

# Programme of the Commission for 1984

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This booklet contains the address which Mr Gaston Thorn,  
President of the Commission, delivered to Parliament  
on 15 February 1984 and also the Commission's outline  
work programme for 1984.

**Commission of the European Communities**

**Programme of the Commission  
for 1984**

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**Address by  
Mr Gaston Thorn,  
President of the Commission  
of the European Communities,  
to the European Parliament  
on 15 February 1984**

*Mr President,  
ladies and gentlemen,*

Every year, at this time, the President of the Commission appears before this House to present the Commission's programme for the next 12 months.

I am doing so in rather special circumstances this year.

First of all, you in Parliament will be seeking re-election in a few months' time and we at the Commission are just beginning the last year of our term.

Secondly, we are only a few weeks away from the Brussels European Council, a gathering which may well prove decisive for the future of the Community. I can only hope the outcome will be positive.

This being so, you may feel that the Commission should be rendering an account of its stewardship rather than presenting a new programme. But for us, the day of reckoning is still some way off. A year is a long time in politics, and the Commission is determined to fight to the bitter end to implement its programme and put through the proposals that give it concrete expression.

The outline programme now before you tells you point by point how we propose to keep up the momentum in this, our last year in office. It is abundantly clear to us what our main tasks must be. In 1984 we must:

- (i) get the Community machinery moving again;
- (ii) embark on revitalization of the Community;
- (iii) assert our presence in the world in relations with our major trading partners and with the developing countries.

Nineteen eighty-four will be a crucial year for Europe. We all know that the future of European integration hangs on the success or failure of our efforts.

We know that the Community is in the throes of a crisis, that it is in danger of becoming what Mr Mitterrand has called an abandoned building site. But the Commission is convinced that we have a responsibility and the resources to save it. The Commission is determined to do all in its power to rekindle the

hopes that inspired the Europeans who launched the Community to unite the nations of Europe.

This House has always supported our efforts, sometimes with encouragement, sometimes with constructive criticism. We need you more than ever today.

You will have realized already that, when you go to the European hustings for the second time, you will have to do more than defend Parliament's track record.

You have achieved much, and I, like the President of the Council, believe that your actions and the stances you have adopted do honour to Europe.

But you will be expected to defend the Community's record too.

You will certainly be asked to say what the Community has done to sustain the hopes and allay the fears of the people of Europe. You will have to field all the questions that voters cannot direct to the proper quarter. I know it's not fair. You are not to blame for the Community's shortcomings. But that's politics!

And the people of Europe have many grounds for disquiet.

More than 12 million people in Europe are out of work today, twice as many as there were on the day you were first elected. One young person in four has no job.

For more than ten years now the employment situation has been getting steadily worse and industrial structures have been deteriorating. We must have the courage to face up to the fact that recovery is still elusive, despite the first indications that business activity is picking up and the trend of unemployment levelling off.

Is it surprising that the people of Europe should wonder whether the Community is capable of reviving growth and reducing unemployment, aware as they are of the scale of restructuring needed in our traditional industries—iron and steel, shipbuilding, chemicals, transport—to cope with pressure from new competitors? Is it surprising that the people of Europe should wonder whether they can master the new technologies and keep European industry in the forefront of international competition, aware as they are of the meagre results of individual efforts made by their governments?



And they have other worries. The threat to their security has intensified with mounting East-West tension and the dramatic worsening of the situation in the Middle East. I am forcibly reminded of Raymond Aron's bleak diagnosis of Europe's plight when he said that 'this composite group of nations only recently grown to maturity, more aware of individual than shared destinies, is passing through a difficult phase after the "glorious 1930s", incapable of defending itself and dependent on energy and raw materials transported across seas it no longer controls'.

This concern is legitimate. But, in a difficult period, the Community has at least preserved the achievements of the past and even made some progress.

Despite the world-wide crisis and despite its internal divisions, the Community has managed:

- (i) to preserve the common market, resisting the temptation to resort to protectionism in the face of growing unemployment; in fact, real progress has been made towards enlarging the internal market since the Copenhagen European Council;
- (ii) to preserve the framework without which the inevitable restructuring of Europe's major traditional industries would have led to chaos;
- (iii) to maintain a united front towards the outside world, particularly in defending its trading interests against its main competitors;
- (iv) to preserve the common agricultural policy, protecting its own farmers far better from the repercussions of the crisis than have other OECD countries, including the United States;
- (v) to preserve the zone of monetary stability created in 1979 by the establishment of the EMS; and
- (vi) to agree on a common fisheries policy.

We must not denigrate the positive aspects of the Community's record. The fact that we have come through a difficult period with so much intact is a signal success, a good omen. It may well mean thousands if not millions of jobs saved, suffering spared, pledges of recovery honoured.

But I feel sure that the general public finds it hopelessly inadequate. And the fact of the matter is that even these modest achievements will come under threat if the Community persists in displaying an inability to adapt to change and face up to the new challenges posed by the march of time.

The common agricultural policy is, perhaps, the most striking example of this inability to adapt.

The Commission gave its diagnosis as far back as 1980. It warned the Council that the common agricultural policy would become unmanageable unless prices were radically realigned and some limitation placed on the guarantees given to producers of surpluses which today cannot even be given away.

In 1981 the Commission presented a series of proposals which, had the Council accepted them, would have got things back onto an even keel and kept the inevitable sacrifices to a minimum.

But because of the illusory respite provided by the favourable trend of world prices in 1981 and 1982, precious time was lost during which the imbalance on the agricultural markets grew even worse. Unresolved problems piled up, making the necessary decisions even more difficult.

The same inability to adapt is apparent in research and industrial cooperation.

Following discussions generated by numerous Commission proposals, governments do now recognize the need to make better use of the potential offered by the European dimension to encourage cooperation between firms, to enlarge the internal market and to integrate financial markets. But years have been wasted by Member States promoting national champions and feeding intra-Community rivalry instead of exploiting their complementary qualities to meet outside competition.

The electronics industry is a prime example. Between 1976 and 1979 Germany pumped some USD 800 million into its electronics industry, French electronics firms received between USD 500 million and USD 600 million, while the British Government invested over 800 million ECU in a broad programme to promote its information technology industry and support a national research and education effort.

In all, Community countries have invested more than 2 000 million ECU in recent years to boost their information technology industries, far more than Japan and the United States. But the results have been disappointing. Europe still lags behind—not because it lacks funds or ideas but because it lacks the ability to make a united effort. Yet whenever we have joined forces, we have been successful.

European industry got the message and turned to the Community to devise a European strategy to master the new information technology. It is now almost four years since the Commission launched the Esprit programme, with the full and enthusiastic support of the industries concerned.

Despite agreement between the people who count on the research side, the Council is still humming and hawing, arguing the need for budgetary restraint. Meantime, in Japan and the United States government and industry have embarked on massive research programmes on fifth-generation computers.

I would like to think that it will not be long before agreement is reached. Otherwise, for no good reason, Europe will have missed a major opportunity and industry's confidence in the Community will have suffered a lasting blow.

Such progress as there has been has been cautious.

The European Monetary System is a jewel in the Community's crown. It has gradually come to play a major role in the alignment of economic policies.

But transition to the second phase of the EMS, originally scheduled for 1981, has been postponed indefinitely. There are continuing problems with consolidation of the system. The Council has not acted on the Commission's proposals, including a proposal to strengthen the public and private role of the ECU. We are still waiting for sterling to participate fully. This would enhance Community solidarity and strengthen the common exchange mechanism by extending the zone of internal stability and increasing its outside influence.

This hesitation, this reluctance to adapt, this dispersal of national efforts add up to a crying need—the need for government. Europe is not governed at the moment. The Commission proposes, Parliament urges, and no-one decides.

This inability to take decisions, or at any rate to take them at the right time, is the Community's worst failing. A good decision is usually one taken when circumstances call for action. The Council's indecision has too often condemned the Community to doing too little, too late.

It is the unanimity rule within the Council which has upset the institutional balance enshrined in the Treaties, blocked the dynamism of the Community system and ultimately forced the European Council to play a very different role from that originally intended.

Over the last three years the meetings of Heads of State or Government have spent more time on budget contributions—which merely undermined mutual confidence—than on the problems of relaunching Europe, reviving its industry and dealing with unemployment.

I must dwell—if you will allow me—on the most shocking aspect of the misuse of these summit meetings. Regular encounters between those holding supreme office in our countries should have given them an opportunity to create a climate of confidence and promote European integration. Instead of which, the inertia of the normal decision-making machinery, paralysed by the unanimity rule, has led to highly technical matters being placed on the European Council's agenda.

Why were our leaders unable to spend the short time taken out from national responsibilities defining guidelines for joint action? Because they were submerged on each occasion by petty financial squabbles and reduced to attempting to deal, unsuccessfully I may add, with details which should be beneath their notice.

This inertia and indecisiveness cannot go on. You will agree with me that failure at the Brussels European Council would be the beginning of a process of self-destruction which could sweep away the work of the last 25 years.

I do not wish to dramatize. I would prefer to convert you, calmly but firmly, to my profound conviction—which now seems to be shared by the European Council—that if the Brussels European Council fails, we cannot postpone a solution until the next time, as we have tended to do since the summit of November 1981. Between March and June the reality of the budget crisis will dawn, the European election campaign will be in full swing and governments will be fettered by the public utterances of the parties that support them. Some governments will be tempted to abandon the reserve they have displayed since Athens and resort to dramatic gestures and mudslinging that pander to chauvinism.

The scene would be set for a political crisis which could lead to the break-up of the Community.

But all is not lost. It is essential, and in my view possible, to save the situation.

I believe that the Heads of State or Government are now aware of the extent to which their divisions are endangering the Community. The political parties and opinion leaders are aware of it too.

That is a first ray of hope for the Brussels European Council.

But there are others. There is the personal commitment of the President of France. He is putting his personal prestige and the full weight of his office at the service of the Community, giving unstintingly of his time and energy to reconcile points of view so that the Brussels European Council can cut the Gordian knot of the past and lay ambitious plans for a revitalized Community of the future.

And something has been learnt from the Athens debacle. The Council has responded to the Commission's pleas to return to the Treaty and Community procedures. I would like to think that this is not just lip-service, that the Council is at last shouldering its responsibilities. This should make the European Council's task easier.

Even reduced to essentials, the task is a daunting one. It may well prove too much unless progress is made by 15 March towards agreement on agricultural reform, which in turn is a prerequisite for agreement on the basic features of a new financing system, namely:

- (i) tighter budgetary discipline;
- (ii) solutions to the budget contributions problem;
- (iii) financing the Community of Twelve.

These three issues, inextricably linked as they are with reform of the common agricultural policy, form the Gordian knot which the European Council must cut if it is to do what really matters and revitalize Europe.

Several governments quite rightly regard the containment of farm spending as a prerequisite for raising the own resources ceiling.

Let me repeat what I have said on a number of occasions: the common agricultural policy would have had to be reformed, even if the own resources ceiling had not been reached.

The production of surpluses must be contained at all costs, since their disposal jeopardizes the guarantees which the common agricultural policy can and must provide for other more marketable products.

The success of the common agricultural policy meant that some changes were inevitable. But our failure to make any changes at all has put the Community in a financial straightjacket.

Against this background, the Commission's 1983 reform proposals and the associated price proposals were bound to be tough. These proposals are not a catalogue from which one can pick and choose. They constitute an integrated policy designed to respond more flexibly to fluctuations of supply and demand, to integrate Community agriculture more effectively into the chain of economic activity upstream and downstream, and to make the internal and external dimensions of the common agricultural policy more consistent.

The decisions to be taken will not be easy, but they are urgent and necessary. They are imposed by circumstances but, more than this, they are essential if we are to create a sound basis for the long-term development of Europe's agricultural potential, ensure the well-being of our farmers, as the Treaty requires us to do, and breathe new life into the common agricultural policy.

Frankly, I am very worried about the lack of progress within the Council and the Agriculture Ministers' statements that they will probably be forced to refer the dossier to the European Council. If the European Council is to lay solid foundations for a new financing system Agriculture Ministers must reach a decision. The first element of this system is tighter budgetary discipline.

The Commission has just sent a communication to Parliament and the Council restating its earlier proposals and adding some interesting elements which emerged in discussions.

The Commission's aim is threefold:

- (i) to make each year's budget an expression of policy priorities and an instrument for stringent management of the Community's finances and, to this end, introduce new interinstitutional conciliation in advance of the budgetary procedure proper;
- (ii) to defend Parliament's budgetary powers and its own right of initiative to the full;
- (iii) to streamline the budgetary procedure so as to obviate disputes between the two arms of the budgetary authority.

I am convinced that the Council can reach agreement on the basis of the Commission's proposals.

If I am right, the problem of the future financing of the Community and the problem of budget contributions would finally be set in a context conducive to overall agreement.

The Commission will adopt its position on both issues before the General Affairs Council meets on 20 and 21 February.

I won't go into the details of the proposals we intend to put to the Council.

I will, however, spell out the principles which have guided us.

We feel that once the Member States are convinced that Community finances will be strictly managed, once they can be persuaded that the uncontrolled expansion of farm spending has been checked, they will be obliged to take steps to guarantee long-term, stable financing of the enlarged Community at a level which will allow of the development of the common policies.

I have no doubt that the current ceiling on own resources will be raised. I recognize that it is unlikely to be removed altogether—as we and you would like—since virtually all the Member States are opposed to the idea.

This being so, the Commission will insist on the new ceiling being set high enough to offer a genuine prospect of revitalizing the Community and offering a guarantee of budgetary peace for at least 10 years.

The Commission is not prepared to accept the constant threat of own resources running out as an alternative to stringent budgetary management. Nor is it prepared to see the Community's credibility eroded by the need to run cap in hand, again and again, to national parliaments.

As to the budget contributions problem, the Commission wants the solutions found:

- (i) to be in keeping with Community principles—which rules out any idea of a 'fair return';
- (ii) to be equitable—in other words, to reflect Member States' ability to pay and their legitimate desire to know what their annual bill will be;
- (iii) to be lasting. The Commission considers that any solution to the budget contributions problem should run for the same period as new own resources.

The European Council can reach agreement on these three basic elements of the new financing system if the Agriculture Ministers do their homework, making it possible for the European Council to take a decision and, above all, if the Heads of State or Government come to Brussels determined to lay the foundations for a revitalized Community.

Agreement on agricultural reform and future financing would give the green light for enlargement and finally allow a date to be fixed for winding up negotiations with Spain and Portugal.

But the containment of farm spending, the restoration of budgetary peace, even enlargement, are merely preliminaries. They will not be enough. Reform has to be matched by a blueprint for revitalizing the Community to which the Brussels European Council must give its blessing. It cannot be expected to spell out all the details but it must chart the course. That's its job.

We must:

- (i) provide European agriculture with new horizons, going beyond long-overdue reform;
- (ii) organize joint action to restore Europe's status as an industrial and technological power;
- (iii) provide instruments for economic and social convergence so that we can join forces to fight the unemployment which is undermining our societies;
- (iv) find better ways and means of working together to develop the less prosperous regions of the Community;
- (v) affirm Europe's role in the world and, if necessary, assume responsibility for directing international efforts to combat underdevelopment and hunger. The negotiations for a new Lomé Convention have already begun and we must bear in mind that, if the Community founders, it will take with it the novel form of development cooperation we have devised to assist the countries of Africa, the Caribbean and the Pacific.

The Commission has already made proposals on all of these points and many of them could be implemented fairly quickly, for there is greater consensus within the Community on where we are going than on how we are to get there.

If the Brussels European Council can get the Community moving again—and I hope it can—it will have little difficulty in formulating guidelines for the future and launching a debate on its President's ideas on new activities for second-generation Europe.



If the Brussels European Council fails, it will be clearer than ever before that we have been treating the symptoms, not the disease. We will have to address the basic questions which nobody even dared to ask before the first enlargement: What sort of Community do we want? How far are we prepared to follow the logic of the Treaties?

And we will have to answer them before any attempt is made to pick up the pieces yet again. Because failure in Brussels would bring us face to face with a yawning gulf between the goals of the European venture and the willingness of the Member States to work to attain them.

European integration has never been just a matter of economic necessity. Purely economic considerations could have led us to opt for dependence in foreign policy and a subordinate role on the world stage. The European venture does not stop with the creation of an economic entity, with a single market, a common customs tariff and a common agricultural policy.

The Treaty of Rome had much more in mind. Its primary objective, from which the rest follows, is 'to lay the foundations of an ever closer union among the peoples of Europe'. Note that it says 'peoples'. Not trade, economic policies, exchange rates, or industrial strategies. No, it says 'peoples'. And this means political union in the sense that a political entity is a concrete expression of the freedom and identity of a society or a group of societies; in the sense that a society or a group of societies accepts the attainment of internal harmony through solidarity and external independence through a defence capability as its basic objectives.

But why wait for the Brussels European Council? I would urge here and now, on the Commission's behalf, to seize the opportunity offered by the European election campaign to remind opinion leaders in the Community of the political goals of the European venture.

There is a clear link between this and your campaign for European union and genuine reform of the Community's institutions and decision-making machinery.

It is fashionable in certain quarters to be sceptical about this issue, which is seen as the hobby-horse of those who are nostalgic for the early days, for those who have yet to understand that economic efficiency has nothing to do with the sterile institutional debates of yesteryear.

It is to Parliament's credit that it has resisted this fashion. It is a mistake to think that the Community can progress before something is done to make decision-making more efficient and more democratic. This has been demonstrated again and again. And I have quoted numerous examples which show that, as things now stand, the institutions' inability to take decisions is disastrous and damaging.

We must face the fact that, unless something is done, the admission of new Member States can only make matters worse.

We cannot go on pretending to discover the institutional problem each time new members join and then concentrate on the arithmetic—the size of the new Commission, for example. As if that really mattered!

What is important is that the Community as such should be able to embark on the implementation of programmes and schemes in the common interest, selected and approved in an efficient, democratic manner. In a word, the Community needs to be governed. This is the crux of the matter, and a solution is clearly a long way off. Those of us who appreciate how much is at stake must unite to push through the necessary reforms as quickly as possible.

The Commission must recover the means to play the role and exercise the powers conferred on it by the Treaties to the full. Its right of initiative will remain devoid of substance as long as it takes only one Member State to veto a decision. And of course the Commission's management powers must also be widened.

Parliament's role in decision-making is not commensurate with the legitimacy the direct elections gave it. Parliament is an expression of the deep-rooted aspirations of the people of Europe. As such, it should have a much larger say in policy-making. I would like to see it sharing legislative and budgetary powers with the Council.

Unless a balance of power is restored, cooperation will go ahead outside the Community context—which is regarded as hidebound and inflexible. The European election campaign will provide us with a golden opportunity of bringing the debate out into the open. But it will be difficult to interest the general public in an extremely esoteric discussion unless the fundamental significance of the European idea is driven home.

While you are doing your utmost to motivate public opinion, the Commission will be involved in intensive negotiations. The Commission has done its duty, which in many cases has meant proposing tough and hence unpopular measures. The year ahead may well bring further difficult choices in the area of budget management.

You know that this year we have our backs to the wall and little room for manoeuvre. The Commission will keep you abreast of developments and, at all events, I will be reporting to you on the Brussels European Council. Clearly, if no decisions have been taken by then to ensure the financing of agricultural expenditure, the Commission will eventually be forced to propose appropriate action, however harsh, to the budgetary authority.

Let us have no illusions. You know only too well that, if it does come to this, there will be only two ways to balance the 1984 budget:

- (i) either the Member States will have to agree—unanimously, as you well know—to foot the extra bill themselves; or
- (ii) cuts will have to be made in say, the Social Fund or the Regional Fund to make more money available for agriculture.

But things need not reach such a pass. Not if we all do our duty and do it quickly. There is no time to lose. There has been enough procrastination.

It will be for you, during the European election campaign, to explain how a higher goal can be achieved by accepting immediate sacrifices. It will be for you to argue convincingly for 'union among the peoples of Europe'. It will be for you to demonstrate that where there's a will there's a way, that our shared destiny, rooted in the past, can help us overcome our present differences.

At a time when Europe's economic recovery is shaky, a revitalized Community could play a decisive part in restoring confidence.

Economic performance is one of the most reliable indicators of a nation's intrinsic vitality. But economic performance alone cannot explain or sustain that vitality. The people of Europe share the same culture. Their social, economic and political institutions—as Tocqueville noted more than a century ago—are very similar. It is from this that they must draw new vigour. With their

history, culture, learning and institutions to support them, the people of Europe are still perfectly capable of meeting the challenges of the crisis, outside competition, and an uncertain world. But they need to tap their intrinsic vitality, pool their efforts, and create institutions that match their aspirations. Decline is not inevitable. We may have become inward-looking, we may be suffering from a lack of vision, but we can fight these ills together, each in our own way. That, after all, is what our institutions are for.

**Outline programme  
of the Commission  
for 1984**

## Introduction

The Commission's outline programme for 1984 appears at a particularly difficult juncture. The European Council's recent failure to reach agreement in Athens puts the Community in a difficult situation, which is made all the more serious by the fact that economic recovery and the absorption of unemployment now more than ever demand a coordinated effort on the part of all, and consequently a consensus both on the objectives and on the resources to be pooled together for the purpose.

The programme also covers a critical period in that this is the last year of the Commission's term of office and the second direct elections to the European Parliament, a landmark in the history of the Community, will be held in a few months' time.

In this programme it is for the Commission to chart the course and urge the Community, despite the obstacles, to pull itself together immediately and face the future with more courage and confidence.

The Commission had accepted the programme which emerged from the Stuttgart European Council, when it was decided to take 'broad action to ensure the relaunch of the European Community'. The idea was to tackle 'the most pressing problems facing the Community so as to provide a solid basis for the further dynamic development of the Community'. The objectives have not changed. Having seen the outcome of the 'special procedures' conjured up at Stuttgart and partly to blame for the failure at Athens, the Commission now urges that there be a return to the provisions of the Treaty and the normal procedures intended for the Community, so that the competent Councils can take the decisions they are expected to take without delay and not refer everything to the European Council.

Against this background the solution of the 'most pressing problems' which the Stuttgart declaration was concerned with should allow the Community to get moving again.

These problems are four of the five issues identified at Stuttgart: rationalization of the common agricultural policy, reform of the structural Funds (including the integrated Mediterranean programmes), the future financing of the Community and the conclusion of the enlargement negotiations. These four are covered in the first part of the outline programme.

The significance of these measures can be seen only in terms of the relaunching of the Community, a key item in the Stuttgart 'package' that the Heads of Government had put at the head of their declaration. The individual components of the plan to relaunch the Community are set out in the second and third parts of the programme. In the second part, the material that the Commission supplied in preparation for the Athens Summit is inserted in the comprehensive programme which the Commission President presented to Parliament in February 1983 and which retains its full relevance. The main features are the improvement of the economic and social environment, consolidation of the internal market and the restoration of Europe's industrial strength, particularly in advanced technologies.

The third part of the Commission programme deals with ways to strengthen the Community's influence on the international scene by means of operations that it has already initiated in the field of external relations and development policy. The full benefit of the Community dimension will not be felt internally if Europe does not wake up to the positive world role that Europe can and must play both in its own interest and in the interest of the rest of the world.

To accomplish this programme the Commission is aware that the problems of management and administration it will face in 1984 as a result of budget constraints will be one more tricky obstacle which will have to be negotiated by redoubling care and attention, in particular in the allocation of available resources.

## I — Breaking the deadlock

### **Rationalization of the CAP**

The Athens Summit failed to produce the decisions expected from the Heads of State or Government in December 1983.

These decisions, which must now be taken in 1984, cover a series of issues. Ultimate success depends on the individual solutions forming a balanced and integrated whole, with particular reference to the increase in own resources to guarantee the future financing of the Community.

For the CAP to achieve its objectives with a greater degree of coherence, it must be adapted to today's conditions and spending must be brought effectively under control.

The Commission accordingly put forward a programme last July for the rationalization of European agriculture focusing on a number of key points.

On the question of agricultural markets it started from the premise that it is no longer either economically sound or financially feasible to maintain guaranteed prices for unlimited quantities irrespective of market needs.

The Commission is proposing continued and extended application of the principle of co-responsibility and guarantee thresholds to ensure that, beyond a certain production level, Europe's farmers bear a greater share of the cost of product disposal.

The thresholds already apply to five CAP production sectors—milk, cereals, colza, processed tomatoes and sugar, which account in real terms for 35% of agricultural output and 65% of EAGGF spending—and must be extended to include durum wheat, sunflower seed, dried grapes and possibly beef and veal.

In the case of milk there are plans to introduce a system of quotas on deliveries to dairies with a supplementary levy on all additional quantities delivered. The Commission is also proposing other measures including the introduction of a special levy on milk from intensive farms.



In general, the Commission is proposing a cautious and, in certain cases, restrictive prices policy, particularly in the case of cereals, where an attempt will be made to reduce the gap between prices in the Community and those received by producers in the main exporting countries. Similarly, the Commission is recommending that existing aids and premiums be phased out or adjusted wherever the conditions which prevailed when they were introduced have changed. At the same time the Commission considers that imports of cereal substitutes must be stabilized. It has accordingly asked the Council for authorization to open negotiations within the GATT for the partial suspension of tariff concessions in the by-products of the maize industry: corn gluten, draff and maize germ cake.

The Commission also feels that it is essential to re-establish the single market. Existing monetary compensatory amounts must be dismantled in two stages starting at the beginning of the first and second marketing years following introduction of the new rules and any new monetary compensatory amounts eliminated in three stages. The Commission is also proposing changes to the rules for calculating MCAs.

Finally, rationalization of the CAP must be such as to allow the Community access to the world market on a sound basis guaranteed by increased competitiveness and lower costs.

For this purpose the Community, like its trading partners, must have the backing of an export promotion policy, which at the moment it does not possess.

On the structural front, the Commission will be presenting a number of draft implementing measures once the Council has taken a decision on its proposals for the renewal of the structural policy instruments transmitted on 16 September; these must be adopted urgently to ensure the continuity of certain operations now in progress.

The Commission's new proposals may include ancillary structural measures to continue the action on markets based on its proposal of 28 July 1983 for surplus products such as milk.

In the plant health and veterinary sectors the Commission will be concentrating on easing frontier formalities and pressing for Council decisions on a package of proposals already pending or due to be presented shortly in an attempt to resolve a number of outstanding problems, including certification of pesticides, hormone residues and Community rules on foot-and-mouth disease.

## Reform of the structural Funds

The persistence of structural imbalances within the Community, the obsolescence of the industrial fabric, trends in agriculture and the development of Community policies make it more necessary than ever for the Community to take structural action through its Funds.

The proposals made by the Commission in August 1983 in response to the Stuttgart European Council's request outline a number of different ways of increasing the effectiveness of the Community structural Funds. In order to achieve effectiveness in aiding Community development, the Commission has stated that it is not enough for adequate finance to be forthcoming but that a number of political and institutional conditions should also be met.

The first condition of the effectiveness in the Community interest of the structural Funds is the conditionality of assistance from them. Rather than just check that projects comply with the aims and criteria specified in the basic regulations, the Commission must establish a dialogue with the Member State concerned in order to dovetail Community priorities and national priorities so that joint action may be taken. The second condition for effective action lies with the specifically Community character of the objectives the structural Funds are required to pursue. It is therefore up to the Community itself to establish the aims which the Funds are to pursue. The third and last condition is that action must be concentrated on well-defined targets in order to avoid resources being scattered too thinly over too wide an area of action.

The Commission also emphasized the need to enhance coordination of the structural Funds—which presupposes boosting the complementarity of assistance. In 1984 the Commission will make efforts to have the complementarity requirement granted due importance in the current negotiations in the Council. The Commission has for its part decided to improve coordination of the management of the structural Funds. It has decided to reinforce the resources allocated by the departments responsible for administering the Funds to *ex-ante* economic assessment of programmes and direct measures. Lastly, in 1984, studies will be made of how to improve monitoring of the economic effectiveness of the three Funds.

In its review of the three structural Funds and in its proposals for the integrated Mediterranean programmes the Commission has committed itself to moves towards greater Community effectiveness.

## **Social Fund**

The principles of effectiveness have been given concrete expression in the new basic Decision governing the Social Fund adopted by the Council in October 1983. The new provisions of the Fund constitute real moves to tighten up conditionality and strengthen the qualitative concentration of its objectives, by concentrating on appropriations in high and long-term unemployment areas and/or those involved in industrial and sectoral restructuring and making at least 75% of the allocation available to foster employment for young people. These provisions will enable the Commission to play a more active role than hitherto in monitoring and evaluating operations and in promoting innovation in projects related to Community action programmes. The Commission will use this framework to strengthen the links between Fund intervention and Community policies on employment and vocational training.

## **EAGGF Guidance Section**

The review of Community agricultural structures policy proposed by the Commission in October 1983 also forms part of its proposals for a more effective Community. The measures which the Commission feels require priority are clearly defined. The Commission places greater emphasis on long-term structural measures as a means of solving social or income problems in agriculture than on an intervention and price support system.

Common agricultural structural measures should give priority to: small producers most affected by economic problems, and by the probable future decrease in guaranteed price levels; aid for mountain and hill and other less-favoured areas of the Community; control of production of surplus agricultural products; processing and marketing. Concentration of EAGGF Guidance intervention is particularly important and adjustments to the CAP will engender a need for intensified but more selective efforts in 'horizontal' EAGGF operations.

## **Regional Fund**

The persistence of the economic difficulties plaguing the Community is making the situation of less-developed regions even more difficult and creating new problems in declining industrial areas.

In this context strengthening regional policy instruments and increasing their effectiveness are an essential contribution towards restoring a sound economic situation.

In order to satisfy these needs the Commission presented to the Council in November 1983 a further amendment to the proposal for a reform of the 1981 ERDF Regulation.

The main characteristics of the new proposal are as follows:

- (i) replacing national quotas by indicative ranges and abolishing the distinction between the quota and non-quota sections;
- (ii) the changeover within a predetermined period from financing projects to financing Community programmes and national programmes of value to the Community.

The Commission will do its utmost to secure the adoption of this proposal, which would increase the effectiveness of Fund operations.

The second periodic report on the socio-economic situation in the regions of the Community, to be published shortly, will provide an updated analytical instrument which will enable progress to be made towards improving coordination between regional policies.

With an eye to enhancing integration of its structural operations, the Commission will also continue to assess the regional impact of Community policies and draw the logical conclusions.

It will continue to carry out preparatory studies of new measures or integrated operations involving a number of structural financial instruments.

#### *Integrated Mediterranean programmes*

Aware of the problems confronting the Mediterranean regions, the Commission remains convinced that large-scale Community intervention is required, particularly in view of enlargement to include Portugal and Spain.

It will accordingly do everything in its power to have the proposals on the integrated Mediterranean programmes adopted by the Council as soon as possible.

In 1984 it therefore intends to continue preparatory work on which a start was made in 1983, in order to facilitate implementation of the integrated programmes once they have been adopted.

#### **Future financing**

In May 1983 the Commission made its proposal for the future financing of the Community. The object was to extend and diversify the present system of own

resources. The Commission proposed that to increase own resources the VAT ceiling be removed.

This move was felt to be necessary for four main reasons:

- (i) The need to safeguard the maintenance of the full range of the Community's existing policies.
- (ii) The desire to stimulate the further development of these, and new, policies.
- (iii) The need to establish a financial framework which allows enlargement to include Spain and Portugal.
- (iv) The reinforcement of the Community's internal cohesion by contributing to the correction of budgetary imbalances.

All of these reasons remain entirely valid in view of the forthcoming negotiations after the failure of the Athens European Council.

They are even reinforced by the fact that in 1983 agricultural expenditure rose by 27%. This means that the budgets for 1983 and 1984 have exhausted virtually all available Community own resources. Great efforts will be needed to stay within the limit of available own resources in 1985.

In the common agricultural policy, the Commission had to propose significant economy measures in order to stay within the existing financial framework, while maintaining the principles of the policy.

The Commission also proposed a diversification of the own-resources system in the form of modulated VAT, financing part of the budget on the basis of variable rates of VAT reflecting Member States' shares in agricultural production and their economic capacity and competitiveness. This diversification, justified in its own right on Community grounds, would also make an initial contribution to the correction of budgetary imbalances.

In the course of the negotiations leading up to Athens, the Commission supplemented its proposal for the future financing of the Community by a memo concerning the correction of budgetary imbalances. The Commission proposed a correction based on per capita expenditure in each Member State compared with average Community expenditure per capita.

It was the Commission's view that a combination of modulation of part of VAT and compensation via expenditure would provide a suitable basis for a lasting settlement of the Community's financial problems. However, the Athens European Council did not find an agreement on this basis.

The Commission believes that the European Council cannot delay its decision any longer. March's European Council must decide. The Commission will do all it can

to help. While confirming its basic policy options, it is prepared to review its initial proposals to take account of the reactions aroused and, where necessary, to propose new ways towards a solution if it considers that this is warranted by the Community interest.

### **Enlargement**

The main chapters still to be negotiated in the case of both Portugal and Spain are those concerning the free movement of workers and fisheries. The chapters relating to own resources and institutional questions will be dealt with last.

In July 1983 the Commission presented to the Council new guidelines and proposals on the transitional arrangements for agriculture, to enable the Community to engage in detailed negotiations on this chapter.

In March 1983 the Commission sent the Council a communication intended to enable detailed negotiations to start with the applicant countries in order to find a solution to the problems raised by fisheries. This debate is also intended to preserve what the Community has so far achieved under the common fisheries policy on which the Council took a decision in 1983 and which the Commission will implement in the course of the year.

In 1984 the Community must endeavour to speed up the accession negotiations with the two applicant countries on the questions and chapters which still remain unsettled so that they can be concluded as soon as possible.

## II — A fresh impetus for the Community

### **Improving the general environment**

#### *Economic and monetary policy*

The Commission's economic policy priority will be to mobilize all the means at its disposal under Community coordination arrangements in order to ensure that the upturn now on the horizon is sustained. The Commission will also continue to promote:

- (i) the development of the EMS in accordance with its original targets, the achievement of which is an indispensable stage on the way towards greater convergence of performances, monetary stability and growth;
- (ii) public and private use of the ECU, in particular through the removal of exchange and other restrictions which still obstruct it;
- (iii) closer cooperation and coordination between the Community and its main monetary partners. To this end, the Community will continue to join in efforts to improve the international monetary system and increase exchange-rate stability.

The Community will attach special importance to raising the level of productive investment within its frontiers; this is the vital pre-condition for lasting recovery and a gradual, but lasting, solution to the problem of unemployment. The major responsibility for the measures to be taken must fall on the Member States but the Commission, for its part, will do all it can to assist in the following ways:

- (i) it intends to secure the implementation of the selective measures outlined in its communication on 'Tax and financial measures in favour of investment' which are designed to create a better climate for investment, in particular, through changes in company taxation and the channelling of savings;
- (ii) it will make progress along the lines set out in its communication on 'Financial integration' so that a greater proportion of Community savings may find its way into risk capital;
- (iii) it will continue to ensure that the Community's borrowing and lending instruments are used to stimulate investment. This means both increasing the

volume of funds lent and ensuring that the bulk of such loans are made to industry, and especially to small and medium-sized firms and the innovation and advanced technology sectors.

### *Employment policy and social solidarity*

The Commission recently presented a memorandum on 'Technological change and social adjustment', which maps out a Community strategy for adapting to social change and profiting from the effects of new technologies over the next few years on employment (the structure of employment, the labour market, underprivileged sectors and working time), education and training, the organization of work, working and living conditions, industrial relations and the consultation of workers by their firms.

In each case, the Commission has set out its initial thoughts and indicated the proposals it intends to prepare and the areas where further consideration is required.

It is also vital that the social adjustments brought about by technological change should figure in all the activities which are under way or which are begun in 1984. Here, dialogue with both sides of industry will continue to have an important role to play.

The Commission will implement the resolutions on promoting the employment for young people and the contribution of local employment initiatives as soon as these have been adopted by the Council and will present a new communication on the reintegration into employment of the long-term unemployed.

Priority in training and education will be given to implementing the resolutions recently adopted by the Council on the transition from education to working life, vocational training policy and new information technologies.

The Commission will continue to implement the action programme on the promotion of equal opportunities for women and intends to present fresh proposals for legislation, notably with reference to self-employed women.

The Commission will continue to campaign for reductions and flexibility in working time, which it regards as an essential weapon in the fight against unemployment, and is already considering the action it should take once the Council has adopted its proposals for a recommendation, probably in June.

The implementation of all these Community policies will be backed by the operations of the Social Fund, which has recently been revised to enable it to perform this role more effectively.



The Commission will present proposals at the appointed time on a suitable statistical mechanism to assess the regional concentration of the Social Fund.

In line with the proposals made in 1983 and subject to the constraints imposed by the resources available for this purpose, the Commission will undertake a series of social measures to accompany the restructuring of the steel industry in the period up to 1986.

The transfer to the ECSC of extraordinary resources in connection with the restructuring of the coal industry should also permit further measures to be taken to assist former mineworkers.

Following the initial meeting of Community social security ministers on 7 November, these questions will be examined in greater depth and Community coordination increased.

The Commission will send the Council a communication and a draft Decision on the continuation of the Community action to combat poverty.

As its contribution to International Youth Year, the Commission will present its third programme for the exchange of young workers and, in addition, will undertake further study and fresh initiatives in the field of youth exchanges.

Besides a communication on labour migration, the Commission will put forward proposals on pre-school education and guidance and vocational training for migrant workers and members of their families.

As part of its action programme on health and safety at work, the Commission will prepare a draft Directive on the protection of workers' health against certain dangerous substances and processes; a communication on the harmonization of exposure limits for benzene, cadmium, nickel and acrylonitrile will also be presented.

Following its 1979 memorandum on 'Employee participation in asset formation', the Commission intends to prepare a draft Council Recommendation on participation in asset formation by persons on comparatively low incomes and by employees.

### **Consolidation of the internal market**

What has so far been produced by the internal market is a new commercial area which has helped the development of trade. A renewed effort must be made to progress even further along this path. But the internal market must also be given an

industrial dimension covering standardization, industrial cooperation and joint technological development.

The gravest threat to European industry in the medium and long term is the lack of access to an internal market of sufficient size; this jeopardizes its very existence in the areas where the real return is highest. Enlargement is especially important in this respect, since it is of vital interest to the applicant countries, if they are to derive maximum benefit from membership, that the Community should operate effectively on the basis of a well-established internal market.

The Commission has always advocated the completion of the internal market, constantly arguing its economic and political necessity. This, of course, has nothing to do with launching new policies but simply means implementing both the spirit and the letter of the Treaty. The Community will not be able to make a genuine contribution towards solving Europe's economic and social problems until firms, particularly small and medium-sized ones, are able to exploit a market of continental dimension in order to increase the return on their investments.

The Commission has already presented a series of proposals designed to simplify formalities at frontiers, eliminate technical barriers to trade and create a common legal framework for business activity and it will press the Council to adopt them.

In addition to the proposals it has submitted the Commission undertakes to continue the work in hand and to take any initiatives that may be necessary in the fields of standardization, public contracts, copyright law, radio and television broadcasting, company law, and freedom of establishment for the professions. It will also take stock of results following the year of small businesses.

### *Free movement of goods*

The Community has developed a body of common rules whose application the Commission has to monitor. But further rules are necessary in order to eliminate formalities at frontiers altogether.

A major effort was made to simplify customs formalities in 1983 and this will be followed by new measures to simplify veterinary and plant health controls.

The free movement of goods also requires further action to remove technical barriers and reconcile the imperatives of health protection with the need to promote innovation and the competitiveness of industry. The Commission will be taking specific action to reduce pollution levels and the lead content of petrol.

### *Public contracts and standardization*

The benefits of a continental-scale market are considerably reduced by the restrictive nature of public procurement policy and national standards. The creation of a truly dynamic industrial area requires an open approach to public procurement and a European policy on standardization.

The Commission will implement the measures and guidelines adopted by the Council in 1983 on standardization. A renewed stimulus will be given to the activities of the organizations responsible for drawing up standards.

### *Services*

The Community economy rests increasingly on the service sector, which will have to make use of the expansion of new communications technology in order to develop. At a time when the Community is about to enter into international discussions, it is important that this problem should be fully grasped.

From the very outset the Commission has worked, on the basis of the Treaties, to facilitate freedom of establishment and freedom to provide services. The directives concerning the medical profession will be supplemented by proposals on the training of general practitioners.

The prospect of satellite broadcasting raises a number of new technical and legal problems which could hamper full exploitation of the new transmission techniques. In an attempt to lay the foundations for truly European-wide television broadcasting the Commission will set out the various difficulties, analysing the situation at national and international level and pinpointing problem areas where action might be necessary. It would serve as a basis for consultations with the bodies concerned in order to prepare specific proposals.

### *Business law*

The competitiveness of industry depends partly on the conditions in which businesses operate—in particular, business law. At the Community level this means eliminating factors that distort competition and providing firms with new opportunities. In the light of the opinions of Parliament and the Economic and Social Committee, the Commission will amend its proposals for a Regulation and Directive on trade marks. It will send the Council a proposal for a ninth company law Directive on the law governing groups, adapting European legislation to the realities of economic and financial life. At the end of the year the Commission intends to publish a green paper on copyright and related rights which will serve as

a basis for consultations with trade and industry in order to prepare the necessary action.

### **Restoration of industrial strength**

European firms must increase their competitiveness if the Community is to regain its share of the world market for advanced technology products and is not to be dominated on its own market for mass-produced consumer goods, industrial tools and components.

Common measures are needed to promote the new industrial developments which in future will stimulate growth, generate wealth and act as a direct or indirect source of jobs.

The Commission's endeavours to restore industrial strength are based on its conviction that these benefits will ensue.

### *Flanking policies*

The priority measures to strengthen the internal market will be backed up by accompanying measures concerning credit and investment, competition, transport, environment and consumer protection.

### **Credit and investment**

Community loans will be used in such a way as to make an effective and competent contribution to firms.

In 1984 ECSC and Euratom lending activities will accord with the main aspects of Community policy on industry, energy and employment.

The Commission will grant loans to steel firms for restructuring purposes under the ECSC Treaty. It is examining the possibility of promoting increased use of Community steel and financing overseas projects to guarantee the supply of raw materials to the European steel industry.

It will finance projects to use more Community coal.

Priority will be given to converting former ECSC jobs in steelmaking and coalmining areas in view of the need to create 70 000 new jobs during the restructuring of the European steel industry.

Under the Euratom Treaty, the policy of financing nuclear power stations for the generation of electricity will be continued.

As regards the policy of borrowing to finance loans granted under the ECSC, Euratom and the NCI, the Commission will continue its policy to diversify issues and will concentrate on specific currencies and, in particular, the ECU. At the same time, the Commission will keep a careful watch on non-European markets in order to obtain the best terms.

If necessary, the Commission is prepared to raise Community loans to provide balance-of-payments support to the Member States.

### Competition

The process of making a single Community market can be seriously prejudiced by distortions of competition, and a properly functioning internal market is a fundamental factor in the economic and technological development of Community firms. The Commission believes that an active competition policy can help to speed up the process of industrial adaptation, and thus to restore Community industry to competitiveness.

The Commission will therefore seek to ensure that national aids of all kinds comply with the rules in force, and can be seen to do so; and that firms continue to be in real competition. Legislation and codes of practice will be adopted this year to bring up to date the framework for action by Member States and by firms in the fields of State aids and business cooperation.

**Antitrust legislation:** the Commission will be finalizing measures declaring block exemptions under Article 85(3) for categories of agreements concerning R&D, patent licensing, and motor vehicle distribution and servicing, and will amend the existing block exemption for specialization agreements.

**State aids:** under Articles 90 and 95 the Commission will be working towards the introduction of codes of practice governing aids for R&D and for energy and energy-saving. The Commission will be further defining the application of Articles 92 and 93 to the acquisition of State holdings in companies. A communication will be produced on the combining of State aids. Existing aid schemes will be assessed under Article 93(1).

The application of the competition rules will also be considered in the communication on air transport which the Commission is currently preparing.

## **Transport**

Transport policy plays a key role in achieving European integration and provides an opportunity for deriving maximum benefit from the considerable public and private investment in transport. The close link between the success of most of the commercial policies (agriculture, industry, regional development and energy) and the quality of the transport services offered in the Community prompts the Commission to pursue the main objectives it has laid down for implementing the overall common transport policy.

In particular, the Commission feels that priority should be given to financial support for transport infrastructures, the new method for adjusting the Community road transport quota and measures to improve the financial situation of the railways.

In the first half of 1984 the Commission intends to present two memoranda on air and sea transport.

It will also continue to implement the working programme on inland transport (road, rail, inland waterways, rational use of energy) as recommended in its communication of 9 February 1983.

The Commission's initiative concerning the initial guidelines for a common policy on tourism also forms part of its endeavours to achieve European integration. The Commission has been asked by the Council to put forward proposals and it will draw up an action programme for this new field of Community activity.

## **Environment and consumer protection**

Environment policy is essential to ensure that economic development is consonant with the rational management of space, the environment and natural resources throughout the Community.

As far as the near future is concerned the Commission will continue work under the third Community action programme, which recommends an overall strategy to incorporate environmental considerations into other Community policies such as agriculture, energy, industry and transport. Proposals are being drawn up on air, waste, noise, chemicals and the management of natural resources. The Commission also intends to pursue its activities internationally to intensify and develop existing cooperation.

A special effort will be made to submit proposals by mid-April on the reduction of emissions from motor vehicles and to secure some progress on the proposals on the

reduction of air pollution from industrial plants and on the supervision and control of transfrontier shipments of toxic and dangerous waste.

The Commission will continue to implement the second consumer protection programme. Several proposals are already being discussed by the Council; in the course of 1984 the Commission will submit other proposals on the promotion of consumer interests, the physical protection of consumers and the protection of their economic and legal interests.

### *Common strategies*

#### **Industrial strategy**

In view of the Community's inadequate performance compared with Japan and the United States in terms of job-creation, investment and growth, there must be no let-up in efforts to improve the competitive position of European firms.

In addition to general flanking policies, Community action is required in specific fields to speed up technological development in industry and to promote the necessary cooperation at a time of far-reaching and rapid structural change.

#### *Industrial innovation*

The impact of information on economic, industrial and social development is becoming more and more decisive, whilst the constant development of technology, of data processing and telecommunications has made information a key area of industrial innovation, where the Community must secure itself a competitive position.

#### **Specialized information**

Efforts so far made under three successive three-year plans will continue and be expanded in the programme for specialized information now on the Council's desk. Under this programme new information systems will be set up in cooperation with public or private bodies, electronic applications developed in the processing and transmission of information and users introduced to and instructed in the use of these new resources.

Early in the new year the Commission will propose a programme for setting up a real Community information market policy covering all of the technical, commercial, legal and social aspects of this big expanding sector of activity.

#### **Transnational development**

In accordance with the guidelines it adopted in October 1981 concerning a Community industrial innovation strategy the Commission will attach particular importance in 1984 to starting up its development plan for infrastructure in support of innovation and of transfer of technologies. Transnational procedures will be established between organizations and services already working; efforts will be made to promote certain basic training and information services; there will be close concertation between national measures and Community operations.

Further work will be done on the question of the financing of innovation, already the subject of a proposal for the introduction of a European innovation loan; this work, which will notably be concerned with the matter of taxation, will be conducted in collaboration with financial institutions and those involved in both the public and the private sectors.

#### *Steel industry*

On the basis of its special responsibilities under the ECSC Treaty the Commission will press on with its measures for restructuring the steel industry, pursuant to the Council Decision of 7 August 1981. At the same time it will maintain its crisis plan, with internal price controls and external import ceilings.

But the real Community contribution to the process of positive adjustment cannot be limited to operations in the sectors in structural decline. The Commission must pursue its action to reduce the dependence of European industry in the new technologies.

#### *Information technologies*

In order to tackle the problem of dependence in information technologies, the Council (Research) should approve the Esprit programme on 28 February. The initial measures to implement this five-year programme will be taken by the Commission and by the Council in close liaison with research institutes and universities. The Commission will attach higher priority to its continuing efforts in the fields of standardization, public contracts, software and industrial applications, the whole making up a multiannual data-processing programme, which the



Council has been asked to renew. These projects involve, in particular, the coordination of policies through meetings of experts, forward studies and pilot projects.

### *Telecommunications*

The Commission will produce specific proposals on telecommunications based on the results of the work of the *ad hoc* group set up by the Council meeting on industry on 3 November 1983.

### *Biotechnology*

As it announced in its papers on biotechnology in the Community, the Commission will be proposing measures, or taking action itself, in the first half of this year to help promote a favourable environment for the development of biotechnology.

These measures will be concerned with the constant evaluation and concertation of policies and activities relating to biotechnology at national, Community and world levels, with the introduction of new pricing arrangements for agricultural products for use in industry and with a European approach to regulations and intellectual property rights relating to biotechnology.

### *Financial instruments*

These various measures, in the traditional industries and in new technologies, will demand greater coherence in the utilization of national and Community financial resources. The Community Funds must continue to take account of the basic objectives of recovery and use of the NCI III will be especially important in that respect.

### **Research strategy**

The Commission stressed the fundamental importance of research in its communication to the Council on improving the international competitive position of European firms:

'Improving the competitive position of European industry on international markets also requires the creation of a European research area. This means not only increasing national efforts but also breaking down partitions, separating public and private national efforts, proposing priority targets for joint action in order to avoid

wastage and duplication, bringing research teams into contact with each other and encouraging the dissemination of knowhow within the Community'.

This was the philosophy underlying the Commission's first general framework programme for Community scientific and technical activities (1984-87). Now that the Council has approved the principle of framework programmes, the scientific and technical objectives for the period 1984 to 1987 and the selection criteria for Community operations, it must take a decision on how this first programme is to be financed.

This philosophy will also be the cornerstone of new proposals on biotechnology and telecommunications which the Commission will be presenting as part of its general industrial strategy. These proposals will provide further details on the research action programmes already outlined in earlier Commission communications on the same subjects.

The Commission will also be proposing a preliminary plan for the promotion of cooperation and exchanges in the fields of science and technology; this corresponds to the seventh option in the framework programme. Original action of this nature, which has already received the Council's stamp of approval, should provide a sound basis for the creation of a genuine European scientific and technical area.

A number of other proposals for action programmes are also on the drawing board in subjects including thermonuclear fusion, the management and storage of nuclear waste and aquaculture.

### **Energy strategy**

During 1984 the Commission intends to continue pressing for further Council action for the promotion of a balanced Community policy on solid fuels. It will continue granting Community aid for technical demonstration and development projects in the field of hydrocarbons, which have been of proven benefit to Community energy policy. Drawing on a variety of communications (on subjects including energy programmes in the Member States, natural gas supplies from now until the end of the century, energy pricing policy, energy-saving programmes in the Member States, action programme for the rational use of energy in buildings and the outline nuclear programme) the Commission intends to initiate a wide-ranging debate starting with an in-depth analysis of the new realities of the current energy situation and ending with the definition of new energy objectives for the Community, the identification of areas where action or more action is needed and the earmarking of the necessary resources.

## III — The international scene

### External relations

Over the coming months the Community will have two important tasks: to preserve and strengthen the open world trading system, and to maintain and improve relations with its main trade partners.

### Multilateral relations

The Commission attaches great importance to the positive role taken by the Community in following up the statements made last year at the OECD ministerial meeting, the Williamsburg economic summit and Unctad, about protectionism. The Community will continue to honour the responsibilities devolving upon it by virtue of its position in international trade, backed by the simultaneous efforts of its main trading partners in specific sectors such as steel or textiles.

The Commission will continue to make an active, constructive contribution to the current GATT work programme, in accordance with the decision taken at the November 1982 ministerial meeting.

It will be devoting particular attention to international trade issues, and will work for a clearer perception of sectors in which the Community has an interest.

### Bilateral relations

The Community's trade deficit with Japan continues to give rise to serious concern. Despite the Community's constant efforts and the various sets of measures taken by the Japanese Government, the gap is still widening. The Commission for its part will continue to work on a number of fronts to improve the Community's trade balance with Japan, (a) by increasing pressure on the Japanese authorities to boost imports from the Community, of manufactured goods in particular; (b) by further encouragement and support for Community industries trying to penetrate the Japanese market.

The Commission will be trying to improve trade relations with the USA after the difficulties experienced in 1983 over steel and agriculture in particular. This will call for intensive bilateral discussions at all levels.

In accordance with the broad contours of the policy adopted by the Council and by the EFTA ministers, the Commission will continue its review of particular sectors of mutual interest in which the Community's already close relations with EFTA countries might be taken further than under the present agreements. This work will be doubly important, in the light of the current efforts to make the Community's own internal market more unified.

Another priority is to step up efforts to improve relations with Latin America. The Commission will be looking for ways in which the Community can inject fresh life into the relationship and at the same time help mitigate the effects of the current recession on Latin America. It will be giving special attention to the practical implementation of the recently concluded cooperation agreement with the Andean Pact countries and to the restoration of close links with Argentina.

The inauguration this year of regular ministerial meetings will mark an important step forward in our relations with China. Talks will also take place on ways of broadening the scope of the contractual ties between the Community and China, currently governed by a trade agreement.

At a more general level, the Commission will be continuing to look for ways of developing economic, industrial and scientific cooperation with countries already linked to the Community by cooperation agreements.

## **Development policy**

### **Lomé Convention renewal negotiations**

The Commission is conducting these negotiations with the ACP States in consultation with the Member States and in accordance with the directives laid down by the Council. Following the guidelines set out in the Memorandum on Community development policy, the Community is offering the ACP countries a continuation and extension of the contractual relationship and an attempt to achieve greater compatibility between their own domestic policies and efforts and the Community development contribution, with a view to encouraging a more sustained, self-reliant and lasting development process.

### **The campaign against hunger**

The Commission will continue to place a special emphasis on this aspect of its development policy. It will be intensifying its efforts on several fronts, in the form of support for the implementation of food strategies, 'thematic' campaigns to protect the environment in developing countries, and an attempt to see that food aid makes a greater contribution to development in the recipient countries.

In this connection and indeed on a more general level it is essential that collaboration between the Commission and the Member States in particular be improved. Accordingly, the Commission will be putting proposals for better operational coordination of aid.

### **North-South Dialogue**

The Commission will be playing an active part in the first strategy for the Third Development Decade, adopted in 1980, and will start its preparations for the mid-term review of the substantial new programme of action for least-developed countries, scheduled to take place in 1985. It will also continue its efforts to get the global negotiations under way.

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