. We will give you all the practical and technical assistance we can and will involve you fully in deliberations on political issues.

I would not like to leave you with the impression that the Commission will devote all its attention to the major issues I have just discussed, neglecting the rest of its outline programme. This would be quite false. There is obviously no question of, say, fisheries and enlargement taking a back seat. Indeed, the Commission will make a determined effort to ensure that concrete progress is made in these two areas before the year is out.

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Conclusions

It is clear from my analysis that the Commission has a special mission at this juncture: to convince the Member States and, more important, the general public that there is no alternative to the Community, that it is the only effective remedy for the ills that plague us.

The Community has two options: it can admit defeat in the face of centrifugal forces, or it can fight on to attain a higher level of integration and hence of development.

For the Commission there is no choice. We cannot contemplate surrender. We will fight on.

**Outline programme of the Commission
for 1982-83**

I — Introduction

1. The purpose of the second outline programme of this Commission is to set out the essential tasks that the Commission intends to accomplish during the period under consideration. The programme establishes the framework for policy action, thus tracing the main policy guidelines for the Commission's work in 1982 and early 1983.

2. The programme will also enable the Commission to plan its work more effectively. Taking its cue from the 1981 programme, the Commission is establishing horizontal guidelines for the work of the departments; this should ensure greater homogeneity of Commission activity and the most effective possible use both of staff and of material and financing resources.

3. The main activities of the Commission in 1982-83 will still be dominated and determined by continuation of the work decided in 1981 and by the follow-up to the Commission's mandate report of June 1981 and the subsequent communications from the Commission to the Council.

4. The Commission grasped the opportunity offered by the mandate to rethink all the Community policies with a view to strengthening and diversifying European integration by harmonious development of the various Community policies.

It is therefore quite natural that the bulk of the Commission's priority tasks for 1982-83 should consist of the work required to give effect to the mandate. Chapter III below covers the guidelines and the main operations deriving from the Commission's various communications and from progress in the Council.

5. The basic problems facing the Community and its Member States, which were already set out in the 1981 outline work programme, still beset the Community economy and have grown even more disturbing over the last year:

- (i) the problems of unemployment, inflation and sluggish growth have proved extremely intractable, the sharp increase in unemployment being particularly serious;
- (ii) the Community is also faced with the need to adjust to a series of far-reaching changes in the world economy. The main features of the present situation are

the monetary uncertainty, the lack of a sound international monetary system, the need for thorough industrial reorganization, the external energy constraints with the burdens they impose on the trade balances of the oil-consuming countries, and fierce scientific and technical competition.

II — Political priorities

6. In this situation it is more urgent than ever for the Community to act to consolidate all aspects of European integration and to restimulate the development of the various Community policies. The Commission is aware of the link between such revitalization and the problem of own resources.

It therefore deeply regrets that, despite all the efforts deployed, a general consensus on the three main sections of the mandate, namely the common agricultural policy, the development of other policies and budgetary problems, has still not been reached in the European Council. It will make sure that the failure of 25 January does not disrupt the normal functioning of the Community. Its proposals will be presented in due course: there must be no attempt by the Council to link together Council decisions without good reason.

The Commission will press on with its efforts to expedite agreement within the European Council on the basis of its proposals with a view to reaffirming and reactivating European integration.

This will be the Commission's first priority.

7. The Commission attaches special importance to the formulation and implementation of an overall economic strategy; it feels that 'the greater discipline and solidarity that this would entail would open up new prospects for stable, and therefore lasting growth and fuller employment' (Commission report on the mandate of 30 May 1980, point 9).

The main aim of this strategy must be to fight unemployment and inflation and encourage convergence by promoting productive investment and improving competitiveness—the only means of creating permanent jobs, reducing unemployment and producing sustained economic growth—but not, however, without due regard to the effective protection of the environment.

This will be the Commission's second priority.

8. Follow-up action on the other aspects of the mandate will be the Commission's third priority in 1982 and on into 1983. Irrespective of the encumbrances on Community activity, the Commission will present the necessary proposals and defend them in Parliament and in the Council.

The guidelines for this action and the projects to be carried out are given in the following Chapter.

9. In November last year, in an attempt to reactivate European Union, the German and Italian Governments presented a draft European Act and a draft statement on questions of economic integration. The Commission welcomed this initiative and has offered to assist with its implementation.

The European Council in London on 26 and 27 November called on the Foreign Ministers, in cooperation with the Commission, to examine and clarify the German-Italian proposals and to report back at a later date.

The Commission intends to give priority to the political and institutional revitalization of the Community. Its action will be based on the general approach outlined by Mr Andriessen when he addressed the European Parliament on 19 November and on the observations contained in its communication of 7 October on relations between the Community institutions.

The Commission would stress the need for both political cooperation and the Community institutions to be strengthened together, in particular the institutions must improve their capacity to take decisions.

Effective decision-making machinery within the Council—which means the possibility of majority voting—and the strengthening of the position of Parliament are essential for the further development of the Community.

The Commission would very much like to see a prompt decision on the proposal it made in December for improving the legislative conciliation procedure.

At a general level the Commission will watch with interest the proceedings of Parliament's new committee on institutional problems, in which it intends to play a full part.

10. Completion of the negotiations on Community enlargement to include Spain and Portugal will remain one of the Commission's priorities.

Enlargement must benefit all the parties concerned. The Commission feels that the importance of the Mediterranean regions will be even greater in an enlarged Community. It therefore intends to take all the necessary steps to strengthen cooperation with its Mediterranean partners in the different areas concerned.

In this connection, action aimed at the balanced economic development of the Community's Mediterranean regions, which will bear the brunt of enlargement, is of prime importance; the Commission would refer to its communication to the Council of 26 October 1981 on Mediterranean programmes (COM(81)637 final) and the plans that were outlined in it.

III — Areas for priority action, including follow-up to the mandate of 30 May 1980

11. One of the Community's main objectives is to restore a satisfactory level of employment in the long term, and this, in turn, will depend on the revival of economic growth in the Community. The points below set out the Community policies and instruments necessary to achieve this objective within the framework of an overall economic strategy.

A. Economic, monetary and financial policy

12. The Commission will undertake a range of measures:

- (i) search for tighter economic discipline with a view to more effective coordination of national economic policies;
- (ii) increase in the compatibility of the main economic and sectoral objectives of the Member States with the maintenance and strengthening of the Community and with the consolidation of the EMS;
- (iii) development of the EMS as a key factor for progress towards Economic and Monetary Union and creation of a European Monetary Fund. This will require more closely concerted national monetary policies, increased use of the ECU both for Community borrowings and on the capital markets and improved coordination with the major economic powers outside the Community, with particular reference to policy on exchange rates and interest rates;
- (iv) measures to promote and support investment, which is a *sine qua non* for the success of an economic strategy to develop employment and improve competitiveness. The Commission will be endeavouring to step up the use of the NCI, in particular for industrial and technological development projects for small and medium-sized businesses, the rational use of energy and infrastructure of Community interest.

B. Employment and social policy

13. The Commission will pursue the employment strategy which it set out in its communication to the joint Council meeting on economic and social affairs in

June 1981 and in 1982 will ask the two sides of industry and the various Ministers concerned to join with it in assessing the work to be done and in seeing it through.

14. This strategy is as follows:

- (i) in view of the gravity of the problem of inflation and its interaction with other economic and social factors there should be an appraisal of Member States' experience to date with a view to diversifying anti-inflation policies and directing them so that they will make the best possible contribution to economic recovery;
- (ii) new areas should be sought for employment growth, including energy and new technology, the accent being laid in particular on job creation via small and medium-sized businesses, cooperatives and other local initiatives. A number of priorities have already been communicated to the Council in the Commission paper on job creation (COM(81)638);
- (iii) there should be a review of the relationships between public expenditure and employment growth on the one hand and social security systems on the other;
- (iv) the possibilities of adjusting the annual volume of working time must be fully exploited, with allowance being made for the need to maintain the competitiveness of the Community. The Commission will follow up its proposals on part-time work and flexible retirement with a proposal on temporary work;
- (v) the youth employment policy will introduce a 'social guarantee' for the first two years after compulsory education. Stronger emphasis will be laid on direct job-creating measures for young people between 19 and 25, the handicapped and the chronic unemployed;
- (vi) talks with workers' and employers' representatives will keep up the constant search for a social consensus covering inflation, unemployment and incomes.

15. The need to review the operation of the Social Fund in 1982 will be the opportunity to make provision for increased Community intervention. The present effort to promote vocational training will nevertheless be continued. Similarly, attention will be paid to job mobility, in particular where there has been industrial restructuring as a result of Community decisions. The Social Fund may be given new tasks, depending on the development of the general employment situation. The Fund's resources will be channelled in particular to the regions where they are most needed, including those affected by the decline of traditional industries.

16. The Social Fund will have to continue growing in real terms in order to satisfy the demand for measures in the area of research.

C. Internal market and industry, energy and R & D strategy

(a) Building and consolidating the internal market

17. Given the persisting economic crisis and the need for far-reaching structural reform of industry, the building and consolidation of the internal market will remain a priority area of Commission activity. The Commission's first aim will be to secure the adoption by the Council of a number of proposals designed to remove barriers to trade within the Community and to establish a climate of confidence for business activity in the common market.

A special effort will be made in the following fields:

18. *Promotion of healthy competition.* The Commission will continue its endeavours to secure transparency of public aids so that it can pursue a rigorous but balanced policy in this respect. It will ensure that aids given to crisis industries and firms are such as to restore financial viability and competitiveness and can accordingly contribute to medium and long-term employment prospects without unduly distorting competition. The Commission supports aid for advanced technology, R & D, energy and raw material savings and environmental protection, provided the aids really are necessary and the investment depends on them. But the Commission is planning to scrutinize them more strictly since, although they do help to make European industry more competitive in the world, they can cause some substantial distortions in the internal market.

19. *Liberalization of rules governing public procurement.* In certain cases it might be easier to throw open Community public contracts if the exclusive powers enjoyed by the public authorities and national agencies were integrated into a European body responsible for formulating supply policy or if the Member States' authorities were to concert their policies at Community level.

20. *Creation of a free market in services* as provided for under the Treaties and progress towards the recognition of the equivalence of vocational qualifications.

21. *Establishment of a common legal and tax framework for Community industry.*

22. *Simplification of formalities* at borders between Member States to a degree at least equivalent to what has been achieved with such great success in the Benelux, and in particular simplification of VAT regulations and a sizeable increase in tax-free allowances for intra-Community operations:

- (i) regarding VAT procedures, taxable persons should be enabled, on their own responsibility, to defer payment of tax due in the Member State of destination within the framework of the periodic obligations which they have to meet by reason of their business activities in each country; it will be for the authorities of the Member State of destination to verify the accounts of taxable persons and, where appropriate, to perform physical checks on the goods;
- (ii) as regards formalities in intra-Community trade, there should be a single document, such as a standardized form of invoice, to replace all existing administrative papers, though it would have to meet the administrative requirements arising at every stage of the transaction from dispatch to arrival.

These measures will be covered by a proposal for a directive designed to achieve a general increase in the fluidity of intra-Community trade by means of greater coordination of border formalities.

23. *Environment policy* plays an important role in building and consolidating the common market. For one thing, it helps to even out conditions of competition, and for another it contributes towards a rational deployment of natural resources, upon which all economic and social development is predicated; it thus helps to improve the quality of life for the benefit of all the citizens of Europe.

The Commission will accordingly endeavour to secure adoption of the third environment programme by the Council and to integrate its principles into the economic and social development of the Community.

24. *Consumer protection.* Equal importance is attached to implementing the second consumer protection programme and to adoption of several proposals for Council directives for the protection of the health and safety of European citizens and their economic interests.

(b) Industry, energy and R & D strategy

25. Essentially this strategy covers three areas:

(1) Improvement of the productivity and competitiveness of Community industry through the promotion of productive investment

- (i) In new technologies primarily aimed at increasing productivity.
- (ii) In activities which fall within the priority areas defined by the Community, such as energy and R & D, or which are connected with the protection of the environment and directly create jobs.

In this context the following are especially important:

26. *Industrial innovation.* Among the many factors which determine the attitude of enterprises and society towards innovation, the general economic and legislative framework is in particular need of improvement, including tax provisions and financing terms for high-risk investments; in this context special attention will have to be paid to small and medium-sized businesses.

27. The Community action planned will concentrate on:

- (i) the provision of an infrastructure for innovation;
- (ii) the role of the Community's financial instruments;
- (iii) possible tax measures to encourage investment;
- (iv) the role of risk capital.

28. *Training.* The Commission intends to extend its role in the training of management staff and workers in industry by means of Social Fund operations and policy guidelines for training and education. More particularly it will expand its present role in promoting new economic activities by contributing to the cost of training those who want to start small businesses and cooperatives or launch other local job-creating ventures.

29. *Action to promote exports and investment in non-member countries.* In view of the dissipation of effort as regards policy on exports and investment outside the Community, the Commission intends to improve coordination of national instruments at Community level and, where necessary and possible, to introduce Community measures.

Action to promote investment in developing countries will centre on three fronts:

- (i) safeguarding supplies of essential raw materials for Europe;
- (ii) overcoming barriers to the penetration of Third World markets and compensating for our handicap in terms of competitiveness and price by a policy of technology transfer and installation;
- (iii) encouraging consultations and the exchange of information on industrialization policies and prospects in the developing countries.

30. Investment promotion must go hand in hand with continued surveillance of specific industries.

To help industry regain its competitive position the Commission will assume its responsibilities under the ECSC Treaty.

To meet the challenge of the Community's trading partners, it will press ahead with its industry studies, in particular of the textile, motor and machine-tool industries. These can serve as a frame of reference for whatever action is to be taken, be it Community or national, public or private.

Similarly, action to promote new technologies must be based on an assessment of the structures of the industries concerned.

(2) Development of an energy strategy for the Community

31. There are three main elements to the Commission's future work:

- (i) refining the strategic framework for Community action through a re-examination of the Community's quantified long-term (1990) energy objectives;
- (ii) encouraging greater consistency among national energy policies by a rigorous critical analysis every year of the energy programmes of Member States; and
- (iii) specific proposals for new action at Community and at national level to reduce the Community's dependence on oil by diversifying energy supplies and more rational energy use.

32. Within this general context the Commission will focus particular attention on:

- (i) measures to encourage investment in the rational use of energy as an essential element both in energy strategy and in economic recovery. As a complement to proposals already made to the Council it intends to present an action programme in this sector which will embrace all the financial, administrative and normative action that is needed, including the necessary programmes of R & D and technological demonstration;
- (ii) greater consistency in energy pricing and taxation policies. Work is already under way with the Council on the application of the principles of energy pricing agreed by the Community. The Commission attaches particular importance to early progress on greater transparency of energy prices as a precondition to more rational decision-making by consumers and investors. It will be making specific proposals to secure that aim;
- (iii) action to ensure availability, security and competitiveness in the supply of coal, natural gas and nuclear energy as the main alternatives to oil for the remainder of this century. Attention will have to be paid both to the internal Community dimension (notably adequate and appropriate investment programmes) and to the external dimension (satisfactory relations with suppliers);
- (iv) common measures to reduce the risk of renewed instability on the oil markets and unwarranted upward pressure on oil prices. Further work is needed in

particular on stock-holding and stock-management policies, taking proper account of the other main consuming nations;

- (v) accelerating the contribution of new energy sources (solar, geothermal, etc.) to the Community's energy supplies, especially through adequate funding of programmes of R & D and measures to commercialize new technologies;
- (vi) ensuring a consistent and coordinated approach by Member States to energy both in multilateral discussions (the North-South Dialogue) and in all its bilateral relations: The Commission attaches particular importance to the satisfactory development of cooperation between the Community and developing countries in the energy field and it will be examining further the scope for new action within the framework of Lomé II, under agreement with non-associated countries, and in joint financing operations with some of the oil-producing States.

33. The development of *nuclear energy* is essential in the interests of security of supply and reduced oil dependence. It is also a key element of a European economic policy designed to overcome structural problems in the energy sector. In this context safety must take priority over economics, which is why the Commission will pursue its efforts to promote nuclear safety in its concern to make this important source of energy more acceptable to the general public.

(3) Joint strategy on scientific research and technological development

34. Scientific research and technological development is now one of the leading factors influencing not only the competitiveness of industry and the reduction of energy dependence but also the competitiveness of agriculture and the improvement of living and working conditions. For this reason a joint strategy satisfying the following criteria must be vigorously supported:

- (i) the effectiveness of the Community's scientific and technical potential must be stimulated;
- (ii) the Community's achievements and programmes (energy, raw materials, etc.) must be exploited by incorporating them into an overall strategy geared to the Community's main objectives;
- (iii) the competitiveness of Community agriculture must be improved and Europe's self-sufficiency increased;
- (iv) a contribution must be made to the development of the Third World;
- (v) Community research priorities must be more relevant to the present and future needs of industry and access to research results made easier for enterprises;

- (vi) the necessary technology must be made available to essential industries in good time;
- (vii) efforts must be intensified in the new technologies: biotechnology, information processing technologies and communications;
- (viii) the achievement of objectives of common interest must be facilitated;
- (ix) the Community must intervene when, for reasons of scale, national resources cannot cater for major technological programmes and where the smaller Member States would otherwise be at a disadvantage or where a regional imbalance could arise.

D. Regional policy

The Commission's work on regional policy will be concentrated on the following measures:

- 35. Improved coordination of Member States's regional policies with each other and with that pursued at Community level, particularly as regards aids.
- 36. Revision of the ERDF to achieve the following essential changes:
 - (i) an increase in the endowment of the ERDF in real terms;
 - (ii) greater concentration of the quota section on regions with particularly serious structural problems;
 - (iii) an increase in the proportion of ERDF resources allocated to the non-quota section. This should be channelled to regions badly hit by recent problems of industrial decline or the effects of certain Community policies;
 - (iv) development by appropriate aids of the latent natural potential of the regions;
 - (v) better utilization on the ground of Community and national structural instruments through the promotion of integrated development programmes.
- 37. Continuation and extension of the regional impact analysis of Community policies (agriculture, industry, external trade and transport).

E. Common agricultural policy and fisheries

- 38. As regards the common agricultural policy, the Commission will be taking its cue from the guidelines for European agriculture set out in the memorandum supplementing its mandate report (COM(81)608 final):

- (i) In 1982 and 1983 the Commission will make a special effort to extend and improve its structures policy to promote rational development of agricultural production.
- (ii) It will also present proposals to complete veterinary legislation in various sectors, the chief aims being to protect public health and to maintain free trade within the Community.

39. As regards fisheries, the Commission's priorities will be:

- (i) implementation of the new rules on the common organization of the market adopted by the Council on 29 December 1981 for entry into force by 1 June 1982 at the latest;
- (ii) renewed efforts to secure a Council decision on an overall fisheries policy, in view of the expiry on 31 December 1982 of the fisheries provisions of the 1972 Act of Accession.

F. Transport policy

40. The Commission's main efforts in transport policy will focus on the following objectives, which again must be considered from the point of view of their contribution to the unification of the internal market:

- (i) implementation of the 1981-83 programme approved by the Council at the beginning of 1981. In 1983 the Commission will submit a draft priority programme for the following years to ensure continuity;
- (ii) the rapid adoption by the Council of the 1976 proposal on financial support for transport infrastructure. This is a key factor in the implementation of the common transport policy;
- (iii) a proposal in the first quarter of 1982 concerned with facilitating border crossings for goods traffic between Member States.

G. Budgetary matters

41. In the course of the 1982 budget procedure in November and December, the Council agreed to meet Parliament and the Commission during the first half of the year to try to work out an agreement between the two arms of the budgetary authority on the classification of expenditure. The Commission trusts that these meetings will take place in a constructive atmosphere and intends to do all in its power to further the search for a solution.

The same applies to other problems affecting relations between Parliament and the Council which may be raised during these discussions. The Commission will, for instance, contribute fully to the legislative conciliation meetings on food aid and the NCI.

42. The Commission will consider how the implementation of its proposals for restructuring expenditure will affect the approach to the 1% VAT ceiling in own resources. If necessary, it will make proposals designed to secure additional own resources.

43. To achieve its objective of managing existing policies as economically as possible, the Commission will step up financial control measures, especially those concerning EAGGF Guarantee Section expenditure and own resources.

H. External relations and development

44. At the same time as the Community's internal cohesion is being strengthened, greater attention will be paid to the presentation of common positions and the defence of Community interests on the world scene.

45. As the leading exporter of manufactured goods, the Community has a vital interest in seeing that free trading systems are kept in being. Not only must GATT rules and procedures be scrupulously applied, but the growing importance of the developing and newly industrialized countries on the world trade scene must not be overlooked.

46. The Community's efforts will be focused mainly on the following points:

- (i) strengthening of the common commercial policy to reverse the trend towards fragmentation of the common market and renationalization of trade relations;
- (ii) the Commission will endeavour to coordinate the efforts of the Member States to improve their exports from the Community;
- (iii) the conclusion of the textile negotiations with low-price suppliers;
- (iv) greater efforts to overcome existing and potential sources of tension in trade with the United States, particularly in relation to steel and agricultural products;
- (v) more balanced trade with Japan. The Commission considers it vital to secure significant improvements in trade relations with Japan and will therefore continue to urge the Japanese authorities to take real steps to open their domestic market to imports. The Commission will see to it that action

concerning Japan is Community-based. It will also monitor the pattern of imports from Japan in particularly sensitive areas;

- (vi) the revival of the North-South Dialogue with the developing countries. The Commission will endeavour to revive the global negotiations with the developing world under reasonable conditions. It will make a fresh effort to combat hunger in the world;
- (vii) similarly the Commission will attempt to strengthen relations with the developing countries of Asia and Latin America with which cooperation is becoming increasingly important and diversified;
- (viii) finally, the Commission is actively preparing the ground for the renewal of the Lomé II Convention.

I. Administrative matters

47. In the face of continuing budgetary austerity, the Commission's main concern is how best to organize and manage its limited staff resources. Satisfactory execution of its political mandate depends to a large extent on a rapid and effective solution to the staffing problem.

The Commission will therefore give priority to the development of a staff policy aimed at achieving this objective and notably the optimum deployment of available manpower.

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