

# European COMMUNITY SUMMIT

**BACKGROUND INFORMATION**

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BACKGROUND NOTE

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## COMMUNITY TAKES POLITICAL DECISIONS IN DUBLIN

*Washington, D.C.* -- The European Community took a major step toward preserving British EC membership at the March 10-11 European Council meeting in Dublin. The EC heads of State or Government agreed to reduce the size of the British contribution to the EC budget. Britain, which has been demanding, among other things, a cut in its contribution, is scheduled to hold a national referendum on the question of EC membership this June.

The EC leaders also agreed to study the possibility of extending the time limit for allowing dairy exports from New Zealand to enter the Community duty free.

Attached in Annex are the texts of the

- 1) statement by Irish Prime Minister Liam Cosgrave
- 2) agreed statement on New Zealand dairy product imports
- 3) statement on the CSCE (Conference on Security and Cooperation in Europe)
- 4) statement on energy
- 5) statement on Cyprus.

(1) Statement of Irish Prime Minister Liam Cosgrave

...This was the first meeting of heads of Government under the new arrangements agreed in Paris last December. A characteristic of those arrangements is that there should be no formal communique after the meetings. Nevertheless, a number of issues before the present meeting are of such importance and such complexity that my colleagues and I found it necessary to incorporate decisions of the meeting in formal declarations or statements.

On the budgetary question the Council agreed on the correcting mechanism outlined by the Commission in its communication entitled "The Unacceptable Situation and the Correcting Mechanism" with the following modifications:

1. The criterion concerning the balance of payments deficit, and the two-thirds ceiling, are dropped.
2. The following provisions will be incorporated into the agreed mechanism:
  - A. The amount of the correcting mechanism shall be up to a ceiling of 250 million units of account [\$301.6 million]. However, as soon as the amount of the Communities' budget exceeds 8 billion units of account [\$9.65 billion] the ceiling shall be fixed at an amount representing 3 per cent of total budget expenditure.
  - B. When a moving average drawn up over three years indicates that the balance of payments on current account of the country in question is in surplus, the correction shall only affect any difference between the amount of its VAT [value added tax] payments and the figure which would result from its relative share in the Communities' GNP [gross national product].

A statement affecting British membership of the Communities deals with the question of the review of the importation of quantities of New Zealand dairy products to the Communities, in accordance with Protocol 18 of the Accession Treaty. The Protocol permits of the importation, free of levy, of certain specified quantities of these products in the years up to and including 1977. Under the terms of the Protocol, these arrangements are to be reviewed before the end of 1975. Our meeting decided on certain guidelines to be given to the institutions of the Communities in carrying out this review. You will note that the Commission's proposals on the subject are to be ready as soon as practicable and are to provide for special import arrangements as provided for in Article 5 of the Protocol after 1977. The proposals will provide for price reviews having regard to certain defined criteria. A copy of this declaration is available.

We also had a useful discussion on the Conference on Security and Cooperation in Europe, which is currently taking place in Geneva. We have agreed on a statement on this subject, the text of which is being distributed.

The subject of energy and the price of energy occupied the attention of the meeting for a considerable time today. It was agreed that, under the authority of the Council (of Ministers of Foreign Affairs), a special high level ad hoc committee composed of representatives of the member states and of the Commission should be established so as to coordinate the approach to this problem in the interests both of consumers and producers, and of economic stability in the entire world. The first meeting of this committee is being arranged for 19 March. The heads of Government have incorporated their views on this also in a declaration of which copies are also available.

We also discussed the world economic situation, with particular reference to the problems of unemployment and inflation following the steep increase in oil and other raw material prices. There was general agreement that this issue, and the views of heads of Government on it, should be referred to the meeting of the Council of Ministers of the Communities (Finance) to be held on 18 March.

On raw materials, there was an extremely useful discussion. It was decided that this matter, which was coming before the heads of Government for the first time, should be referred to the Council of Foreign Ministers on the basis of the proposals put before the Council by the Commission.

On Cyprus, the heads of Government and foreign ministers, recalling the statement issued by the foreign ministers following their meeting in Dublin on 13 February, expressed the hope that in the context of the discussions currently being held at the United Nations in New York, there will be an early resumption of negotiations on the question of Cyprus. The Nine will of course continue to keep in close touch with developments as regards the situation in Cyprus.

In conclusion, I should like to say how gratifying it has been for me to have had the opportunity to preside over this heads of Government meeting, which in addition to dealing successfully with the other items on the agenda, has brought to a conclusion the prolonged discussion of the issues raised by the question of British membership -- a conclusion which we naturally hope that the British Cabinet will feel it can recommend to the British people at the forthcoming referendum.

(2) Statement on New Zealand Product Imports

The heads of Government, meeting in Council at Dublin March 10, underline the importance which they attach to Protocol 18 of the Act of Accession, as regards the relations of the Communities with New Zealand, a traditional supplier of dairy products to a substantial part of the enlarged Communities.

They invite the Commission to present a report in order to prepare the review provided for in Article 5 of the Protocol and to submit as soon as practicable a proposal for the maintenance after December 31, 1977, of special import arrangements as referred to in that article.

They observe that the institutions of the Communities have already carried out certain price adjustments in the framework of the Protocol. In the same spirit, the Communities, which remain attached to a fair implementation of the Protocol, are ready to review periodically and as necessary to adjust the prices, having regard to the supply and demand developments in the major producing and consuming countries of the world, and also to the level and evolution of prices in the Communities -- including intervention prices -- and in New Zealand, taking moreover into account cost developments in New Zealand and trends in freight charges.

As regards the annual quantities to be established by the Communities institutions in the framework of the special arrangements after 1977, these should not deprive New Zealand of outlets which are essential for it. Thus, for the period up to 1980, these annual quantities depending upon future market developments, could remain close to effective deliveries under Protocol 18 in 1974 and the quantities currently envisaged by New Zealand for 1975.

They note that Protocol 18 provides that the exceptional arrangements for the import of cheese cannot be maintained after December 31, 1977, and that this situation and the problems which may arise from it will be given due attention with appropriate urgency, taking into account also the considerations in the following paragraph.

The heads of Government note, moreover, that New Zealand and the Communities together provide the major part of world exports of dairy products. They, therefore, express the wish that, in the same spirit with which the Communities approach the application of Protocol 18, an even closer cooperation be developed between the institutions of the Communities and the New Zealand authorities with the objective of promoting in their mutual interest an orderly operation of world markets. Such a cooperation, apart from its intrinsic value, should provide a basis from which to achieve, in a wider framework, the conclusion of an effective world agreement such as is envisaged in Protocol 18.

(3) Statement on the CSCE

The heads of Government reaffirmed the determination of the Nine to pursue and develop their policy of detente and cooperation in Europe.

They expressed the hope that this policy will encourage ever-increasing understanding and trust among peoples, which is the basis for a genuine improvement of the political climate on the Continent. This objective will find particular expression in the development of relations between states and peoples in which an important part should be played by the individual.

In this context, the Conference on Security and Cooperation in Europe, and the implementation of its decisions, are destined to play an important part.

The heads of Government expressed their satisfaction with the constructive role which, due to their concerted diplomacy and the common positions they have adopted, the Nine have been able to play in the course of this conference, which is closely related to the interests of the European Communities.

The heads of Government reviewed the development of the work which is currently under way in Geneva: they noted that substantial progress had already been made, but also that some important points remained to be settled.

They pronounced themselves in favor of as rapid a conclusion as possible to this work. To this end, they intend to continue and intensify their efforts to seek, in an open and constructive spirit positive solutions to the problems which are still under discussion or outstanding.

The heads of Government hope that all participating states will, as they have decided to do themselves, make every effort necessary to obtain balanced and satisfactory results on all the subjects on the agenda. This would make it possible to envisage the conclusion of the conference at an early date and at the highest level.

(4) Statement on Energy

The heads of Government, meeting in Council in Dublin, examined the problems connected with the international energy conference. They agreed that the Communities should undertake intensive preparation for this conference, without delay. Preparation will involve listing the various problems, concerning both matters specifically relating to energy and directly connected questions concerning economics, finance and the developing countries, to be dealt with at the conference and the preparatory meetings for it. Preparatory work will also attempt to define the joint responses to be made depending on the positions adopted by the other participants at the conference.

The preparatory work will be carried out under the authority of the Council (Foreign Affairs) by a high-level ad hoc committee composed of representatives of the member states and the Commission. It will be based on the inventory, to be drawn up by the Commission, of problems to be dealt with at the conference and the preparatory meeting, any proposals which the Commission submits to the Council on these problems and suggestions and requests made by the member states.

The Council will take the appropriate decisions on this basis and in particular will determine the content of the arrangements for the dialogue to be conducted with the other consumer and producer countries.

The Council has agreed to meet at the level of heads of Government in good time to prepare for the conference.

(5) Cyprus

The heads of Government and foreign ministers, recalling the statement issued by the foreign ministers following their meeting in Dublin on February 13, hope that in the context of the discussions currently being held at the United Nations in New York, there will be an early resumption of negotiations on the question of Cyprus. The Nine will of course continue to keep in close touch with developments as regards the situation in Cyprus.