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Report

drawn up on behalf of the Political Affairs Committee

on the results of the Conference of Heads of Government held in Paris on 9 and
10 December 1974

Rapporteur: Mr L. RADOUX

PE 39.345/fin.

On 12 December 1974 the Bureau of the European Parliament instructed the Political Affairs Committee to draw up a report on the results of the Conference of Heads of Government held in Paris on 9 and 10 December 1974.

On 19 December 1974 the Political Affairs Committee appointed Mr Radoux rapporteur. The committee considered the draft report at its meetings of 19 and 20 December 1974 and 8 and 9 January 1975. At the second of these meetings the motion for a resolution was adopted unanimously with three abstentions.

Present: Lord Gladwyn, vice-chairman and acting chairman; Mr Radoux, vice-chairman and rapporteur; Mr Achenbach, Mr Behrendt, Mr Berthoin, Mr Alfred Bertrand, Mr Blumenfeld, Mr Corterier, Sir Arthur Douglas Dodds-Parker, Mr Faure, Mr Kirk, Mr Lücker, Mr McDonald, Mr Patijn and Mr Scott-Hopkins

The rapporteur will give an oral explanatory statement.

The communiqué of the Conference of Heads of Government is attached.

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The Political Affairs Committee hereby submits to the European Parliament the following motion for a resolution:

MOTION FOR A RESOLUTION

on the results of the Conference of Heads of Government held in Paris on 9 and 10 December 1974

The European Parliament,

- having taken note of the communiqué published at the end of the Conference of Heads of Government of the Member States on 9 and 10 December 1974 and of the statements made at its sitting of 11 December 1974 by Mr FitzGerald, Foreign Minister of Ireland, on behalf of the President of the Council, and by Mr Ortoli, President of the Commission of the European Communities;
- 1. Believes that the Conference's decisions could constitute an initial step towards the relaunching of Community activities leading to a strengthening of the support of the peoples of Europe and imparting a decisive impetus to the process of European unification;
- 2. Confirms its undertaking to present within the time-limit laid down, that is before 30 June 1975, its report on European Union, and expects the Council to give immediate consideration to the convention for the election of members of Parliament by direct universal suffrage;
- 3. Reaffirms the pressing need for all the institutions to take appropriate measures in all fields to put into effect the various decisions aiming at progress towards European Union and the strengthening of popular backing for the Community;
- 4. Hopes therefore that the Commission, in presenting its annual programme in February, will submit practical proposals accompanied with specific time-limits;
- 5. Instructs its President to forward this resolution to the Council and Commission of the European Communities.

COMMUNIQUE

of the Conference of the Heads of Government
of the Member States of the European
Community in Paris on 9 and 10 December 1974

1. The Heads of Government of the nine States of the Community, the Ministers of Foreign Affairs and the President of the Commission, meeting in Paris at the invitation of the French President, examined the various problems confronting Europe. They took note of the reports drawn up by the Ministers of Foreign Affairs and recorded the agreement reached by these Ministers on various points raised in the reports.
2. Recognizing the need for an overall approach to the internal problems involved in achieving European unity and the external problems facing Europe, the Heads of Government consider it essential to ensure progress and overall consistency in the activities of the Communities and in the work on political co-operation.
3. The Heads of Government have therefore decided to meet, accompanied by the Ministers of Foreign Affairs, three times a year and, whenever necessary, in the Council of the Communities and in the context of political co-operation.

The administrative Secrétariat will be provided for in an appropriate manner with due regard for existing practices and procedures.

In order to ensure consistency in Community activities and continuity of work, the Ministers of Foreign Affairs, meeting in the Council of the Community, will act as initiators and co-ordinators. They may hold political co-operation meetings at the same time.

These arrangements do not in any way affect the rules and procedures laid down in the Treaties or the provisions on political co-operation in the Luxembourg and Copenhagen Reports. At the various meetings referred to in the preceding paragraphs the Commission will exercise the powers vested in it and play the part assigned to it by the above texts.

4. With a view to progress towards European unity, the Heads of Government re-affirm their determination gradually to adopt common positions and co-ordinate their diplomatic action in all areas of international affairs which affect the interests of the European Community. The President in office will be the spokesman for the Nine and will set out their views in international diplomacy. He will ensure that the necessary concertation always takes place in good time.

In view of the increasing role of political co-operation in the construction of Europe, the European Assembly must be more closely associated with the work of the Presidency, for example through replies to questions on political co-operation put to him by its Members.

5. The Heads of Government consider it necessary to increase the solidarity of the Nine both by improving Community procedures and by developing new common policies in areas to be decided on and granting the necessary powers to the Institutions.

6. In order to improve the functioning of the Council of the Community, they consider that it is necessary to renounce the practice which consists of making agreement on all questions conditional on the unanimous consent of the Member States, whatever their respective positions may be regarding the conclusions reached in Luxembourg on 28 January 1966.
7. Greater latitude will be given to the Permanent Representatives so that only the most important political problems need be discussed in the Council. To this end, each Member State will take the ~~necessary~~ ^{it considers necessary} measures to strengthen the role of the Permanent Representatives and involve them in preparing the national positions on European affairs.
8. Moreover, they agree on the advantage of making use of the provisions of the Treaty of Rome whereby the powers of implementation and management arising out of Community rules may be conferred on the Commission.
9. Co-operation between the Nine in areas outside the scope of the Treaty will be continued where it has already begun. It should be extended to other areas by bringing together the representatives of the Governments, meeting within the Council whenever possible.

10. A working party will be set up to study the possibility of establishing a Passport Union and, in anticipation of this, the introduction of a uniform passport.

If possible, this draft should be submitted to the Governments of the Member States before 31 December 1976. It will, in particular, provide for stage-by-stage harmonization of legislation affecting aliens and for the abolition of passport control within the Community.

11. Another working party will be instructed to study the conditions and the timing under which the citizens of the nine Member States could be given special rights as members of the Community.

12. The Heads of Government note that the election of the European Assembly by universal suffrage, one of the objectives laid down in the Treaty, should be achieved as soon as possible. In this connection, they await with interest the proposals of the European Assembly, on which they wish the Council to act in 1976. On this assumption, elections by direct universal suffrage could take place at any time in or after 1978.

Since the European Assembly is composed of representatives of the peoples of the States united within the Community, each people must be represented in an appropriate manner.

The European Assembly will be associated with the achievement of European unity. The Heads of Government will not fail to take into consideration the points of view which, in October 1972, they asked it to express on this subject.

The competence of the European Assembly will be extended, in particular by granting it certain powers in the Communities' legislative process.

Statement by the United Kingdom delegation

The Prime Minister of the United Kingdom explained that Her Majesty's Government did not wish to prevent the Governments of the other eight Member States from making progress with the election of the European Assembly by universal suffrage. Her Majesty's Government could not themselves take up a position on the proposal before the process of renegotiation had been completed and the results of renegotiation submitted to the British people.

Statement by the Danish delegation

The Danish delegation is unable at this stage to commit itself to introducing elections by universal suffrage in 1978.

13. The Heads of Government note that the process of transforming the whole complex of relations between the Member States, in accordance with the decision taken in Paris in October 1972, has already started. They are determined to make further progress in this direction.

In this connection, they consider that the time has come for the Nine to agree as soon as possible on an overall concept of European Union. Consequently, in accordance with the requests made by the Paris meeting of Heads of State and of Government in October 1972, they confirm the importance which they attach to the reports to be made by the Community Institutions. They request the European Assembly, the Commission and the Court of Justice to bring the submission of their reports forward to before the end of June 1975. They agreed to invite Mr. Tindemans, Prime Minister of the Kingdom of Belgium, to submit a comprehensive report to the Heads of Government before the end of 1975, on the basis of the reports received from the Institutions and of consultations which he is to have with the Governments and with a wide range of public opinion in the Community.

Economic and monetary union

14. The Heads of government having noted that internal and international difficulties have prevented in 1973 and 1974 the accomplishment of expected progress on the road to EMU affirm that in this field their will has not weakened and that their objective has not changed since the Paris Conference.

Convergence of economic policies

15. The Heads of Government discussed the economic situation in the world and in the Community.
16. They noted that the increase in energy prices is adding to inflationary tendencies and balance of payments deficits and intensifying the threat of general recession. The resulting

alterations in the terms of trade are forcing the Member States to re-direct their production structures.

17. The Heads of Government re-affirm that the aim of their economic policy continues to be to combat inflation and maintain employment. The co-operation of both sides of industry will be essential if this policy is to succeed. They emphasize that in the present circumstances high priority must be given to economic revival in conditions of stability i.e. action aimed both at preventing a general economic recession and restoring stability. This must not involve any recourse to protectionist measures which, by setting up a chain reaction, could jeopardize economic revival.

Member States which have a balance of payments surplus must implement an economic policy of stimulating domestic demand and maintaining a high level of employment, without creating new inflationary conditions. Such an attitude would make it easier for countries which have considerable balance of payments deficits to follow a policy which will ensure a satisfactory level of employment, stabilization of costs and an improvement in their external trade balance without resorting to protectionist measures.

18. In the context of the effort to be made by countries having a surplus, the Heads of Government greet the economic policy measures already adopted by the Netherlands Government as a step in the right direction. They also note with satisfaction the short-term economic programme which the Government of the Federal Republic of Germany intends to follow, particularly as regards stimulating public and private investment, and the fact that the Belgian Government intends to follow suit.

They also express satisfaction at the efforts made by the countries having a balance of payments deficit to maintain their competitive position so as to achieve a more satisfactory balance of payments and to improve the level of employment.

19. While acknowledging the special situation of each of the Member States of the Community - which makes a uniform policy inappropriate - the Heads of Government stress that it is absolutely necessary to agree on the policies to be adopted. This convergence will be meaningful only if it works towards Community solidarity and is based on effective permanent consultation machinery. The Ministers for Economic Affairs and Finance will be responsible, within the framework of Community procedures, for implementing these guidelines.

20. It is obvious that all these policies will be really effective only insofar as the world's major industrialized countries succeed in arresting incipient recessionary tendencies.

In this connection, they note the account given by the Chancellor of the Federal Republic of Germany of his talks with the President of the United States.

They desire that, at his forthcoming meeting with President Ford, the President of the French Republic should, on behalf of the Community, stress the importance of convergence between the economic policies of all industrialized countries along the lines indicated above.

They also wish the Community and its Member States to do the same during the forthcoming international consultations and in the appropriate international bodies.

21. The Community will continue to contribute to the harmonious expansion of world trade, especially in relation to developing Countries, and in order to do so will take a constructive part

in the GATT trade negotiations which it hopes to see actively continued in the near future.

Regional Policy

22. The Heads of Government decide that the European Regional Development Fund, designed to correct the principal regional imbalances in the Community resulting notably from agricultural predominance, industrial change and structural under-employment will be put into operation by the institutions of the Community with effect from 1 January 1975.
23. The Fund will be endowed with 300 mua in 1975, with 500 mua for each of the years 1976 and 1977, i.e. 1300 mua for a three-year trial period.
24. This total sum of 1300 mua will be financed up to a level of 150 mua by credits not presently utilised from EAGGF (Guidance Section).

The resources of the Fund will be divided along the lines envisaged by the Commission :

Belgium	1,5 %
Denmark	1,3 %
France	15 %
Ireland	6 %
Italy	40 %
Luxembourg	0,1 %
Netherlands	1,7 %
Federal Republic of Germany	6,4 %
United Kingdom	28 %

Ireland will in addition be given another 6 mua which will come from a reduction in the shares of the other Member States with the exception of Italy.

Employment problems

25. The effort needed to combat inflation and the risks of recession and unemployment as described above must accord with the imperatives of a progressive and equitable social policy if it is to receive support and co-operation from both sides of industry, both at national and Community level.

In this respect, the Heads of Government emphasize that the Economic and Social Committee can play an important role in associating both sides of industry in the definition of the Community's economic and social aims.

Above all, vigorous and co-ordinated action must be taken at Community level to deal with the problem of employment. This will require the Member States, in conjunction with the organizations concerned, to co-ordinate their employment policies in an appropriate manner and to set priority targets.

26. When the time is ripe, the Council of the Community will consider, in the light of experience and with due regard to the problem of the regions and categories of workers most affected by employment difficulties, whether and to what extent it will be necessary to increase the resources of the Social Fund.
27. Being convinced that in this period of economic difficulty special emphasis should be placed on social measures, the Heads of Government re-affirm the importance which they attach to implementation of the measures listed in the Social Action Programme approved by the Council in its Resolution of 21 January 1974.
28. The Heads of Government make it their objective to harmonize the degree of social security afforded by the various Member States, while maintaining progress but without requiring that the social systems obtaining in all Member States should be identical.

Energy

29. The Heads of Government discussed the energy problem and in this connection the related major financial problems created for the Community and for the wider world.
30. They further noted that the Ministers of Energy of the Community countries are due to meet on 17 December.
31. The Heads of Government, aware of the paramount importance which the energy problem has in world economy, have discussed the possibilities for co-opération between oil exporting and oil importing countries, on which subject they heard a report from the Federal Chancellor.
32. The Heads of Government attach very great importance to the forthcoming meeting between the President of the United States and the President of the French Republic.
33. The Heads of Government, referring to the Council Resolution of 17 September 1974, have invited the Community Institutions to work out and to implement a common energy policy in the shortest possible time.

Britain's membership of the Community

34. The Prime Minister of the United Kingdom indicated the basis on which Her Majesty's Government approached the negotiations regarding Britain's continued membership of the Community, and set out the particular issues to which the Government attached the highest importance.
35. The Heads of Government recall the statement made during the accession negotiations by the Community to the effect that "if unacceptable situations were to arise, the very life of the Community would make it imperative for the institutions to find equitable solutions".
36. They confirm that the system of "own resources" represents one of the fundamental elements of the economic integration of the Community.
37. They invite the institutions of the Community (the Council and the Commission) to set up as soon as possible a correcting mechanism of a general application which, in the framework of the system of "own resources" and in harmony with its normal functioning, based on objective criteria and taking into consideration in particular the suggestions made to this effect by the British Government, could prevent during the period of convergence of the economies of the member States, the possible development of situations unacceptable for a member State and incompatible with the smooth working of the Community.