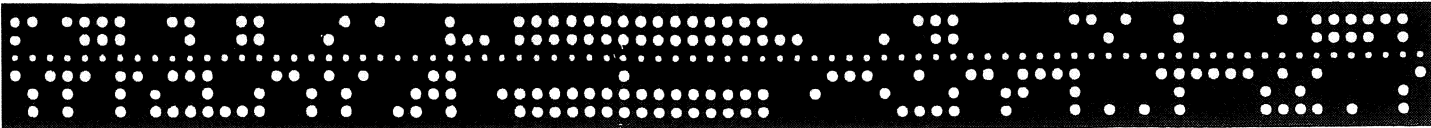


COMMISSION  
OF THE  
EUROPEAN COMMUNITIES  
The Spokesman's Group

EUROPEAN COUNCIL . IN DUBLIN  
10-11 MARCH 1975

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BACKGROUND NOTES



TALSMANDENS GRUPPE  
SPRECHERGRUPPE  
SPOKESMAN'S GROUP  
GROUPE DU PORTE-PAROLE  
GRUPPO DEL PORTAVOCE  
BUREAU VAN DE WOORDVOERDER

**INFORMATION  
INFORMATISCHE AUFZEICHNUNG  
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**NOTE D'INFORMATION  
NOTA D'INFORMAZIONE  
TER DOCUMENTIE**

Brussels, March 1975

EUROPEAN COUNCIL IN DUBLIN

10-11 March 1975

BACKGROUND NOTES

For the meeting of the European Council in Dublin on 10 and 11 March, the Spokesman's Group has prepared background material for the press concerning the principal items to be discussed by the Council.

These notes are intended solely to help journalists by providing factual and background material on each problem as well as brief reminders of the debates which have taken place in the Community institutions on the same questions.

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  - The Lomé Convention between the European Economic Community and the African, Caribbean and Pacific States - P-13 (1975)
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<sup>1</sup> Available in French only.

BRITAIN'S MEMBERSHIP OF THE COMMUNITY - chronological review and the present situation.

(The object of this paper is to provide essential background data on the question of Britain's membership of the European Community, and notably on the several points raised by the British Government since it took office in February 1974. The paper is divided into sub-headings which correspond to points as raised by Mr. Callaghan, the British Foreign Minister, before the Council of Ministers.)

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June 1970: the British Labour Government takes the first step towards the negotiation of British membership of the Community, but loses office at a General Election later in the month.

February 1974 : Labour returns to office on a manifesto committed to "renegotiation" of the British terms of membership.

April, 1 1974 : Mr. Callaghan outlines the position of the British Government to the Council of Ministers.

June, 4 : Mr. Callaghan spells out in detail the main points of concern to his Government.

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Speaking at the Council of Ministers in Luxembourg on 4 June 1974 the British Foreign Secretary, Mr. James Callaghan, emphasised the positive approach underlying his Government's desire to review the terms of Britain's membership of the Community. He said:

"If the United Kingdom was negotiating in order to achieve a negative answer and a breakdown, I would not go about presenting our case in the thorough way we have chosen, in addition to playing our full part in the on-going work of the Community and in proposing solutions that can be reached without disrupting the treaties. If the negotiations are successful and they secure the approval of the British people we shall be ready to play our full part in constructing a new Europe".

Mr. Callaghan also gave the four main points of concern for the British Government in its desire to find a more acceptable basis for continuing membership of the European Communities.

These were:

- 1) a reappraisal of the Community's budgetary system;
- 2) a review of the Common Agricultural Policy;
- 3) improvements in trade and aid to Commonwealth and developing countries;
- 4) regional, industrial and fiscal policies, allowing Britain to pursue its own effective policies where required.

Mr. Callaghan also mentioned the question of **Economic**, Monetary and Political Union, which he proposed should be left in abeyance for future discussion.

I. BUDGET

According to Mr. Callaghan, under the present budgetary arrangements Britain would be paying an unequitable contribution to Community funds by the end of the decade.

The Council of Ministers of 4 June 1974 asked the Commission to prepare an inventory of the Community's economic and financial situation since enlargement. This document was published on 25 October 1974 by the Commission and discussed by a meeting of the Council on 12 November. It was in the light of this inventory that the Paris Summit Conference of 9 and 10 December 1974 called upon the Community institutions, the Commission and the Council, "to set up as soon as possible a correcting mechanism of a general application ... which could prevent the possible development of situations unacceptable for a member state and incompatible with the smooth working of the Community".

Accordingly a document was communicated by the Commission to the Council on 30 January 1975, outlining specific proposals which would bring the correcting mechanism into effect (low GNP, low rate of growth, balance of payments deficit) along with a suggested scheme for budget refunding. This document was discussed in Council on 11 February and 3 March and put forward for further discussion at the Dublin Summit.

(See note "The unacceptable situation and the correcting mechanism"

P - 16/2)

## II. COMMON AGRICULTURAL POLICY (CAP)

On 18 June 1974, the British Minister of Agriculture, Mr. Fred Peart, outlined his Government's aims in relation to the CAP.

### 1. The establishment of firm criteria for pricing policy with special measures for small farmers for whom this would offer insufficient protection

- (a) It should be pointed out that in preparing its price proposals the Commission already follows firm criteria and bases its calculations on modern farms and on the market situation for individual products. Both in its Memorandum on the improvement of the CAP of October 1973 and in the stocktaking which was just presented to the Council of Ministers, the Commission particularly emphasised this point.
- (b) As far as "special measures" for small farmers are concerned, they already exist within the framework of the CAP and provide for those cases in which pricing policy and structural policy alone cannot give satisfactory results. Direct subsidies are granted under the hill farming scheme and have been proposed to help young farmers overcome the specific difficulties connected with setting up a new farm or taking over an existing one. In its stocktaking of the CAP, the Commission does not exclude that in very specific cases further direct subsidies could be applied on a temporary basis and within strictly defined budgetary limits. Pricing policy should, however, remain the first basis of the CAP.

### 2. The need for greater flexibility in intervention systems with measures to discourage surpluses. If surpluses prove to be unavoidable, these should benefit in the first place the Community's own consumers.

- (a) As early as October 1973 the Commission put forward the idea of financial co-responsibility of dairy producers for surpluses. Its Memorandum on the improvement of the CAP contained a specific proposal on a production tax to be imposed if stocks of dairy produce were to rise above a certain level. This proposal was not accepted by the Council of Ministers. In its stocktaking of the CAP the Commission therefore proposed a new method for achieving co-responsibility : price increases for dairy produce would take place in two stages, the granting and the level of the second depending on the market situation and intervention stocks. If surpluses persisted, in spite of this mechanism, the first price increase at the start of the new production year should be delayed.
- (b) In its stocktaking the Commission also proposes that the consumers should benefit in priority from possible surpluses, for instance through consumer subsidies. However, the Commission pointed out that such subsidies applied on a large scale would be much more costly than intervention buying or subsidised exports. The extra money needed would therefore have to be supplemented by Member States wishing to apply consumer subsidies. It should be noted that to some extent such subsidies have been operated for several years within the CAP for such products as butter and beef: they were financed either completely or partly by the European Agricultural Guidance and Guarantee Fund (EAGGF).
- (c) The British demand for greater flexibility in the intervention systems concerned particularly the beef sector, in which according to a Council regulation, under depressed market conditions, intervention has to be

applied. This means that producers can sell their beef to intervention agencies and obtain a minimum price which is higher than what they could get on the market. The Commission has always been in favour of a flexible system : this point of view is reiterated in the stocktaking.

Up to the end of 1974 Britain in practice did not have to apply the intervention system at all, since in March 1974 the Council agreed that Member States who were in difficulties over the system could limit its application. This dispensation has been lifted since the end of 1974, but different schemes of direct subsidies to beef producers, proposed by the Commission and adopted by the Council of Ministers, have introduced a great deal of flexibility and considerably diminished the need for intervention buying. British intervention stocks are therefore non-existent.

- (d) In his speech of June 1974, Mr. Peart also mentioned the necessity of a simplified import system for beef. In doing so he supported the Commission which has been making proposals on these lines since October 1973. They have not yet been adopted by the Council of Ministers.

3. Easier access from outside the Community for such commodities as sugar, New Zealand butter, canned fruits and vegetables

- (a) Sugar : According to a Commission proposal of July 1973, which Britain supported from the beginning, the Community has undertaken under the Lomé Convention of 28 February 1975, to buy each year a maximum of 1,400,000 tons of sugar from the ACP countries, plus India and the non-independent Caribbean. These purchases will be effectuated at a minimum price which is about the same as the price guaranteed to European producers. Moreover, a review of the latter price will automatically lead to a review of the former.

As an alternative to the British requests for long term supplies of sugar from Australia, the Commission proposed to assure British supplies by subsidising Community imports from world markets at the internal Community price level. This proposal has been accepted by the British Government and the Council of Ministers. Under this scheme Britain has received up to now 169,380 tons, involving Community subsidies of 63 m.u.

Apart from these guaranteed supplies from outside the Community, Britain also obtained a bigger share in the Community's own sugar production. Though the production estimate for Britain was set at 900,000 tons, the Council of Ministers of October 1974 fixed a maximum production quota for 1975/1976 of almost 1.5 million tons, benefitting from full Community price guarantees. The minimum quota for the period 1975/1980 is over 1 million tons.

- (b) New Zealand Butter : According to Protocol 18 of the Treaty of Accession preferential imports of New Zealand butter in Britain should be gradually reduced from some 166,000 tons in 1973 to some 138,000 tons in 1977. Preferential cheese deliveries have to be reduced from about 69,000 tons in 1973 to about 15,000 tons in 1977. It should be noted that the effective deliveries by New Zealand have never filled the assigned quotas.

Although the wording of Protocol 18 does not provide for any interim adaptation of the delivery price to be respected by New Zealand, the Commission in October 1974 proposed an 18% price increase for both butter and cheese. This proposal, taking into account the general rise in production and transport costs, was adopted by the Council of Ministers in November 1974.

Consumer prices in Britain were not influenced by this increase, since it was achieved by lowering the import levies.

It should be noted that Article 5 of Protocol 18 of the Treaty of Accession allows for the possibility of continuing preferential access of New Zealand butter to the UK market after 31 December 1977. For cheese this possibility is ruled out by the same Article.

- (c) Canned fruits and vegetables : It was agreed in the Council that lower duties for these products be settled within the framework of the ACP and GATT negotiations. The ACP-negotiations have been completed. The Lomé Convention provides for duty- and levy-free imports of these products into the Community.

### III. DEVELOPING COUNTRIES OF THE COMMONWEALTH

1. Under Protocol 22 of the Accession Treaty, the Community offered the independent Commonwealth developing countries in Africa, the Caribbean and the Pacific the same benefits as those enjoyed by the 18 Associated States in Africa and Madagascar under the Yaoundé Convention. This commitment was fulfilled with the signature of the Lomé Convention with the 46 ACP States on 28 February 1975. The Community has also honoured its specific commitment to the Commonwealth sugar producers by including in the Lomé Convention an undertaking to buy up to 1.4 million tons a year at an equivalent price to that enjoyed by European producers (see above).

2. Under a Joint Declaration of Intention annexed to the Accession Treaty the Community undertook to examine any trade problems that might arise with the independent Commonwealth countries in Asia with a view to seeking appropriate solutions, particularly through the Community's generalised system of preferences. The scope of the GSP was enlarged in 1974 and again in 1975 with particular reference to traditional exports by the Asian Commonwealth countries to the British market. The Community has also included agreements with India and Bangladesh providing for the progressive reduction of EEC tariffs on jute and coir products, while allowing Britain and Denmark to maintain free entry. The Community has also concluded a commercial cooperation agreement with India for the purpose of expanding and diversifying trade. Similar agreements are being negotiated with Sri Lanka, Pakistan and Bangladesh.

3. Since July 1974 the Community has admitted the principle of financial aid for non-associated countries. The Commission has now proposed a programme of 100 MUA in 1976 to 200 MUA in 1980, of which the bulk is likely to go to the Asian Commonwealth countries, particularly those in the Indian sub-continent. This is already the case with the Community contribution to the UN special Fund for the developing countries most seriously affected by the rise in the price of oil, as well as the on-going food aid programme.



IV. REGIONAL AIDS

On 27 February the Commission adopted a decision on the limitation of official regional aids. The regions are divided into four categories according to the extent of their development needs with a different ceiling for the amounts of official aid which may be granted in each case. This decision by the Commission supplements the 1971 decision on the limitation of official aids in the so-called "central" areas of the Community.

The four categories are as follows:

- Greenland, Ireland, Southern Italy, Northern Ireland and West Berlin: existing aids calculated as a percentage of investment costs are to be frozen at their present level;
- the former PDI areas in France, the Development of Special Development Areas in the United Kingdom and the assisted areas in certain Italian regions (Venezia Giulia, Trentino Alto Adige, Veneto Val d'Aosta, Lazio, Marche, Toscana and Umbria): ceiling of 30% to be reached after a transitional period of three years;
- Zonenrandgebiet, North Jutland, Bornholm, Aerø, Samsø and Langeland: ceiling of 25%;
- other regions: 20%.

The Commission underlined the need to make these aids transparent. The technical work already begun will be continued so as to enable the Commission to define the conditions of application.

Lastly, a system will be set up to enable the Commission to supervise and check that the most important aids granted, which must be communicated to the Commission, are in accordance with the rules of the Common Market.

These arrangements are applicable until the end of 1977.

## THE UNACCEPTABLE SITUATION AND THE CORRECTING MECHANISM

It was decided at the Paris Summit meeting on 9-10 December 1974 that the Council of Ministers and the Commission should set up as soon as possible a "correcting mechanism" which would prevent an "unacceptable situation" arising for Member States during the period of convergence of their economies.

The Commission accordingly on 30 January 1975 proposed for the Council's approval a correcting mechanism system (COM(75)40). Here is a summary of the system proposed by the Commission.

The correcting mechanism will only be triggered off when two factors are simultaneously present in a Member State:

1. a certain economic situation
2. a disproportionate contribution to the Community budget.

### Economic Situation

The problem here was to choose criteria which would clearly show whether a Member State's economy was seriously falling behind compared with the rest of the Community. If the following three criteria are all present at the same time, then the "certain economic situation" mentioned above exists:

- a gross national product per capita below 85% of the Community average;
- rate of real growth of GNP per capita below 120% of the Community average (if the economy of a poorer Member State does not grow faster than the others, the gap will widen instead of narrowing);
- a deficit on the balance of payments on current account.

### Disproportionate Contribution to Community Budget

Before the correcting mechanism can come into operation there must be a way of deciding if a Member State is paying a disproportionate amount to the Community budget. The Commission has proposed that where a Member State's relative share of Community financing under "own resources" as described below is appreciably higher (110% and over) than it would be if the shares were based on relative GNP, and if in the same Member State the "economic situation" already described exists, then a corrective action would be called for. Further budgetary pre-conditions relate to the net foreign exchange burden arising from the budget.

### How "own resources" Works

By the Decision of 21 April 1970, it was agreed that the system of financing the Community budget would be changed from that of direct contributions from each Member State to the system known as "own resources". Under the latter system, which is not yet fully applied, the budget is financed by all the agricultural levies and customs duties collected by the Member States on imports. If the amount thus collected is not sufficient then the shortfall is made up by the Member States handing over a fixed percentage of receipts from Value Added Tax (VAT) which will not exceed 1% of a uniform basis of assessment. The VAT contribution to "own resources" cannot come into force until this uniform basis of assessment is agreed and applied throughout the Community. Until this situation is reached, the shortfall in the Community budget is made up by direct contributions from the Member States according to a "key" based on GNP. For the three new Member States, the United Kingdom, Denmark and Ireland, the "own resources" system is not fully applicable without constraints until 1980.

Correcting Mechanism

This mechanism would take the form of a refund from the Community budget to the Member State which has, under the conditions and restrictions mentioned, contributed more under the "own resources" system the previous year than it would have if a GNP-based financing scale was being used. The Member State concerned could apply for the correcting mechanism to be put into operation and the Commission would then assess the situation according to the agreed criteria. The appropriate amount of the refund would then be entered on the following year's draft budget and the Council would finally decide on the amount.

The amount of the refund is calculated according to a progressive sliding scale and is subject to the lowest of three ceilings:

1. two thirds of the total excess payment
2. the amount of the net potential foreign exchange burden which implementing the Community budget imposed on the Member State concerned, or
3. the amount of VAT "own resources" transferred.

The reason for limiting a repayment to the VAT element of "own resources" is that under the Community's rules of free movement of goods, the handing over of the agricultural levies and customs duties on imports to the Community budget could not be regarded as a burden to the Member State concerned in the same way as the VAT payments.

If a Member State benefitted for three consecutive years from the correcting mechanism this would indicate a chronic divergence between the Member States' economic situations. The Community authorities would then make a special examination of the situation in this Member State and take the appropriate measures.

The correcting mechanism could be operated, the Commission proposes, for a seven-year trial period and then reviewed.

## RELATIONS WITH THE DEVELOPING COUNTRIES

The Community has followed a two-fold approach to cooperation with the developing countries: preferential arrangements with a limited number of developing countries that have particularly close historical and economic links with Europe, and a global policy of cooperation with all developing countries. Both approaches have received a considerable boost since the enlargement of the Community.

### I. THE PREFERENTIAL APPROACH

The Community has traditionally given priority to its preferential approach which enables it to combine the various forms of cooperation in an integrated framework. At the same time, many of the instruments involved could serve as models for cooperation with the developing countries at the world level. This preferential approach is confined to developing countries in two main areas:

#### Africa, the Caribbean and the Pacific

A convention establishing overall cooperation between the EEC and the 46 ACP States (the whole of independent black Africa and the Commonwealth countries of the Caribbean and Pacific) was signed in Lomé (Togo) on 28 February. This convention, which replaces the Yaoundé Convention with 19 French-speaking African States and the Arusha Agreement with the three East African States (Kenya, Uganda and Tanzania), as well as the Commonwealth preference system on the British market, covers a wide range of instruments of cooperation: free access to the European market for 99.2% of the exports of the ACP States without reciprocity; stabilisation of export receipts for 20 key commodities; special agreement on sugar providing guaranteed outlets and prices linked to the price received by Community producers; industrial cooperation; financial cooperation amounting to 3.4 billion units of account over 5 years; and joint institutions.

#### The Mediterranean

Overall trade, aid and cooperation agreements are ready to be concluded with Algeria, Morocco and Tunisia, which will replace the existing, essentially trade agreements with the two last named countries. Financial cooperation is included up to 339 million units of account over 5 years. The Commission recently proposed to the Council the opening of negotiations with Egypt, the Lebanon, Syria and Jordan for the conclusion of similar agreements, replacing the existing limited trade agreements with Egypt and the Lebanon. All these agreements should be seen in the wider context of the Euro-Arab dialogue.<sup>1</sup>

<sup>1</sup>In the framework of its overall Mediterranean policy the Community has also concluded preferential association or free-trade area agreements with countries of Southern Europe.

## II. THE GLOBAL DEVELOPMENT POLICY

As decided at the Paris Summit in October 1972, the Community has been progressively implementing a global development policy, in both the trade and aid fields:<sup>1</sup>

### The Generalised System of Preferences

The Commission's Generalised System of Preferences, introduced in 1971, is the main instrument of cooperation in the trade field, at least as far as manufactured and processed goods are concerned. Since then it has been substantially enlarged and in 1975 it will cover a potential volume of imports of 3.4 billion units of account. Although the GSP is an autonomous measure by the Community, it has been used to solve problems of market access for non-associated developing countries, such as the Commonwealth Asian countries following the loss of Commonwealth preference on the British market, and for developing countries with which the Community has concluded non-preferential trade agreements such as Argentina, Brazil, Uruguay, Yugoslavia and India. Looking further ahead, the GSP is likely to be increasingly used to provide market access in the framework of cooperation agreements with the oil producers and certain other well-placed developing countries. The Council recently adopted a resolution stating that the GSP should be put on a long-term basis going beyond the original 1980 deadline. The Council has also undertaken progressively to improve the existing scheme, paying particular attention to the interests of the poorest developing countries, including those most seriously affected by the rise in the price of oil.

### Primary Commodities

The Community is in favour of international agreements wherever possible to stabilise prices in the interests of producers and consumers alike. It is party to most existing agreements (cocoa, wheat, tin). In the framework of the GATT multilateral negotiations it has proposed the conclusion of international agreements for the main agricultural commodities (grain, rice, sugar and dairy produce) involving maximum and minimum prices and appropriate stockpiling agreements. In addition, the Commission recently sent a communication to the Council covering the whole range of industrial raw materials.

### Food Aid

The Community's food aid programme, which amounted to 20 million units of account when it started in 1969, came to 220 million units of account in 1974 without counting national contributions. The Community has undertaken to maintain the same volume of deliveries in 1975. More than 80% of EEC food aid, for which all developing countries are eligible, has gone to non-associated countries.

### Financial Aid

The Commission is also committed to providing financial and technical assistance to non-associated developing countries, i.e. those not covered by the preferential approach. A decision of principle was taken in July 1974.

<sup>1</sup>The Council has adopted resolutions on the following subjects:

- international commodity agreements (April 1974)
- generalised preferences (April 1974)
- promotion of LDC exports (April 1974)
- technical assistance to regional integration (April 1974)
- LDC indebtedness (April 1974)
- acceptance of 1.7% of GNP as the target for official development assistance (April 1974)
- acceptance of the principle of financial aid for non-associated LDCs (July 1974)
- coordination of national development aid policies (July 1974) ./.

The Commission has just made proposals for a Community programme of financial aid for non-associated countries, which will go to the poorest developing countries, essentially in Asia.<sup>1</sup> (The African countries are already covered by the Lomé Convention.)

The Community has already made a start. The 1974 budget already included a credit of 700,000 units of account for technical assistance in the fields of export promotion and regional integration among the developing countries, and this programme will be expanded. In April 1974 the Community took the initiative of offering to contribute 500 million dollars to the 3 billion dollars UN Special Fund for the countries most seriously affected by the economic crisis on condition that the US and other industrialised countries contributed the same, with the oil-producers making up the rest. Of the sums made directly available, more than 80% has also gone to non-associated countries such as India and Bangladesh.

### III. THE COMMUNITY AND THE UNITED NATIONS

These policies should be seen against the background of the current debate in the United Nations General Assembly and elsewhere (UNIDO, UNCTAD, etc.) on the establishment of a new international economic order. In all these fora, the Community and its Member States will as far as possible coordinate their positions and seek a constructive dialogue with the 77. The Community is committed to a policy of cooperation rather than confrontation with the Third World, which implies the long-term acceptance of a new international division of labour and economic interdependence. The measures already taken by the EEC in undertaking to stabilise the ACP countries' export receipts, in opening up its market to the ACP countries and the Group of 77 as a whole, and in seeking new forms of cooperation to encourage the industrialisation of the developing countries, are steps in this direction.

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<sup>1</sup>The Commission is proposing a programme of 100 million units of account rising to 200 million in 1980 for agricultural development and regional integration, with a further 5 MUA rising to 10 MUA for export promotion.

THE "EUROPEAN COUNCIL"

- I - Background
- II - The Commission's views on the "European Council"

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I - Background

At his press conference on 27 October 1973 Mr. Georges Pompidou, the President of France, stated: ".....if, for example, the feeling is that political cooperation, in order to gather momentum, must be discussed by the highest authorities meeting on their own from time to time at regular but not too frequent intervals, I would endorse such a view and, although I do not intend to take the initiative, I am prepared to discuss it with our partners".

In October 1973 Mr. Edward Heath, the then Prime Minister of the United Kingdom, put forward the idea of biannual summit meetings.<sup>1)</sup>

On 31 October 1973 President Pompidou made a statement about the Middle East situation to the French Cabinet, stressing that Europe had not been involved in attempts to start negotiations (on this issue), and announced: "The French Government intends to propose to its partners in the political field that a decision be taken establishing the principle, in accordance with precise rules, of regular meetings of Heads of State or of Government, without advisers, to compare and coordinate their views in the context of political cooperation".

In December 1973, at the Summit Conference in Copenhagen, the Heads of State or of Government of the Community agreed on the following:

"They decided to meet more frequently. These meetings will be held whenever justified by the circumstances and when it appears necessary to provide a stimulus or to lay down further guidelines for the construction of a united Europe .....

"It will be for the country providing the President to convene these meetings and to<sup>2)</sup> make detailed proposals concerning their preparation and organization."

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- 1) Address to the Conservative Party Conference on 13 October 1973 at Blackpool.
  - 2) It was this sentence which gave rise to the term "Presidential Conferences", which was used for a time between the Copenhagen Summit and the Paris Summit of December 1974.

In October 1974 the President of France, Mr. Valéry Giscard d'Estaing, declared that he thought it essential from an institutional point of view to hold "periodical meetings of European Heads of Government several times a year in order jointly to assess the progress made towards European Union and jointly to exercise supreme responsibility for political cooperation. This would be done within the Treaty of Rome for all matters relating to progress towards European Union and, in the context of political cooperation for all matters relating thereto." <sup>1)</sup>

In Paris on 9 and 10 December 1974 the Heads of Government of the Community 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 cooperation.

"The administrative secretariat 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 coordinators. They may hold political cooperation 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 cooperation 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."

On 21 January 1975 in Brussels the Ministers of Foreign Affairs decided that the first "European Council" would be held in Dublin in March.

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1) Press conference, 24 October 1974



II - The Commission's views on the "European Council"

On 11 December 1974, during a debate in the European Parliament on the results of the Paris Summit, President Ortoli stated that there was reason to be pleased that the political impetus provided by the Heads of Government would henceforth be fitted into the framework of the Treaties and that what he called "headline" summits would give way to more normal Community procedures. These meetings of Heads of State in the Council must not be transformed into a sort of court of appeal and supplant the normal machinery. Greater political momentum could be achieved while retaining the efficient machinery the Community already had.

At a press conference on 10 January 1975 President Ortoli made the following remarks: "While respecting the Treaty and the responsibilities of the various institutions, the last meeting of Heads of Governments held in Paris made a major change in the Community's decision-making machinery by agreeing to regular meetings of Heads of Government. The decision contains the germs of progress since its purpose was to provide the Community with an efficient decision-making body, a body with real authority, and Europe with an overall policy."

Moving on to the Commission's role, President Ortoli said: "The Commission must play its role in the new scenario approved at the Paris meeting. If certain decisions are to be taken by Heads of Government from now on, then it is at this political and legal level - which is accepted and proper - that the Commission must act."

On 18 February 1975, in the "programme address" to the European Parliament, President Ortoli stated that the decision taken at the Paris Summit to hold regular Council meetings at Head of Government level provided new opportunities but involved some risks.

"It (the decision) may respect the letter of our system but it represents a major change in spirit and may, if we are not careful, shake the institutional structures set up by the Treaties to their Foundations.

". . . . .

"We must therefore take a chance and shorten the odds. But this means that the Commission must be true to its refund political vocation.

"The Commission must adapt its modus operandi to the new system in which ideas will come from the top. It must insure against the risks involved - for risks are involved - by converting Member States to its conviction that the real answer to the major problems facing them lies in the collective Community solutions implicit in the construction of Europe. It must make vigorous and incisive use of its power of initiative when choices which are decisive for Europe's future are being made. It must not betray its own ideals."

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Energy policy in the Community and its role in the international context since December 1974 (following P-69 "Energy policy in the Community (1973-1974)" of December 1974)

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The principles underlying a common energy policy were formulated in September 1974 in the Council Resolution on general guidelines for reducing the Community's external dependence, and although progress has been made since then the Member States have not entered into any binding commitments on the basic problems.

Progress has also been made in the International Energy Agency, but again very few formal decisions have been taken. Nonetheless, major decisions to express a certain degree of solidarity on the part of the oil-consuming countries are expected in the near future. The Community, which is taking part in the work of the IEA, has formulated the principles underlying this solidarity which derives from an endeavour to act in concert and to share the advantages of a greater degree of independence in the field of energy. This is the position which the consumers intend to adopt at the preparatory meeting for the international energy conference with the oil-exporting countries scheduled for 7 April.

The facts :

A. The market for oil

Following recent meetings of the OPEC countries, oil prices have stabilized at \$10.65 per barrel. In addition, there has been a reversal in the supply situation; there is no longer a shortage of oil and as supply is now slightly greater than demand there has been pressure on prices. This situation is easy to explain: the consumer countries have saved energy. In 1974, the Community consumed 1.6 % less energy than in 1973, i.e. 925 million toe as against 940 million toe (compared with an average annual rate of growth of about 5 % in the last ten years). Of these savings 35 million toe are attributable to oil, consumption of which was 6.3 % less than in 1973. These savings are the result of market forces and measures taken to save energy. Oil imports fell by about 4 % compared with annual increases of some 7 % in preceding years. However, the Community still imported more than half of its total energy requirements in the form of oil.

B. The common energy policy

In Paris on 9 and 10 December 1974, "The Heads of Government, referring to the Council Resolution of 17 September 1974 (1) have invited the Community Institutions to work out and to implement a common energy policy in the shortest possible time" (extract from the Communiqué). On 17 December 1974, the Council adopted the overall objectives of Community energy policy for 1985 (Part I of the "New Strategy"). In 1985, the Community's energy supplies should be as follows :

	50% Dependence	40% Dependence (Commission proposal)
Solid fuels	17 %	17 %
Oil	49 %	41 %
Natural gas	18 %	23 %
Hydroelectricity and geothermal energy	3 %	3 %
Nuclear energy	13 %	16 %
	100 %	100 %

(1) On 17 September 1974, the Council adopted a Resolution on the general guidelines for a common energy policy.

Accordingly, energy consumption in 1985 should be 15 % below the forecasts made before the crisis, mainly as a result of more efficient utilization of the resources available ("Rational utilization of energy", also adopted by the Council on 17 December 1974).

On 13 February 1975, the Council agreed on the means of attaining these objectives (Part II of the "New Strategy"), following the broad lines proposed by the Commission: guaranteed sale of Community coal, the creation of a European nuclear capacity, an increase in electricity generation and an oil policy based on reliable and diversified supplies. The Council invited the Commission to recommend long-term guidelines from time to time on the subject of energy, with special reference to the investments entailed, in order to further those objectives. This Resolution does not represent a binding commitment for the Member States but it is a token of their resolve to follow the recommendations which the Commission is to make shortly concerning practical measures.

Apart from the New Strategy and the Rational Utilization of Energy, the Council has adopted since November 1974 a series of measures each marking a step towards a Community policy in line with the overall objectives:

1. Research and Development :

- Council Decision on the support of Community projects in the hydrocarbons sector;
- Council Decision adopting a research and education programme for the EAEC on plutonium recycling in light-water reactors.

2. Market Transparency

- Council Regulation implementing Council Regulation (EEC) No 1055/72 of 18 May 1972 on notifying the Commission of imports of crude oil and natural gas falling within sub-heading 27.10 A;
- Council Regulation (EEC) on notifying the Commission of exports of hydrocarbons to non-member countries.

3. Rational utilization of energy :

- Council Directive on limiting the use of natural gas in power stations;
- Directive on limiting the use of oil products in power stations.

Other proposals are still pending before the Council.

C. Relations with the oil-consuming countries

- International Energy Agency

The Community is represented in the IEA by the Commission under the Council Agreement of 20 January 1975 (see COM(75) 5 final), community positions must be defended in the Agency in the areas covered by Community decisions. In other fields the Member States will simply seek to arrive at an agreed position within the IEA.

State of progress of work in the Agency

Agreement in principle on the distribution of oil in the event of crisis (Jan. 1975).  
Agreement on the targets for energy conservation in 1975, imports to be 2 million barrels of oil less on 31 December 1975 than the volume forecast before the crisis (February 1975) (1).

Agreement on the development of alternative sources of energy to be discussed on 6 and 7 March 1975. Subjects of the dialogue with the oil-producing countries under discussion.

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(1) At the end of January, the Commission laid before the Council proposals for short-term energy-saving measures going beyond those approved in the Agency, but the Council has not yet taken a decision.

- Speech by Mr. Kissinger :

On 3 February 1975 Mr. Henry Kissinger, Secretary of State, addressing the National Press Club in Chicago, proposed that the oil-consuming countries establish a common floor price for imported petrol. If the market price fell below the floor price it could be raised by taxes or customs duties.

Mr. Kissinger did not suggest a figure for this floor price but said that it should be above the present level, which in theory stands at \$ 10.65 per barrel. This question, which is of paramount importance for the development of alternative sources of energy, should be discussed within the IAE, whose Steering Committee is to meet on 6 and 7 March 1975 in Paris.

- The reaction of the Community: the Commission, anxious to arrive at an agreed Community position before the discussions in the IAE, sent to the Council on 24 February 1975 two communications on solidarity among the consuming countries, particularly as regards the development of alternative sources of energy. On 4 March 1975, the Council agreed on the principles of solidarity among the consumer countries and these principles should serve as guidelines for the Community's future policy.

These principles may be summed up as follows :

- (i) The consuming countries accept that they all have free access to the energy resources to be developed;
- (ii) they will refrain from any discrimination vis-à-vis consumers in the partner countries as regards prices and conditions of access to energy sources;
- (iii) they will establish by common agreement a set of objectives for energy production, which will serve as guidelines for their national policies;
- (iv) they will establish a regular procedure for reviewing progress achieved and difficulties encountered in the application of these principles and the pursuit of these aims;
- (v) the countries engaged in certain projects for the development of alternative sources of energy will share both the costs and the benefits.

However, the Council has not yet made known its position on the practical measures to support the development of alternative sources of energy. The Commission is proposing a floor price combined with higher reference prices, which would guarantee a fair return on energy investments (COM(75) 74 final).

D. Relations with the oil-producing countries

Meeting between Mr. Giscard d'Estaing and Mr. Ford

On 16 December 1974, the President of the United States and the President of the French Republic met in Martinique. They agreed on the French President's proposal to organize in the near future a tripartite conference with the industrialized countries, the oil-exporting countries and the developing countries in an endeavour to find solutions to the problems connected with oil.

Tripartite conference on energy

On 1 March 1975, the President of the French Republic invited the United States, the Community, Japan, Algeria, Venezuela, Saudi Arabia, Iran, India, Zaïre and Brazil to attend the preparatory Energy Conference to be held on 7 April 1975 in Paris.

The Commission states (see COM(75) 7 final) that the following points should be discussed at this meeting :

1. Analysis of the situation and of the general economic forecasts and trends in world energy consumption and production,

2. Economic development problems of the producing countries,
3. Economic and financial problems of the developing countries which do not produce oil,
4. Investment opportunities for producing countries in the developing countries and in the industrialized countries,
5. Problems on the international financial markets,
6. Oil price trends,
7. Conditions and security of oil supplies.

OPEC Conference at Algiers

On 5 and 6 March, OPEC for the first time met at Head of State level in order to arrive at an agreed position on revenue trends for the oil-exporting countries and production prospects. This meeting was intended to cement the solidarity of oil-producing countries with an eye to the forthcoming international discussions.

COMMISSION DES COMMUNAUTÉS EUROPÉENNES  
GROUPE DU PORTE-PAROLE

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P - 16/6

Bruxelles, mars 1975

Exécutions des principales décisions prises par la  
réunion des Chefs de Gouvernement de la Communauté  
du 9 et 10 décembre 1974 à Paris

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Bilan au 4 mars 1975

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UNION EUROPEENNE

Réunion des chefs de gouvernement de la Communauté

Les chefs de gouvernement rappellent l'importance qu'ils attachent à la mise en oeuvre d'une **conception** d'ensemble de l'Union Européenne et au dépôt des rapports des trois institutions: l'Assemblée, la Commission et la Cour de Justice devront déposer ceux-ci avant la fin du premier semestre 1975. Monsieur Tindemans (premier ministre belge) est chargé d'établir avant la fin de 1975 un rapport de synthèse sur la base des rapports des institutions. (Point 13 du Communiqué final)

COMMISSION

La Commission poursuit ses discussions en vue de parvenir au dépôt de son rapport sur l'Union Européenne avant le mois de juin 1975.

CONSEIL



## UNION ECONOMIQUE ET MONETAIRE

Réunion des chefs de Gouvernement de la Communauté : les chefs de Gouvernement ont rappelé qu'en dépit des vicissitudes internes et internationales qui ont retardé les progrès en vue de l'union économique et monétaire, leur objectif demeure le même que celui fixé lors de la Conférence de Paris (point 14 du communiqué final)

### COMMISSION

Le 13 décembre 1974, la Commission a transmis au Conseil une communication concernant les orientations en matière d'unité de compte .

### CONSEIL

A la demande du Conseil, des rapports intérimaires ont été déposés par le Comité monétaire et par le Comité des gouverneurs des banques centrales, le 17 février 1975, sur la question de l'unité de compte. Le 18 mars, le Comité déposera son rapport définitif au Conseil.

### UNITE DE COMPTE

### EMPRUNTS COMMUNAUTAIRES

Le 18 décembre 1974, le Conseil marque son accord de principe sur le texte du règlement d'application du règlement relatif aux emprunts communautaires <sup>(x)</sup>

Le 17 Janvier 1975, le Conseil adopte le règlement portant application du règlement relatif aux emprunts communautaires <sup>(x)</sup>

(<sup>x</sup> Proposition de Règlement présentée par la Commission le 16 Octobre 1974)

### RECYCLAGE DES CAPITAUX

Le 11 Décembre 1974, la Commission présente au Conseil un projet de résolution visant à définir une position commune de la CEE dans les négociations internationales relatives à la création de nouveaux mécanismes de recyclage des surplus des pays producteurs de pétrole.

Le 20 Décembre 1974, le Conseil examine le projet de résolution présenté par la Commission.

FONDS EUROPEEN DE COOPERATION MONETAIRE

Le 11 Décembre 1974, la Commission présente au Conseil  
une proposition de règlement sur le renforcement  
du rôle du FIECOM.

POLITIQUE REGIONALE

Réunion des chefs de Gouvernement de la Communauté :

Les chefs de Gouvernement ont décidé de la mise en oeuvre du Fonds Européen de développement régional pour la correction des déséquilibres régionaux principaux.

Echéance: le 1er Janvier 1975  
(point 22 du Communiqué)

COMMISSION

Le 30 Janvier 1975, la Commission effectue une mise au point des travaux sur la mise en oeuvre du Fonds Européen de développement régional.

Janvier 1975, la Commission dépose l'avant projet de budget supplémentaire et rectificatif des Communautés Européennes pour l'exercice 1975 consacré pour partie à l'ouverture de crédits supplémentaires pour la création du Fonds Européen de développement régional.

CONSEIL

Le 11 Février 1975, le Conseil a réglé la plupart des problèmes touchant à la mise en oeuvre de ce Fonds:

- le règlement
- la création d'un comité

de politique régionale

- le règlement financier
- l'avant projet de budget

supplémentaire.

Une seule question laissée en suspens: le lien entre l'aide du Fonds et la création d'emplois par les bénéficiaires de cette aide.

Le 4 mars 1975, le Conseil a approuvé un règlement portant

POLITIQUE SOCIALE

Réunion des chefs de Gouvernement de la Communauté : Les chefs de Gouvernement ont décidé :

1. de la nécessité d'une action vigoureuse et coordonnée au niveau communautaire dans le domaine de l'emploi (point 25 du communiqué final)
2. de l'importance des réalisations pratiques du programme d'action sociale que le Conseil a approuvé par sa résolution du 21 janvier 1974 (point 27 du communiqué final)

COMMISSION

1. Le 17 février 1975, le Comité permanent de l'emploi a recommandé la mise en oeuvre des réunions paritaires au niveau européen entre employeurs et syndicats pour certains secteurs les plus exposés à la crise de l'emploi.
2. La Commission a approuvé en janvier 1975 un programme de projets et de recherches pilotes pour combattre la pauvreté : ce programme qui couvre la période 1975/76 est l'une des actions prioritaires prévues dans le programme d'action sociale de la CEE.

CONSEIL

Le 17 décembre 1974, le Conseil a approuvé plusieurs mesures :

- une directive sur l'égalité des salaires entre les travailleurs masculins et les travailleurs

PROBLEMES INSTITUTIONNELS

Réunion des chefs de Gouvernement de la Communauté : les chefs de Gouvernement constatent :

1. "que l'objectif, fixé par le Traité, de l'élection au suffrage universel de l'Assemblée devrait être réalisé le plus tôt possible. Sur ce point, ils attendent avec intérêt les propositions de l'Assemblée sur lesquelles ils souhaitent que le Conseil statue en 1976. Dans cette hypothèse, l'élection au suffrage universel direct devrait intervenir à partir de 1978" (point 12 du communiqué final)
2. "les chefs de Gouvernement jugent nécessaire de renforcer la solidarité des Neuf par l'amélioration des procédures communautaires" (point 5 du communiqué final)

PARLEMENT EUROPEEN

Le 14 janvier 1975, le Parlement Européen a adopté une résolution portant adoption d'un projet de convention sur l'élection des membres du Parlement Européen au suffrage universel. Ce projet doit remplacer le projet du 17 mai 1961

CONSEIL

Le Conseil poursuit ses études visant à améliorer les procédures de décision et la cohérence de l'action communautaire

ENERGIE

Réunion des Chefs de Gouvernement de la Communauté : Les Chefs de Gouvernement ont discuté des possibilités de coopération entre pays exportateurs et pays importateurs de pétrole (Point 31 du Communiqué final)

Ils "ont invité les institutions communautaires à élaborer et mettre en oeuvre dans les délais les plus brefs une politique énergétique commune" (Point 33 du Communiqué final)

COMMISSION

Le 10 janvier 1975, la Commission adopte une communication (COM (75) 5 final) au Conseil concernant :

- les travaux de l'Agence Internationale de l'Energie,
- la préparation du dialogue consommateurs-producteurs.

Le 10 janvier 1975, la Commission adopte une communication au Conseil (COM (75) 7 final) concernant les modalités du "dialogue pays consommateurs-pays producteurs".

Le 15 janvier 1975, la Commission adopte une communication au Conseil (COM (75) 6 final) concernant les points de nature énergétique à régler au niveau de la Communauté.

Le 31 janvier 1975, la Commission adopte une communication au Conseil et un projet de directive (COM (75) 22) : "Economie de l'énergie, objectif à brève échéance".

Le 21 février 1975, la Commission adopte deux communications au Conseil concernant la politique énergétique communautaire:

- COM (75) 74 final : réflexions sur les mesures de soutien au développement des ressources énergétiques.
- COM (75) 72 final : principes de la coopération internationale en matière de développement des ressources énergétiques.

CONSEIL

Le 17 décembre 1974, le Conseil adopte une résolution concernant un programme d'action communautaire dans le domaine de l'utilisation rationnelle de l'énergie, et une résolution concernant les objectifs pour 1985 de la politique énergétique communautaire.

Le 17 décembre 1974, le Conseil adopte les mesures suivantes :

- Règlement concernant la communication à la Commission des exportations d'hydrocarbures vers les pays tiers.
- Règlement portant application du règlement CEE n°1055/72 du Conseil du 18 mai 1972 concernant la communication à la Commission des importations d'hydrocarbures aux produits pétroliers des sous-positions 27.10 A.
- Décision concernant l'attribution de mesures de soutien à des projets communautaires dans le secteur des hydrocarbures.
- Décision arrêtant un programme de recherche et d'enseignement pour la CEEA concernant le recyclage du plutonium dans les réacteurs à eau légère.
- Directive concernant la limitation de l'utilisation du gaz naturel dans les centrales électriques.

ENERGIE (suite)

COMMISSION

CONSEIL

Le 13 février 1975,

- Le Conseil adopte une résolution concernant les moyens à mettre en oeuvre pour atteindre les objectifs de la politique énergétique communautaire arrêtés le 17 décembre 1974.
- Le Conseil adopte une directive concernant la limitation de l'utilisation des produits pétroliers dans les centrales électriques (proposition de la Commission - COM (74) 550 final)

Le 4 mars 1975, le Conseil approuve des principes de solidarité comme orientation pour la politique future (voir : communication COM (75) 72 final de la Commission : "Principes de la coopération internationale en matière de développement des ressources énergétiques").

LES RELATIONS INTERIEURES

Réunions des Chefs de gouvernement de la Communauté :

Les Chefs de gouvernement ont rappelé que "la Communauté continuera à contribuer au développement harmonieux du commerce mondial, notamment vis-à-vis des pays en développement, et à cet effet prendra part dans un esprit constructif aux négociations commerciales du GATT; dont elle espère qu'elles seront bientôt poursuivies activement". (Point 21 du Communiqué final)

COMMISSION

CONSEIL

RELATIONS AVEC LES PAYS TIERS

- Le 28 février 1975 a été signé à Lomé la convention établissant une coopération globale entre la Communauté Economique Européenne et quarante-six Etats d'Afrique, des Caraïbes et du Pacifique.
- Les institutions communautaires poursuivent leurs travaux pour le développement des relations commerciales et de la coopération économique avec certains pays en voie de développement (Bassin Méditerranéen, Amérique Latine, Iran, sous-continent Indien).

NEGOCIATIONS COMMERCIALES DU GATT

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>- <u>Le 24 octobre 1974</u>, la Commission a transmis une communication au Conseil sur l'ouverture effective des négociations commerciales du GATT.</li> </ul> | <ul style="list-style-type: none"> <li>- <u>Le 10 février 1975</u>, le Conseil a approuvé la directive de négociation de la Commission en ce qui concerne la phase initiale des négociations commerciales du GATT.</li> <li>- Au fur et à mesure du progrès des négociations, des directives supplémentaires seront données à la Commission.</li> </ul> |
|---|---|
- Les 12 et 13 février 1975, la Communauté a participé à la réunion du Conseil des négociations commerciales du GATT.

PREFERENCES GENERALISEES

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|--|---|
| <ul style="list-style-type: none"> <li>- <u>Le 3 février 1975</u>, la Commission a transmis au Conseil une communication sur l'avenir du schéma communautaire des préférences généralisées.</li> </ul> | <ul style="list-style-type: none"> <li>- <u>Le 3 février 1975</u>, le Conseil a adopté une résolution marquant sa volonté d'améliorer progressivement le schéma communautaire de préférences généralisées, compte-tenu notamment des intérêts des pays en voie de développement les moins favorisés, et de le maintenir au-delà de 1980.</li> </ul> |
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MATIERES PREMIERES

- |   |   |
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| <ul style="list-style-type: none"> <li>- <u>Le 4 février 1975</u>, la Commission a adopté une communication au Conseil, concernant l'approvisionnement en matières premières de la Communauté.</li> </ul> | <ul style="list-style-type: none"> <li>- A partir du <u>10 février 1975</u>, la Communauté a participé à la réunion de la première commission de la CNUCED pour examiner les propositions du Secrétaire Général de la CNUCED en vue d'un programme intégré pour les produits de base.      e/.</li> </ul> |
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MAINTIEN DE L'APPARTENANCE DE LA GRANDE-BRETAGNE

"Le Mécanisme Correcteur"

Réunion des chefs de Gouvernement de la Communauté :

Les chefs de Gouvernement "invitent les Institutions de la Communauté à élaborer le plus tôt possible un mécanisme correcteur avant une application générale qui, dans le cadre du système et du fonctionnement des ressources propres, en s'inspirant de critères objectifs, prenant en considération en particulier les suggestions faites à cet égard par le Gouvernement Britannique, puisse éviter, pendant le processus de convergence des économies des Etats membres, l'apparition éventuelle de situations inacceptables pour un Etat membre et incompatibles avec le bon fonctionnement de la Communauté".  
(Point 37 du Communiqué final)

COMMISSION

Le 30 Janvier 1975, la Commission adote une communication au Conseil sur le "mécanisme correcteur" qui serait applicable au cas ou la participation de certains Etats membres au budget de la Communauté serait inappropriée compte tenu de leur situation économique.

CONSEIL

Le 3 Mars 1975, le Conseil a discuté de la communication de la Commission sur le "mécanisme correcteur" et décidé de renvoyer la question au Conseil Européen de Dublin.