

THE EUROPEAN COUNCIL

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Documents in the dossier include:

Preparations for the Athens European Council

Reproduced from the Bulletin of the European Communities, No. 9/1983

Preparations for the Athens European Council

Reproduced from the Bulletin of the European Communities No. 10/1983

Agriculture: Proposals for Rationalizing the Common Agricultural Policy

Reproduced from the Bulletin of the European Communities, No. 9/1983

The Athens European Council

Reproduced from the Bulletin of the European Communities, No. 12/1983

The Failure of the Athens Summit Does not Mean the Failure of the Community

European Community News No. 23/1983

European Community Information Service

Washington DC

Summary of the Statement by Prime Minister Papandreou to the European Parliament

Greece: The Week in Review

19 December 1983

3. Preparations for the Athens European Council

1.3.1. The fourth special Council meeting was held on 20 September with Mr Grigorios Varfis in the chair.¹ Preparations had been made for it, as for previous meetings, by the *ad hoc* working parties and the single preparatory group.

1.3.2. The single preparatory group held its second meeting on 12 September, again with Mr Varfis in the chair. With the special Council meeting in mind, it discussed the two aspects of the Commission's proposals drawn up in preparation for the Athens European Council which had not yet been dealt with, i.e. new policies and financing.

The discussions on financing revealed a large majority, at this stage, in favour of increasing Community own resources.

With reference to the development of common policies other than the agricultural policy, the French, German and British delegations

presented memoranda relating respectively to the creation of a common industrial and research area, economic convergence and new policies. No real discussion took place, but it is important that new policies should have been included as a significant element in the negotiations.

The group also continued its discussion on changes in the common agricultural policy,² devoting itself largely to procedural matters and, notably, specifying a number of issues to be put to the *ad hoc* working party on agriculture. The group held a relatively short discussion on the structural Funds,³ primarily about the ERDF, to pinpoint matters to be put to the *ad hoc* working party on the

¹ Bull. EC 7/8-1983, point 2.4.3.

² Bull. EC 7/8-1983, points 1.1.2 to 1.1.12.

³ Bull. EC 7/8-1983, points 1.1.13 to 1.1.20.

structural Funds (technical examination of matters such as concentration of assistance, quota/non-quota assistance, and the working of indicative ranges).

1.3.3. In addition to memoranda from various delegations, the special Council meeting held on 20 September also had before it a communication from the Commission relating to the development of Community politics other than the common agricultural policy.¹

This communication, devoted to the improvement of the international competitiveness of European firms, recommends, with an eye to the Athens European Council, that a number of priority decisions should be taken with respect to economic and monetary policy, strengthening the internal market, energy and research policy and the development of advanced technologies.

The decisions in question would be selected from the numerous Commission proposals already transmitted to the Council. They would be, firstly, horizontal decisions on broad policy and, secondly, more specific decisions that would bear witness to the European Council's desire for progress, e.g. in the economic and monetary spheres and with regard to new technologies.

1.3.4. Much of the Council's time was devoted to hearing each delegation's views on Community financing. Some Member States considered the priority to be correction of budgetary imbalances, with the possibility of later developments once this problem was solved, whereas others put the emphasis on Community dynamism and the launching of common policies which would in themselves correct these imbalances.

In conclusion, the chair observed that while all the approaches outlined in Stuttgart should be explored, raising the VAT ceiling was the only system which the delegations viewed as capable of ensuring the availability of new own resources to the Community. He urged the delegations to look closely into the feasibility of a hybrid system, combining the modulation of part of revenue (VAT) with an adjustment mechanism for expenditure (Danish proposal for a convergence fund).

All the options—including the safety net proposed by the United Kingdom (an automatic mechanism combining the notions of a Member State's net transfer and its GDP)—are still open and will be considered again at the Athens meeting on 10-12 October.

With regard to new policies, all the delegations emphasized the very great importance they place on this aspect of the negotiations. The special Council meeting discussed at length the procedure to be followed, with a view to establishing a parallel relationship between the decisions to be taken by the European Council in December on reform of the CAP and budgetary matters on the one hand, and those to be taken on other common policies on the other. The meeting stressed the need to ensure that the decisions taken in Athens were not a mere litany of pious hopes but were feasible measures set within a logical framework. The meeting asked the Commission to bring forward a proposal on the priority decisions to be selected for inclusion in the Athens package.

To prevent its agenda becoming too crowded, the special Council meeting asked the Council, in its various regular compositions, to examine certain items. A number of informal meetings of Ministers took place in September for this purpose.²

1.3.5. In September the Commission put up several papers for the special Council meeting. First, it transmitted its second communication on the international competitiveness of European firms, at the request of the September meeting. This document indicates priorities on which decisions should be taken before or during the European Council in Athens: according to the ECU the status of a convertible currency; European standardization, opening up access to public contracts, cooperation between firms; scientific research and the development of advanced technologies (framework programme, Esprit programme,

¹ COM(83)547 final.

² Points 2.1.1, 2.1.38, 2.1.75 and 2.1.136.

telecommunications and biotechnology) and energy policy.

The Commission also sent two communications on biotechnology and telecommunications,¹ supplementing those transmitted to the Stuttgart European Council in June.

In agriculture, the Commission presented proposals for Regulations on the milk sector,² and on the introduction of a tax on consumption of oils and fats other than

butter,³ and its suggestions for changes in structures policy.⁴ These proposals are currently being examined, as regards the technical problems they pose, by the *ad hoc* working party on agriculture and the single preparatory group.

¹ Points 2.1.23 and 2.1.25.

² Point 2.1.80.

³ Point 2.1.95.

⁴ Points 1.2.1 to 2.2.10.

4. Preparations for the Athens European Council

1.4.1. The fifth special Council meeting was held from 10 to 12 October, attended by the Ministers of Foreign Affairs, Finance and Agriculture, and with Mr Thorn, Mr Ortoli, Mr Davignon and Mr Dalsager representing the Commission.¹ This was the first real negotiating session: now that the Member States' positions on the four main subjects covered by the mandate have all been presented, the second task of these special meetings is to work out agreements on the various points.

Despite urgent appeals by the chairman, Mr Grigorios Varfis, and the contributions made by Mr Thorn and his colleagues, the discussions produced little in the way of progress since the delegations mainly contented themselves with restating established positions. Expressing his disappointment at the delegation's refusal to run the risk of making concessions, Mr Varfis indicated that the chair would try to put together a package which would be sufficiently balanced to form a basis for comprehensive negotiations at the November meeting.

It emerged from the discussions concerning the reform of the common agricultural policy that there was no convergence of views on the milk question. However, there was some measure of agreement on two basic issues in connection with cereals—a cautious prices policy and the stabilization of imports of cereal substitutes. Finally, most delegations agreed that the MCAs should be eliminated as soon as possible but two aspects were still at issue: the German delegation was opposed to ending the MCAs in two years since it considered that the resulting price reductions for German producers were unacceptable; in future, it recommended that MCAs should be calculated by reference to the green rate of the strongest currency. The only real outcome of the discussions was the creation of a high-level group to review agricultural questions prior to a discussion at political level in November.

No progress was made on the future financing of the Community. Some Member States consider that the restoration of balance between national contributions is a high priority, while others feel that the Community must adopt new objectives in response to the challenges facing the European economy and hence must provide itself with the necessary funds. No unanimity could be reached on any of the solutions proposed by the delegations, e.g. the safety net proposed by the United Kingdom or the convergence fund proposed by Denmark. The Commission was asked to rework its evaluation of the budgetary situation up to 1986.

All the delegations confirmed the need for progress with the common policies. Since the special Council was not in a position to adopt the requisite operational measures, it called upon the regular 'technical' meetings of the Council to obtain results on the following matters before the next special meeting in November:

- (i) Economic and financial affairs: role of the ECU; EMS and convergence; capital markets; international economic and monetary cooperation; finance for innovation.
- (ii) Internal market: Community certification of products from non-member countries; simplification of formalities at frontiers; standards; temporary tariff protection for infant industries.
- (iii) Research: adoption of Esprit; multi-annual JRC programme; guidelines for telecommunications and biotechnology.
- (iv) Energy: solid fuels; timetable for the work programme.
- (v) Industry: improvement of the competitiveness of firms and cooperation between firms.

1.4.2. The single preparatory group met several times in October to prepare for the fifth special meeting of the Council and the

¹ Bull. EC 9-1983, points 1.3.1 to 1.3.5.

sixth meeting due in November. At its 28 October meeting it gave a progress report on three subjects: structural Funds, future financing of the Community and new policies. Some progress was made on the structural Funds, in particular the ERDF, with the beginnings of a consensus on the Commission's ideas on coordination, a large measure of agreement on the guidelines for reforming the ERDF and a favourable reception for multiannual planning. Faced by the extreme complexity of the various aspects of the future financing of the Community, the inevitable interlocking between them and the inflexibility of certain positions, the Commission representatives stressed that only a general political solution could succeed in Athens. As regards new policies, following the favourable reception given on the Commission's proposals for European cooperation in the industrial sector,¹ it was decided to set up a new *ad hoc*

working party to draft conclusions for the European Council.

1.4.3. The Commission presented the special Council meeting with further papers on the CAP: proposals for amending the system of monetary compensatory amounts² and two proposals for the introduction of a guarantee threshold for durum wheat and sunflower seed.³ It will give particular consideration to the Council's request that it look again at its evaluation of the budgetary environment up to 1986 and to the new proposals for the review of the Regional Fund which will reflect its previous ideas on defining the role of the structural Funds.

¹ COM(83)578.

² Point 2.1.102.

³ Point 2.1.110.

methods in question were developed by the Commission in cooperation with experts from government and industry.

Agriculture

Proposals for rationalizing the common agricultural policy

2.1.75. After sending a general communication on this matter to the Council in July,¹ the Commission put up proposals for a Regulation on milk and milk products,² the introduction of a tax on the consumption of food oils and fats other than butter, irrespective of their origin,³ and changes in the policy on agricultural structures.⁴

Council

2.1.76. At its meeting on 26-27 September the Council resumed⁵ work on the adjustment of the Community rules on Mediterranean products, fruit and vegetables and olive oil, but little progress in the alignment of the various standpoints was achieved. The link between this work and the current review of the common agricultural policy was stressed.⁶

As it wound up its discussions, the Council agreed to take up the matter again at its next meeting.

2.1.77. Other items on the agenda included the proposal for an amendment of the general rules for the aid scheme for dried grapes and dried figs for 1983/84,⁷ which the Council again considered, without reaching agreement. It discussed various ways and means of introducing transitional measures pending the adoption of a definitive scheme.

The Council also continued its work on three proposals for Directives recommending amendments to the Community lists of less-favoured areas within the meaning of Directive 75/268/EEC in Italy, the United Kingdom and the Netherlands,⁸ and on the proposal to implement at Community level a number of coordinated and joint agricultural research projects between 1 January 1984 and 31 December 1988.⁹ No agreement on

the amounts to be allocated to this five-year programme has yet been reached.

2.1.78. As decided at its meeting on 16 and 17 May when it discussed farm prices for 1983/84, the Council, subject to Parliament's opinion, endorsed four proposals for Regulations on structural matters,¹⁰ one concerning the development of agricultural advisory services in Greece, one amending Regulation (EEC) No 1054/81 establishing a common measure for the development of beef cattle production in Ireland and Northern Ireland, a third establishing a common measure to speed up collective irrigation schemes in Greece, and a fourth setting up a special emergency measure to assist livestock production in Italy. These Regulations will be formally adopted simultaneously once Parliament has delivered its opinion.

Informal meeting of Agriculture Ministers

2.1.79. On 7 September the Ministers of Agriculture held an informal meeting in Athens to discuss new directions in structures policy, on which the Commission presented proposals at the end of the month.⁴

Market organizations

Adjustments to basic Regulations

Milk and milk products

2.1.80. On 14 September the Commission sent the Council the first three detailed proposals for implementing a system of production thresholds in the milk sector.¹¹

¹ Bull. EC 7/8-1983, points 1.1.2 *et seq.*

² Point 2.1.80 to 2.1.84.

³ Point 2.1.95.

⁴ Point 1.2.1 *et seq.*

⁵ Bull. EC 6-1983, point 2.1.136.

⁶ Point 1.3.1 *et seq.*

⁷ OJ C 94, 8.4.1983; Bull. EC 3-1983, point 2.1.119.

⁸ OJ C 206, 2.8.1983; OJ C 224, 22.8.1983.

⁹ OJ C 27, 2.2.1983; Bull. EC 12-1982, point 2.1.128;

Bull. EC 6-1983, point 2.1.147.

¹⁰ Bull. EC 7/8-1983, point 2.1.144.

¹¹ COM(83) 548 final.

These proposals link up with earlier ones made in July on the rationalization of the common agricultural policy.¹ They concern the introduction of an additional levy on quantities produced in excess of an annual reference quantity, the introduction of a special levy on milk from intensive production units and amendments to the basic Regulation² to incorporate these new concepts and to suspend, periodically, buying in of skimmed-milk powder.

Parallel measures include provisions on the consumption of butter and processed milk.³

At producer level

2.1.81. The additional levy will amount to 75% of the target price for milk and will be payable by undertakings or groupings whose purchases of milk, cream and butter exceed the reference quantity (101% of the quantity bought in 1981); it will be passed on by them to farmers (and only such farmers) whose deliveries exceed the quantity delivered during a reference period corresponding to that used for fixing the reference quantity for the purchaser.

This measure should stabilize milk deliveries without affecting the incomes of small diary farmers. Failing implementation of this measure, the effect of the provisions approved in May 1982⁴ would be to bring down the price of milk by 12% in 1984/85 in order to offset the additional expenditure generated by the excess beyond the guarantee threshold in 1983. If the additional levy system were not introduced, milk deliveries would exceed the reference quantity (1981 + 1%) by 8 million tonnes.

In terms of farmers' incomes, the proposed additional levy will be far less damaging than a drop—albeit by only 2%—in the common price for milk in 1984/85.

2.1.82. The special levy, put at 4% of the target price, will be payable by any milk producer delivering more than 60 000 kg of milk a year, and producing 15 000 kg of milk annually per ha of fodder area. This levy is charged in addition to the existing co-responsibility levy.

2.1.83. Lastly, amendment of the basic Regulation should enable the Commission to restore sound production in this sector. The fact that no one will be exempt from the levy and that intervention buying of skimmed-milk powder will be suspended for several months of the year should stem the tide of milk production fairly rapidly.

At consumer level

2.1.84. The four proposals on consumption of milk and milk products concern the cessation of aid for direct butter consumption, the extension of aid towards the use of butter, the introduction of special aid for concentrated milk and the increase of butterfat consumption by raising the fat content of milk.⁵

Gradual phasing out of the scheme for direct consumption of butter. This measure has had little impact at consumer level (it is estimated that it yielded an increase in consumption of 20 000 to 30 000 tonnes/year out of an internal total of 1 692 000 tonnes/year in 1981 and will be phased out in two stages, by 50% on 1 April 1984 and the rest on 1 April 1985.

Use of butter. The Commission proposes that the aid scheme for butter used in the manufacture of pastry products and ice cream should be extended to butter used for other foodstuffs.

Aid for concentrated milk used as animal feed. The purpose of this measure is to reduce the quantities delivered for intervention by instituting aid for the use of whole concentrated milk for feeding calves and skimmed concentrated milk for other livestock. Aid for concentrated milk would be adjusted to take account of the situation on the butter market; initially it could increase milk consumption by about 440 000 tonnes.

¹ Supplement 4/83—Bull. EC; Bull. EC 7/8-1983, points 1.1.6 and 1.1.7.

² OJ L 148, 28.6.1968.

³ Point 2.1.84; see also the reference to oils and fats other than butter at point...

⁴ Bull. EC 5-1982, point 2.1.76; Bull. EC 5-1983, point 2.1.93.

⁵ OJ C 289, 25.10.1983; COM(83) 611 final.

Oils and fats. The fourth measure proposed by the Commission consists in increasing the fat content of standardized whole milk and semi-skimmed milk. This should increase consumption by 20 000 tonnes of butter equivalent.

Prices and specific measures

Fresh fruit and vegetables

2.1.85. The Commission sent the Council and Parliament the sixth annual report¹ on the estimated clearings and new plantations of certain types of fruit trees (apples, pears, peaches and oranges) in the Community, covering 1980/81. The report shows that areas contracted by 4 500 hectares — a little under 1% of the total area of commercial orchards. Since 1977, areas planted with pear trees have declined steadily whereas those planted with apples, peaches and oranges have remained fairly stable. The largest acreages for the first three species are in Italy (50%), France (30%), Germany (8%), the Netherlands (5.3%) and the United Kingdom (5.2%).

2.1.86. On 7 September the Commission fixed the reference prices for sweet oranges, mandarins, tangerines and clementines for 1983/84 and the Community offer prices applicable for these products *vis-à-vis* Greece.² On the same day it fixed the minimum purchasing price for oranges delivered to industry and the amount of the financial compensation after processing.²

Wine

2.1.87. On 9 September the Commission sent the Council a proposal for a list to be drawn up of quality sparkling wines produced in specified regions for which, on account of their fragile nature and properties, the duration of the preparation process may be six months instead of nine months (sparkling wines produced in southern Italy).³

2.1.88. On 26 September the Commission sent the Council two other proposals for Regulations, one to amend the rules for the description and presentation of wines and grape musts, making it compulsory to indicate

the ingredients used during preparation and the actual alcoholic strength, and one concerning special wines, for which it is proposed that, in the interests of fair competition, indications likely to mislead consumers should be prohibited.⁴

2.1.89. On 9 September the Commission laid down detailed rules and instituted the application of additional measures applicable to holders of long-term storage contracts for table wine for the 1982/83 wine-growing year.⁵ These additional measures, known as the 'special price support guarantee', allow distillation of 100% of the quantity provided for in the basic Regulation,⁶ i.e. 18% of the quantity of table wine produced during the 1982/83 marketing year by each long-term storage contract holder, and a four-month extension of storage contracts for the quantity of wine under contract in excess of this threshold.

Milk and milk products

2.1.90. On 23 September the Commission sent the Council a proposal for a Regulation increasing by 10% the volume of imports into the Community of Emmental cheese from Finland,⁷ following the agreement signed by Finland and the Community on the development of trade.

2.1.91. At its September part-session Parliament adopted a resolution on the sale of Christmas butter at reduced prices.⁸

Beef/veal

2.1.92. On 26 September the Council fixed the Community import quota for high-quality fresh, chilled or frozen beef and veal for 1984 at 29 800 tonnes, in accordance with the Community's commitment under GATT.⁹ The CCT duty for the quota is 20%.

¹ COM(83)515 final.

² OJ L 248, 8.9.1983.

³ COM(83)467 final.

⁴ COM(83)529 final.

⁵ OJ L 250, 10.9.1983.

⁶ OJ L 54, 5.3.1979.

⁷ COM(83)549 final.

⁸ Point 2.4.12; OJ C 277, 17.10.1983.

⁹ OJ L 267, 29.9.1983.

2.1.93. Because of high prices and heavy demand on the markets, the Commission authorized Greece to extend until 31 December the suspension of customs duties on beef/veal imported from other member countries.¹

Processed fruit and vegetables

2.1.94. On 28 September the Economic and Social Committee adopted an opinion² on a series of proposals for measures concerning products processed from fruit and vegetables.³

Oils and fats

2.1.95. Among its various proposals for the rationalization of the CAP, the Commission adopted on 30 September a proposal for a Regulation introducing a tax of 7.5 ECU per 100 kg on vegetable oils and animal fats other than butter with the exception of those intended for use other than for food or feed.⁴ This is to supplement the measures to control production of butterfats through co-responsibility levies.⁵ It is designed to reduce the imbalance between butterfats and other oils and fats. The scheme should come into force on 1 January 1984 and apply to all relevant products, whether produced in the Community or imported. Revenue from the tax is estimated at 524 million ECU for one year, in addition to which there would be a saving of 56 million ECU on aid to olive oil consumption. The tax would help to finance expenditure under the common organization of the oils and fats market.

The impact of this tax on consumer prices should be 3-8%, depending on the type or quality of the oil or margarine in question. On average it would represent a cost of 0.8 ECU per month for a family of four.

The tax would reduce the disparity between the price of butter and that of other oils and fats, also reducing the cost of aid for the use of butter in the food industry (pastry products, ice cream). It would not affect competitive relations between imported products and Community products, nor would it significantly reduce Community consumption or, consequently, imports. The proposed measures constitute a corollary to the meas-

ures proposed for stabilizing the butter market.⁶

Hops

2.1.96. On 16 September Parliament expressed a favourable opinion⁷ on the proposal for a Regulation fixing the amount of aid to producers for the 1982 crop.⁸ It urged the Commission to approach exporting non-member countries to discourage them from extending their acreages under hops.

Structures

New measures and amendments to Directives

Review of policy on agricultural structures

2.1.97. At the end of September the Commission adopted and on 7 October sent to the Council several proposals for the revision of the 1972 socio-structural directives (72/159, 72/160, 72/161), the 1975 Directive on mountain and hill farming and farming in certain less-favoured areas (75/268), and the 1977 Regulation on the improvement of conditions under which fruit and vegetables are processed and marketed (355/77).⁹

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2.1.98. On 12 September Parliament adopted a resolution⁷ on the implementation of the 1975 Directive on mountain and hill farming and farming in certain less-favoured areas,¹⁰ on the basis of the 1980 Report of the Court of Auditors.¹¹

¹ OJ L 264, 27.9.1983.

² Point 2.4.26.

³ OJ C 94, 8.4.1983; Bull. EC 3-1983, point 2.1.119.

⁴ OJ C 289, 25.10.1983.

⁵ OJ L 131, 26.5.1977; OJ L 90, 4.4.1981; OJ L 140, 20.5.1982.

⁶ Points 2.1.80 to 2.1.84.

⁷ OJ C 277, 17.10.1983.

⁸ OJ C 221, 18.8.1983; Bull. EC 7/8-1983, point 2.1.135.

⁹ Point 1.2.1 et seq.; COM(83)559 final.

¹⁰ OJ L 128, 19.5.1975.

¹¹ OJ C 358, 31.12.1980.

The Athens European Council

1.1.1. Despite intense preparations during the six months between the Stuttgart and Athens European Councils, the 10 Heads of State or Government, meeting in Athens on 4 December, broke up two days later without achieving any progress on any of the Community's vital problems.

They failed to reconcile their differences over the reform of the common agricultural policy, thus stalemating any possibility of decision on revitalizing the Community and the accession of Spain and Portugal.

At his final press conference Mr Andreas Papandreou, who chaired the meeting, announced that no communiqué and no statement on political cooperation would be issued, saying:

'We felt that in view of the failure, it would not be worthy of the seriousness of the moment or of the Commission or the Council to make political proclamations. That would have simply betrayed our nakedness...'

1.1.2. After presenting his colleagues with a final draft compromise on 6 December, Mr Papandreou had to admit that the meeting was a failure and that nothing positive had been achieved by the discussions. At his conference he made the following comments:

'I do not intend to attribute the responsibility to any one country. But I must tell you that what struck me most is that we failed to secure unanimity on any of the subjects which relate to the Community's economic activity...'

And now about the proposals I made. There is a proposal for a new Messina, for a new beginning. I do not know whether anything will come of it. We agreed, though, that all the issues which remained open will be resolved by the new Presidency, which takes over on 1 January—the French Presidency. We wish it luck and hope that it will succeed where we failed...'

Answering journalists' questions, Mr Papandreou said:

'What I know is that if the French Presidency too, does not manage to find answers to the vital problems of the continent, then the end of the Community would be in sight'

Mr François Mitterrand said that Europe now knew for sure that it was in a crisis; they must now make the best of it. During a press conference the French President noted that the major crisis which had long been bubbling under the surface had now boiled over; he undertook to find remedies during France's Presidency of the Community in the first half of 1984.

For this task Mr Mitterrand would be guided by a few simple principles: Europe must remain true to itself, Europe needed to clear away the detritus of the past and open up new paths. He hoped that a political resolve would carry these countries towards the goal of an all-embracing political construction, which would give a tall historical dimension to the endeavour. France would not neglect any of its European commitments and was ready to accept sacrifices and make concessions provided that the Ten honoured the obligations of the Treaty of Rome. For Europe to remain true to her ambition, he reaffirmed the 'exporting role' of European agriculture and insisted that Europe negotiate an equitable contract with the United States so as not to leave the field wide open to American products.

Chancellor Helmut Kohl declared that despite the serious breakdown at Athens, for the Federal Republic of Germany there was no alternative to the Community. He was disappointed; it was a hard knock for Europe; the Community had no future if it could not pay its way. Chancellor Kohl believed that the next European Council, due to be held in Brussels in March, with France in the chair, 'had no alternative but to succeed': it must be meticulously prepared by many bilateral meetings and contacts, for they could not afford another fiasco.

The British Prime Minister, Mrs Margaret Thatcher, told reporters that the Community might have to wait until it actually ran out of money before showing willingness to reform its finances; some people often got down to dealing with their problems only when they neared the brink.

The Italian Prime Minister, Mr Bettino Craxi, found that hopes for a new stimulus had been dashed and that certain unbending attitudes had finally paralysed any agreements which might reasonably have been secured. He quoted the words with which he had concluded his speech to the Council: the Community ought to have left Athens with a new burst of speed but instead had been pulled up dangerously short. Let everyone have time to prepare for a new meeting, in the knowledge that they would then be deciding the future of European integration.

The Belgian Prime Minister, Mr Wilfried Martens, believed that Athens had lacked political drive and that the procedure of special Council meetings was inadequate. He wanted to put things into constructive perspective so that the setback might provoke awareness and spur Europe into action again.

The Irish Prime Minister, Mr Garret Fitz-Gerald, felt that the failure to agree on the outstanding issues could only harm the Community. It implied a lack of political will, which was the most serious shortcoming at Athens.

In contrast, Mr Pierre Werner, the Luxembourg Prime Minister, thought that the débâcle might be good for Europe.

Mr Poul Schlüter, the Danish Prime Minister, regretted this setback due, as he saw it, to too many technical problems to be settled by the Ministers.

Lastly, the Dutch Prime Minister, Mr Ruud Lubbers, stressed that the breakdown was not due solely to the British problem but was also attributable to the southern European countries, which wanted a new North-South distribution of income in the Community, and to the financial difficulties of the Member States.

The only positive feature of this European Council was that the big countries, thus divided, had been unable to dominate the smaller ones.

Mr Gaston Thorn, President of the Commission, said:

'The Community failed to find the consensus demanded by the economic and social crisis and the tense international situation.

We cannot escape the seriousness of this failure; but we must not minimize or dramatize it, nor try to hide it under powder and paint.

I must pay tribute to the Greek Presidency and in particular Mr Papandreou, who right up to the last minute was calmly and doggedly trying to save the day; it is certainly no fault of his or of the Presidency that we failed to do so.

Together with the Presidency we have tried everything during the last few months. But alas, as President Mitterrand put it, a lot of little things, valid and important matters, prevented us from tackling the big issues. Thoughts were on the short term, on national and sectorial interests, rather than on the Community.

Today, like yesterday and like tomorrow, solutions to the problems confronting us can only be Community solutions; the only answer can be a European one.

I hope that this setback will make the Member States aware of the need to do something. The proposals made by the Presidency, in collaboration with the Commission, remain the focus of discussion and are the only genuinely Community proposals.

Despite all the bitterness left by such a failure, the Commission as a Community institution must keep things under control, hold the Community on course and deal with the slightest hint of breakdown. We shall do our duty! At Stuttgart, it was decided to hold a major negotiation. Today, this has failed, despite our efforts; but negotiation must go on.

What matters is to know what Europe we want. It is not the Europe of moneybags and petty squabbles, but a Europe which has regained its missing cohesion and is again marching forward.'

1.1.3. After hearing a report during the evening of 6 December by Mr Thorn and Mr Ortoli on the Athens European Council, the Commission on 7 December discussed the conclusions to be drawn from the failure, and indicated the line it would take, in the following statement:

'After Athens, disappointment runs deep. The difficulties were indeed real ones. They are now even more serious. But the failure of a European Council is not the failure of the Community and even less the failure of a historic process that is to ensure the strength and prosperity of Europe.

The Commission will shoulder its responsibilities to ensure that the Community does not slide backwards and undo what it has already achieved, that essential progress is made without delay and that the stage is set for the revitalization of the Community.

If Community achievements are to be preserved, there must be no more uncertainty to compound that engendered by the Athens European Council. The Commission hopes that everything will be done to make possible a swift decision on the adoption of the 1984 budget. As the European Council failed to adopt the proposed economy measures, the Commission will take the decisions that are within its powers and put to the Council the necessary proposals for implementing the 1984 budget.

The decisions which will enable the Community to honour its pledges—to itself, its citizens and other countries—must be taken in good time.

It would not be right for the Community to wait until it had settled all its problems before embarking on the urgent action needed for its future development. Steps must therefore be taken immediately to restore confidence and underpin economic recovery; early decisions must be reached on the Commission proposals for projects of Community interest, where any delay would jeopardize success.

The Community's obligations to certain social categories, certain industries and certain regions are unchanged.

To uphold the Community's interests the Commission will continue to discharge its responsibilities to the full in negotiations with non-member countries.

The Commission will act to ensure that the Community emerges revitalized from the crisis. What this means in the main is well known: the European dimension must be fully exploited; the Community must be afforded the resources essential to ensure its development; a lasting solution must be found for the budget problems; the common agricultural policy must be allowed to perform its role more effectively; available resources must be efficiently managed; the accession of Spain and Portugal must be made possible.

This means an end to the clash of conflicting national interests on too many single isolated issues and a return to the procedures of the Treaty, the only ones which can make the superior interest of the Community central to the debate. This will prepare the way for agreement.

Europe belongs to its citizens. And its citizens demand of their institutions that they enable the Community to achieve economic recovery and pave the way for a better future'.

1.1.4. During Parliament's December part-session, before the debate on the Athens European Council and the report on the Greek Presidency, Mr Papandreou made the following speech:

'The fact that this European Council failed was the result, not of recent and random events, but of a process of deterioration which has been going on for years, one of internal erosion and deadlock. European Councils have been taking place one after the other, each one making well-intentioned attempts to conceal the crisis with statements of good intent. The failure to face up to the crisis, however, merely helped to compound matters.

Over the past few years, scarcely anything has been achieved on a common approach to the economic crisis and to the massive unemployment which has afflicted, and is still afflicting, Europe. Combined efforts to bridge the technology gap between Europe and its main economic competitors have been negligible. Nothing of substance has been achieved in the social sector. Virtually nothing had been done to provide the Community with the cohesion it needs, especially after its successive enlargements or for the next enlargement to which we look forward. On the contrary, as you have yourselves pointed out, inequalities have increased rather than diminished within a Community which grows ever less homogeneous.

What is to blame for this inertia? I believe that in recent years Member States' reactions to any proposals have been conditioned principally by their estimates of the effects which its acceptance or rejection will have upon their contributions to or their receipts from the Community budget. It would be an exaggeration, or at least a harsh judgment, were I to say that each party has tried to shift his problems on to his neighbour. But in the mean time scope for postponement has been shrinking all the time. This is partly because runaway expenditure, much of which was and is genuinely wasteful, combined with the effects of the crisis have led to the exhaustion of the Community's own resources, and partly because, with the European elections a few months hence, all of us are obliged, or at least ought to be obliged, to say what kind of Europe we wish to see.

This was the situation when we arrived in Stuttgart.

In line with the Stuttgart mandate, the Greek Presidency has worked towards the dual objective of growth and savings. But I am bound to say that both during preparations for the Athens meeting and at the meeting itself, I had a strong impression that savings and not growth was the primary objective; that it was an end in itself, and not the expression of a need for rational use of resources.

I think I can justly say that a considerable disparity became apparent between the objectives which were set and the willingness to make available the increased means necessary for attaining them.

In particular, in the matter of an increase in own resources, there was a strong tendency to favour a very small increase which would cover no more than the needs arising from enlargement, which were in any case viewed restrictively. This was an approach which did not lead to any substantial development, which did not correspond to any of the major challenges of our time. How can we accept that it is beyond our financial means for the Community budget in 1990 to represent something more than 1% of the Community's GDP and something less than 3% of all the national budgets of the Member States taken together? Or that expenditure on new policies must not exceed the administrative expenditure of the budget? For those were the goals set for 1990, according to the proposals for the increase in own resources.

The rigorous review of budget matters, to which I referred earlier, links the creation of a dynamic Europe with the internal budget policy of each Member State. This line of thinking makes obvious the reservations which exist in certain Member States as to the possibilities and effectiveness of Community policies.

There seem to be serious doubts whether a Community policy can produce greater or better results than the sum total of national policies. This assessment, at least in some sectors, is mistaken since, for instance, total expenditure on research in the Community Member States is higher than in Japan or the United States, but to much less effect.

Behind the conflict of interests over the fixing of expenditure on milk or in other sectors there lies, I believe, a fundamentally different perception on the part of each of us regarding the Europe of tomorrow. This clash of views took on tangible form with the two different positions which were discussed with regard to budgetary discipline. One school of thought maintained that it was first necessary to determine the available resources each year before deciding on expenditure. The other gave pride of place to laying down the common policies which will ensure the cohesion of Europe (regional policy, structural policy) and the policies which will form the Community's industrial strategy. In an attempt at compromise, the Presidency suggested increasing own resources, and put forward proposals which would make it possible to take a first step, or at least a step in the right direction, towards the development of Europe.

I consider it self-evident that expenditure must be properly directed, but it must also be controlled

and thus permit a fair allocation, an allocation which take into account the need for a transfer of resources from the richer to the poorer countries. I believe, above all, with regard to the procedure for drawing up and voting on the budget, that there should in no way, either directly or indirectly, be any restriction on the powers of the European Parliament.

I should like to point out in this connection that, quite apart from whether the various discussions are concentrated on special topics and often take on a technical character, the positions of the Member States conceal their basic political choices regarding the kind of Europe which they would like to see. The arguments used reflect a first basic choice which determines the way in which each Member State looks at Europe.

The choice quite simply is this: either we are talking about a customs union, backed by a common agricultural policy and the appearance of a regional or social policy, or we are talking about a body of States with a multiplicity of needs which can only be met in the framework of common policies.

The question where the Community's resources will come from and how much they will be is a political choice linked to the question of the common needs which Community expenditure must meet.

It is clear that these needs alter with the international economic situation, the homogeneity or lack of homogeneity of the group formed by the Member States, the pressure to hasten structural adjustments in the sector of investment and new technology.

There are, however, also other choices behind the disagreements over this or that particular problem. There is the choice of a Europe which will have its own stronger identity in the face of the rest of the world, a more coherent external commercial policy, endowed with means commensurate with those which other major world commercial powers have and use.

The problem is of course wider. It goes beyond commercial policy and is directly linked to Europe's role on the world economic and monetary stage.

A third decision we were faced with at Athens concerned the so-called British problem. We all accepted that a feature of Community solidarity consists in not placing an exceptionally large burden on a country which, while its per capita income is lower than the Community average, derives a relatively small amount from expenditure under the budget because for historical reasons its agricultural production is relatively low.

The development of new policies together with the rationalization of the agricultural policy will normally speaking constitute the long-term solutions to the problem. In the meantime, however, it will be necessary in the next few years to find a just solution but one which does not undermine certain basic principles. We therefore ruled out the concept of net balances which not only give a very incomplete picture of the position of a country in the Community system but also tend in the direction of the so-called fair return (giving as much as is taken), a concept which is also unacceptable in an economic union.

Another option which I mention last, not because I feel it to be less important, but on the contrary because it is also a dimension of all the other options to which I have referred, concerns the relations between the less-developed and more-developed countries of the Community. This, without of course ignoring Ireland's geographical situation, we refer to as the North-South problem.

Today I wish to restrict myself to aspects which were discussed in the Athens talks.

In agriculture there is unequal treatment as between products from the north and those from the Mediterranean. Northern products have greater protection *vis-à-vis* non-member countries and high rates of support which together have resulted in certain cases in the creation of enormous surpluses.

The rationalization of the agricultural policy demands measures for a return to a normal situation and, in addition, measures for preventing the creation of such surpluses for other products. Is it, however, fair and reasonable, on the pretext of the need to achieve savings, to demand a reduction in EAGGF intervention where there is no danger of surpluses? And this because a certain amount of assistance is given to compensate to some degree for the lack of adequate support and for the concessions granted to non-member countries within the framework of the Community's commercial policy?

To put this more plainly, when we start out with a situation where there is unequal treatment between northern and Mediterranean products the need to reduce agricultural expenditure cannot be distributed equally between northern and southern products.

To permit the development of a true and coherent structural policy and to achieve convergence of economies and the progressive elimination of inequalities there must be a substantial increase in the resources of the structural Funds. Within that framework it is proposed that there be additional financing for the integrated Mediterranean programmes, which are absolutely necessary to counter both the structural problems caused by the

under-development of the Mediterranean regions and the negative effects of the enlargement of the Community to include the Iberian countries (Spain and Portugal), which we all fervently desire.

Finally, as regards the Community's industrial strategy, it is reasonable that it should be so structured as to benefit all the regions of the Community.

Measures will have to be taken to ensure that the less-developed regions make a real contribution to research and the transfer of technologies. At the same time those regions need support for certain branches of industry which are not in such a strong position as others.

It is inconceivable that there should be a Community in which the less-developed countries are regarded principally as markets for the industrial products of the more developed Member States.

I feel that it is now time, in order not to create false impressions as to what benefits or damage each country derives from participation in the Community, to see the extent of the effects on the balance of payments. This is because there is always a tendency to restrict ourselves to revenue and expenditure under the budget. For us in Greece the worsening of the balance of trade in the two years since full accession far outweighs any benefits we derive from the Community budget.

As regard the Greek Presidency, I believe that we fulfilled our obligations as far as possible.

If we failed to agree I do not believe this was due to a lack of technical preparation. It was due to a lack of political will and a lack of imagination.

On this point I should like to emphasize that at the Athens European Council meeting, as at previous European Councils, points arose which should have been solved and must be solved at Council or Permanent Representative level. One of the unfortunate aspects of European Councils is the tendency not to solve any problem at a lower level and to heap everything onto the Summit. For future Presidencies, I feel a precondition for the success of a Summit is for the agenda to be kept to matters of substance—that is, to the major political options and decisions, those which can be understood by the peoples of Europe.

Once the failure had become evident, we did not at any moment attempt to cover it up *vis-à-vis* a public opinion which is not much interested any more in the Community, either because it does not understand or does not believe what we tell it. The crisis of confidence which affects the attitude of our peoples towards Europe is today a matter just as grave as the crisis affecting the functioning of the Community. To mislead European public opinion or cover up the failure would have been the worst option. For that reason the Presidency

showed the impasse in its true colours and assumed the responsibility of not having discussion of the other matters which the meeting was to deal with.

I should like to state that we were, naturally, anxious that the Athens meeting be crowned with success.

Obviously its utter failure, particularly as regards the question of own resources, which is linked to the furthering of the integrated Mediterranean programmes, and on the question of reforming the structural Funds of the Community, does not at all help our attempts to solve the Community's problems. And plainly with the close of the Greek Presidency the problems will again come to the fore. However we do see something positive emerging from this turn of events.

The blatant failure of the meeting bears out as it were some of our doubts as to whether we have the political will to undertake a substantial reorganization of the Community so that its functioning is acceptable to all the Member States. We have repeatedly stressed the absolute need for certain changes, because of the lack of any adjustment of the Community's institutions in the last 25 years, despite immense changes in the situation within the Community and outside it.

In this framework must be seen the suggestion we made that perhaps the time had come for a new Messina, where we would, without abandoning the spirit of the Treaty of Rome, reclarify our ideas about the important problems of our time.

It is clear that only in an atmosphere of crisis and complete failure can the impetus be created for a radical re-examination of the progress and future of Europe.

The crisis we are facing today may therefore contain the seeds of a readjustment of the Community in the right direction.

For many years the Community has had the bad habit, resulting from the defects I have referred to, of solving crucial problems not at five to midnight but at five past midnight. Somewhere between the two we have passed the torch to the French Presidency. We all join in wishing it, as it continues the efforts made in the last six months, success in this hour of truth in giving the Community an effective new impetus.

Taking the floor after Mr Papandreou, Mr Thorn enlarged upon the Commission's statement of 7 December:

'I should like to begin—not out of courtesy or as pure formality, but out of a sincere desire to be objective—by paying tribute to Mr Papandreou for the competence, and above all the impartiality and authority, with which he conducted the proceedings at the Athens European Council.

I was a witness of his diligence and genuine European commitment, and I must say before this House that the President of the Council deserved to see his efforts crowned with success.

Unhappily, we achieved nothing like that result, since the European Council was a blatant failure... This is all the more alarming in that the problems over which the Community came to grief in Athens have been under discussion within the Community for many years now.

"Europe now knows for sure it has a crisis", said President Mitterrand.

Nevertheless, the shock could be good for Europe if we learn the lessons in time...

I should therefore like first to analyse the possible causes and then draw some conclusions.

In considering what happened we must get down to basics and so shun any speculation on how far any particular Member State or individual was to blame. The fact of the matter is that the failure at Athens was a collective failure, for which nearly all the members of the European Council bear some responsibility, even though, as always, some were more flexible and others less so.

In the Commission's view an initial cause lay in the preparation procedure agreed on in Stuttgart, in that this special procedure not only hardened a tendency for the role devolving upon the European Council to swell out of all proportion... without real negotiation ever actually beginning: it also resulted in Member States tabling more and more proposals as alternatives to those of the Commission.

For some years now the regular Councils have tended to abdicate from their function, which is to take decisions, and become a kitchen for European Councils, or simply a talking shop...

This warping of Community procedures was pushed to its extreme in the "special procedure" decided at Stuttgart in order to conduct a "major negotiation" which was to produce an agreement on a final package at the Athens European Council.

The choice of this procedure unfortunately involved the risk of linking all the outstanding problems together, leaving the specialized Councils stripped of their competences, swelling the European Council agenda and confusing things technical with things political and routine management with decisions committing the future.

At Stuttgart the Commission had already warned against the risk that such a procedure might bring everything grinding to a halt. We at least managed to convince those who were tempted to hold this negotiation in an intergovernmental setting without any reference to the Treaty and Commun-

ity procedures. The Commission then did all it could to stop special Council meetings substituting for the normal decision-making authorities in a whole series of areas (internal market, research, industry, energy, and so on) where in fact considerable headway was made, but which are precariously balanced because of the connections established between the various dossiers at Stuttgart.

The rule whereby the Council may act *only* on the Commission's proposals and cannot amend them unless it is unanimous was not respected in the discussion on correcting budgetary imbalances and on financial discipline. Consequently, the European Council had before it five or six alternatives to the Commission proposals...

No wonder that with no central bearings, the Council got completely bogged down in the morass of rival formulas. No wonder either that the national proposals were all biased towards the specific interests of the countries that had put them forward.

No wonder that the failure was the result of so blatant a violation of Community procedures. The authors of the Treaty, having benefited from long experience of what intergovernmental cooperation was like, had clearly seen the need to reserve the right of initiative to the Commission, as the only way of marshalling Council proceedings around a single proposal inspired—as far as possible—by the general interest of the Community. The Member States may criticize, reject or suggest amendments to the Commission proposals, but they cannot substitute their own. The same criticism applies to the tendency to amplify and unduly enhance the function of the Council Presidency.

I must alert you to the risk that this harbours for the Community's institutional balance, and I am doing so just as the Presidency is about to change hands, in order to make it clear that is a question of principle and not of individuals.

True, there may well be some positive points. But the drawbacks would far outweigh the advantages if the Member State taking its turn in the Council chair gradually came to behave—however noble its intentions—as if it were taking charge of the destiny of the Community. Europe does not have a change of government every six months; decision deadlines are not confined to June and December. The success or the failure of a Presidency must not be judged by the results of the European Council. No one has anything to gain by that. The Presidency has its own tasks: it organizes the work of the Council on the basis of Commission proposals; it regulates the pace of the work and coordinates between the various Councils; it wields its influence at the end of debates to coax delegations into any necessary compromises...

So I wonder whether the main cause of the Athens débâcle is not the lack of genuine agreement on the scope and meaning of European integration....

What sort of Community do we want? What are our plans? How is it that the questions on which the European Council foundered in Athens are the same ones that caused the deadlock at Lancaster House in 1981? ...

No Member State has so far proposed that the Treaty be amended through the procedures of Article 236. And yet there can be no denying that on certain issues the Member States have adopted national positions that openly flout the rules of the Treaty, in seeking, for instance, to institutionalize the principle of fair return or to limit Parliament's budgetary powers.

It is time that we said whether we are challenging the Treaties and their basic principles or whether, instead, we are going to find ways consistent with the Treaty for reforming the Community and producing a blueprint for revitalization.

If the abscess must be burst, let us do it now, otherwise the European Council can only perpetuate the failure.

The most important lesson that the Commission has learnt from the deadlock is that we must return to the Community's normal rules and procedures in order to tackle the present difficulties and surmount them.

It is in such a return to the very principles of the Community that we shall find that second wind to enable us to clear the hurdle which brought the Community down in Athens.

The Commission will accordingly ask the specialized Councils before the year is out to resume their work in their respective fields on the basis of the proposals which have been before them for so long.

The Commission is determined to keep its proposals on the Council's desk. It will not consent to amend them until it thinks that doing so may help secure agreements compatible with Community interests.

That is the position I took in preparing for Athens and at the European Council. I will stick to it.

On several issues where decisions are urgently required, the regular Councils must act swiftly without waiting for the next European Council. This applies to agriculture ...

The decision that the European Council will eventually take on increasing own resources is not a consolation prize for the sacrifices that will be involved in the reform of the CAP. Agricultural spending must be curbed in any event.

The CAP, we all know, must inevitably become unmanageable if we maintain the principle of unlimited guarantee.

It is not for the European Council to settle the technicalities of essential adjustment, to allocate milk quotas, ... decide whether to retain or stop a premium here or direct aid there.

That is the business of the Council. Proposals are on its desk which would keep agricultural spending within the limits of the budget: it is therefore duty bound to act with no further delay, and at all events before the next marketing year begins.

Likewise, the Council must, in its appropriate composition, complete its work on reforming the ERDF, press on with implementing the Copenhagen programme for developing the internal market, define a strategy for joint action on the new technologies ... there's no lack of examples.

I will take just one more, since it is symbolic. A decision on the financing of the Esprit programme must be taken right away. The research experts have agreed on the content and scope of the programme. Industry is poised to play its part and willing to bear its share of the cost.

The Commission will make the necessary choices to keep annual expenditure within the limits imposed on the budget by the ceiling of own resources.

In the circumstances ... it would be improper for any Member State to withhold its agreement, pending conclusion of a general package, in order to keep in hand an asset of 700 million ECU. No one may hold Europe's industrial future to ransom just to gain a little extra bargaining power.

If, with the help and support of Parliament, the Commission manages to make its voice heard, if the machinery of Community decision-making can be set in motion again, instead of being jammed by special procedures putting disparate issues together in packages, the European Council can re-discover its highly strategic and political role of directing and prompting the work of the Council and taking decisions on the major political options that shape the future of the Community.

The decisions on the Community's future financial system clearly belong to that category. The European Council, alone, can and must take the decisions of principle on which any increase in Community own resources depends.

Only three issues are involved: the sharing of the budgetary burden between the States, the financial directives to guide the Council in exercising its responsibilities as one of the arms of the budgetary authority and the volume of resources to be put at the Community's disposal to make enlargement possible and provide a lasting assurance that it can continue its development.

These are indeed three basic issues which go to the very roots of the Community and will determine its future.

We must build an equitable and permanent financial system, which will eliminate the annual haggling over arbitrary budget rebates. The compromises and sacrifices that will have to be made to secure budgetary peace within the Community will not be accepted by all unless they are part of an ambitious programme for the future.

To have no ambition for Europe and to stint on the means for its development is undoubtedly the surest way for the European Council to fail, even in reshaping what has been achieved.

When reduced to its essentials in this way, the European Council's task is clearly still bristling with difficulty. But even though Athens was a failure for the reasons I have just discussed, I am looking forward confidently to the next meeting.

I am still firmly convinced that a historic endeavour like the building of Europe will not be halted by a budgetary wrangle as confined as this one.

For all of us here know how much is involved. The Community budget is less than 1% of Europe's total GDP. The budget imbalances to be corrected represent no more than a tiny fraction of the GDP of the countries concerned.

Having said that, I am not implying that this imbalance can be ignored or that the Community budget can be managed loosely and without discipline; our proposals show that the exact opposite is true.

But I owe it to the public and to Parliament to put things into proper perspective. I must remind the governments which seek to outdo each other in restrictions when talking about funds for Europe that you cannot handle a Community budget representing 1% of our total GDPs like national budgets, which redistribute an average of 40% of the national wealth of the Member State.

A second reason which justifies my faith in the future is the attachment to European integration that I detect whenever I am talking with the Heads of State or Government. Deep down, they all know and recognize that there is no alternative to the Community, that the future must lie in reactivating the integration process ...

I cannot believe that they will go on allowing themselves to be swayed by counting-house reflexes, at the risk of imperilling European unification and 25 years of noteworthy achievement, let alone the promise of the future.

I sincerely believe that we shall climb out of our present predicament if all together we learn the lessons of the failure in Athens and go back to

the principles and methods which produced the Community's early successes.

President Dankert has said that the failure of the European Council may be a healthy shock for the system. I, too, would like to believe that.

You know the conclusions that the Commission, on its side, has set out. To remind the public that the breakdown of a European Council is not the breakdown of a historic unification process, it declared on 7 December that it would "shoulder its responsibilities to ensure that the Community does not slide backwards and undo what it has already achieved, that essential progress is made without delay and that the stage is set for the revitalization of the Community".

The Commission expects that Parliament's action will be inspired by the same concern. The Community must now be governed despite—and perhaps because of—the deficiency of the European Council. It must therefore give itself the budgetary means to do this in 1984.

It is vital that at this difficult juncture the Commission and Parliament ... support each other and together demonstrate that they are capable of leading the Community along the path traced by the Treaties in the interests of Europe.'

Mr Piet Dankert, the President of Parliament, had announced in a communiqué on 6 December that he hoped the House would relaunch Europe, for the total failure registered in Athens would have dangerous repercussions on the functioning of the Community. He urged Parliament promptly to draw the necessary conclusions from the Athens fiasco and make the revival of the Community the main theme of the six months up to the European elections in June.

During the debate members commented at length on the failure, trying to account for it in various ways. Mr Ernest Glinne, Chairman of the Socialist Group, found a simple formula to describe it: 'absolute zero', and

called the Council shortsighted and faint-hearted; it had behaved like some exalted cashier, unable to distinguish between what was essential and what was just secondary. Mr Paolo Barbi, Chairman of the EPP Group, was dumbfounded that the 10 Heads of State and Government had taken no position on the conflicts threatening peace. For the European Democrats, Lady Elles thought that a failure was better than an unacceptable compromise; bad solutions created more problems than they solved. The spokesman for the Communists, Mr Guido Fanti, declared that Athens had tolled the knell of old Europe. The States had shown they were unable to react to events. For the Liberal and Democratic Group, Mr Martin Bangemann had two explanations for the Athens fiasco: the Heads of Government had the political will but lacked the capacity to take decisions; though each State was individually living in democracy, Europe was not, since it could not take a majority decision. At the end of the debate Parliament passed a resolution moved by Mr Ernest Glinne (Socialist Group), Mr Pierre Pflimlin (EPP Group), Mr Adam Ferguson (ED Group), Mr Martin Bangemann (Liberal Group) and Mr Guido Fanti (Communist Group) on the failure of the Athens European Council. Deploring the powerlessness of the European Council, Parliament called for a considerable strengthening of the Community institutions, particularly Parliament. It considered that the Council could help to reverse the situation created by the failure to take decisions in Athens by responding positively to the proposals advanced by Parliament for facilitating the restructuring of the budget and establishing conditions and prospects for a genuine European recovery.

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THE FAILURE OF THE ATHENS SUMMIT DOES NOT MEAN THE FAILURE OF THE COMMUNITY

The Commission of the European Communities says it will work to "relaunch" the European Community following the failure this week of a summit meeting in Athens to resolve the Community's financial crisis.

The three-day European Council meeting, attended by the heads of government of the 10 Community member states and the president of the Commission, broke up December 6 without producing an agreement on proposed reforms to the Common Agricultural Policy (CAP) and to EC financing mechanisms.

While "disappointment is deep," the Commission said in a statement issued December 7, the failure of a summit meeting does not mean the failure of the Community, let alone of a "historical process that is to ensure the prosperity and strength of Europe."

However, the Community must take immediate steps to "restore confidence and underpin economic recovery," the Commission said, and it must return to procedures that put the "higher interest of the Community," rather than conflicting national interests, at the center of the debate.

Among the prerequisites for reactivating the Community, it added, are adequate financial resources, a lasting solution to budget problems, increased efficiency of the CAP, and enlargement of the Community to include Spain and Portugal.

Gaston Thorn, president of the Commission, said in a press conference December 6 that he hopes the Athens failure will make member states recognize the steps they must take to find a "European solution" to the Community's problems.

Pieter Dankert, president of the European Parliament, said in a December 6 statement that the summit's failure demonstrates the "paralysis" of the Community and the inability of the European Council to work as a Community institution. He called for Europe to reflect on its "reasons for being" under the leadership of the Parliament, which he described as the only Community institution legitimized by universal suffrage.

The text of the Commission's statement is as follows:

"Following Athens, disappointment is deep. The difficulties were real, and they have been made worse. However, the failure of a European Council"

session is not the failure of the Community, let alone the failure of a historical process that is to ensure the prosperity and strength of Europe.

"The Commission will face its obligations to ensure that the Community's achievements are preserved and progress continues without delay, and to create the conditions for a relaunching of the Community.

"Preserving the Community's achievements require that there be no further uncertainties beyond those arising from the Athens European Council session. The Commission is anxious that conditions be established for speedy adoption of the 1984 budget. As the European Council did not decide on economic measures proposed by the Commission, the Commission will take its responsibilities and submit to the Council the proposals that are necessary to implement the 1984 budget.

"It is imperative that the decisions be made on schedule so that the Community can honor its pledges to itself, its citizens and non-member countries.

"It would not be right for the Community to wait until it had settled all of its problems before embarking on the urgent action necessary to its future development. Accordingly, steps must be taken immediately to restore confidence and underpin economic recovery. Quick decisions must be reached on the projects of Community interest submitted by the Commission in order not to jeopardize their success.

"The Community's obligation to certain social groups, certain sectors and certain regions still stands.

"To uphold the Community's interests, the Commission will continue to fully meet its responsibilities in negotiations with non-member countries.

"The Commission will take every action in order to make sure that the current crisis results in the relaunching of the Community. The prerequisites for this are well known:

"That the benefits of the European dimension be fully realized; that the Community be afforded the necessary resources to ensure its development; that a lasting solution be worked out for the budget problems; that the Common Agricultural Policy be enabled to perform its function more efficiently; that the resources available be more efficiently managed; that the Community be enlarged to include Portugal and Spain.

"This involves ending the clash of conflicting national interests on too many unrelated issues and returning to Treaty procedures, the only ones whereby the higher interest of the Community can once again be made the center of the debate. In this way the conditions will be established for a solution.

"Europe belongs to its citizens. And its citizens demand of their institutions that they enable the Community to bring about economic recovery and pave the way for them to look forward to a better future."



GREECE

December 19, 1983
50/83

The Week In Review

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MR. PAPANDEOU'S REPORT TO EUROPEAN PARLIAMENT ANALYZES THE CAUSES OF ATHENS SUMMIT FAILURE

Reporting to the European Parliament last Tuesday, as is customary at the end of each member's six-month presidency of the European Community, Prime Minister Papandreou analyzed the reasons for the failure of the recent summit meeting in Athens of the Community leaders to reach agreement on the major problems confronting the Community as 1984 begins.

These failures concerned:

- * The Common Agricultural Policy
- * Structural funds
- * Development of new policies
- * Currency problems and improved currency discipline
- * Enlargement of the Community
- * Increasing the Community's own resources

Setting aside the detailed and technical aspects of these complex problems, Mr. Papandreou argued in his address that the failure to resolve them arose from deeper causes. It was not the result, he said, of recent developments, but of a continuous process over a long period of time marked by a progressive weakening and stagnation of the Community's functioning. Successive summits attempted, said the Greek Prime Minister, to surmount the problems with declarations of good intentions, with the result that the problems became more acute as their solution was deferred.

Self-centered Motivations Harm Community Interests

Little was done, Mr. Papandreou continued, to provide the cohesion which the Community needs, especially following its enlargement in the past and the hoped-for enlargement of the future. On the contrary, the inequalities within the Community have been intensified rather than reduced.

In his view, said Mr. Papandreou, these failures have occurred because each member of the Community has reached its positions on these issues on the basis of a self-centered concern

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in terms of its own benefits, with each country tending to "pass the buck" to another rather than collaborate in decisions for the general benefit of the Community as a whole.

A broad choice to be made, if the Community seeks to define its future, is whether Europe is to have its own more powerful identity with respect to the rest of the world, a more consistent external trade policy, able to employ means equal to those available to the world's other major trading powers. Mr. Papandreou reminded his audience, in this context of his remarks to the Center for European Studies in Brussels on November 24 last, when he complained of the damaging effects on Europe and the world economy in general of the high interest rates in the U.S.

Mr. Papandreou claimed that Greece had fulfilled its presidential task responsibly and skilfully, and made a plea (echoing the strongly-expressed views of European Commission president Gaston Thorn) that the Community's permanent officials and committees should resolve the mass of technical details in advance of future summit meetings, rather than -- as hitherto -- overloading the leaders at the summit with those details and limiting their capacity to deal, as they should exclusively, with broad policy issues of major importance.

The "Moment of Truth"

Concluding on a note of mixed caution and optimism, Mr. Papandreou said:

" The utter failure of the summit meeting justifies, if you like, some of our doubts as to whether the political will exists to go forward towards a substantive re-structuring of the Community, making its operation acceptable to all its members. It is in this context that we have suggested that the time may have come for a new Messina-type meeting at which, without abandoning the spirit of the Treaty of Rome, we can attempt to revise our positions on the major problems of our times.

It appears that only under conditions of crisis and total failure we do have the motivation for a radical re-examination of the course and future of Europe. So today's crisis may contain the seed of a new move in the right direction for the Community, changing the bad habits of many years in which critical problems have been tackled at five minutes past midnight instead of at five minutes before midnight. The French presidency has taken over the baton from us, somewhere between those two times. All of us hope that, continuing the efforts of the six months which are now coming to an end, that a truly new departure for Europe can be achieved at this moment of truth".

GREEK SHIPS READY TO EVACUATE PLO MILITIAMEN FROM LEBANON: DELAYED BY ISRAELI ATTACKS

Having received from several governments consulted their assurances of safe passage, Greece prepared over the week-end to go ahead with its operation to assist the evacuation from Lebanon of some 4,000 members of the Palestine Liberation Organization militia loyal to the PLO chairman Mr. Yasser Arafat.

Five Greek passenger ships engaged in the evacuation sailed from the port of Piraeus and were expected to take on the PLO militiamen and sail from the Lebanese port of Tripoli today or tomorrow. With the ships now waiting in a Cyprus port, the operation is being held up, however, by Israeli gunboat attacks on the evacuation port of Tripoli. The ships in question are: Santorini (2,157 tons); Odysseus Elytis (8,167 tons); Vergina (5,003 tons); Naxos (3,985 tons); and Ionian Glory (3,467 tons). The ships, escorted by French naval vessels, are due to ferry their passengers to destinations in Tunis and North Yemen.