



**europaean
community**

BACKGROUND INFORMATION

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No. 24

October 25, 1972

BACKGROUND NOTE

COMMUNIQUE

The following is the full text of the communique released in Paris after the Community members' and candidates' "Summit" meeting.

The heads of state or of government of the countries of the enlarged Community, meeting for the first time on October 19 and 20 in Paris, at the invitation of the President of the French Republic, solemnly declare:

- - At the moment when enlargement, decided in accordance with the rules in the Treaties and with respect for what the six original member states have already achieved, is to become a reality and to give a new dimension to the Community,
- - At a time when world events are profoundly changing the international situation,
- - Now that there is a general desire for detente and cooperation in response to the interest and the wishes of all peoples,
- - Now that serious monetary and trade problems require a search for lasting solutions that will favor growth with stability,
- - Now that many developing countries see the gap widening between themselves and the industrial nations and claim with justification an increase in aid and a fairer use of wealth,

- - Now that the tasks of the Community are growing, and fresh responsibilities are being laid upon it, the time has come for Europe to recognize clearly the unity of its interests, the extent of its capacities, and the magnitude of its duties, Europe must be able to make its voice heard in world affairs and to make an original contribution commensurate with its human, intellectual, and material resources. It must affirm its own views in international relations, as befits its mission to be open to the world and for progress, peace, and cooperation.

To this end:

I. The member states reaffirm their determination to base the development of their Community on democracy, freedom of opinion, the free movement of people and of ideas, and participation by their peoples through their freely elected representatives.

II. The member states are determined to strengthen the Community by establishing an economic and monetary union, the guarantee of stability and growth, the foundation of their solidarity and the indispensable basis for social progress, and by ending disparities between the regions.

III. Economic expansion is not an end in itself. Its first aim should be to enable disparities in living conditions to be reduced. It must take place with the participation of all the social partners. It should result in an improvement in the quality of life as well as the standards of living. As befits the genius of Europe, particular attention will be given to intangible values and to protecting the environment, so that progress may really be put at the service of mankind.

IV. The Community is well aware of the problem presented by continuing underdevelopment in the world. It affirms its determination within the framework of a worldwide policy towards the developing countries, to increase its effort in aid and technical assistance to the least favored people. It

will take particular account of the concerns of those countries towards which, through geography, history, and the commitments entered into by the Community, it has specific responsibilities.

V. The Community reaffirms its determination to encourage the development of international trade. This determination applies to all countries without exception.

The Community is ready to participate, as soon as possible, in the open-minded spirit that it has already shown, and according to the procedures laid down by the International Monetary Fund (IMF) and the General Agreement on Tariffs and Trade (GATT) in negotiations based on the principle of reciprocity. These should make it possible to establish, in the monetary and commercial fields, stable and balanced economic relations, in which the interests of the developing countries must be taken fully into account.

VI. The member states of the Community, in the interests of good neighborly relations which should exist among all European countries whatever their regime, affirm their determination to pursue their policy of detente and of peace with the countries of Eastern Europe, notably on the occasion of the Conference on Security and Cooperation in Europe, and the establishment on a sound basis of a wider economic and human cooperation.

VII. The construction of Europe will allow it, in conformity with its ultimate political objectives, to affirm its personality while remaining faithful to traditional friendships and to the alliances of the member states, and to establish its position in world affairs as a distinct entity determined to promote a better international equilibrium, respecting the principles of the charter of the United Nations. The member states of the Community, the driving force of European construction, affirm their intention to transform before the end of the present decade the whole complex of their relations into a European union.

Economic and Monetary Questions

1. The heads of state or of government reaffirm the determination of the member states of the enlarged European Communities irreversibly to achieve the economic and monetary union, confirming all the elements of the instruments adopted by the Council and by the representatives of member states on March 22, 1971, and March 21, 1972.

The necessary decisions should be taken in the course of 1973 so as to allow the transition to the second stage of the economic and monetary union on January 1, 1974, and with a view to its completion not later than December 31, 1980.

The heads of state or government reaffirmed the principle of parallel progress in the different fields of the economic and monetary union.

2. They declared that fixed but adjustable parities between their currencies constitute an essential basis for the achievement of the union and expressed their determination to set up within the Community mechanisms for defense and mutual support which would enable member states to ensure that they are respected.

They decided to institute before April 1, 1973, by solemn instrument, based on the EEC Treaty, a European Monetary Cooperation Fund which will be administered by the Committee of Governors of Central Banks within the content of general guidelines on economic policy laid down by the Council of Ministers.

In an initial phase the Fund will operate on the following bases:

- - concerted action among the Central Banks for the purposes of narrowing the margins of fluctuation between their currencies
- - the multilateralization of positions resulting from interventions in Community currencies and the multilateralization of intra-Community settlements
- - the use for this purpose of a European monetary unit of account
- - the administration of short-term monetary support among the Central Banks

- - the very short-term financing of the agreement on the narrowing of margins and short-term monetary support will be regrouped in the Fund under renovated mechanism. To this end, short-term support will be adjusted on the technical plane without modifying the consultation procedures they involve. The competent bodies of the Community shall submit reports:

- - not later than September 30, on the adjustment of short-term support,
- - not later than December 31, 1973, on the conditions for the progressive pooling of reserves.

3. The heads of state or of government stressed the need to coordinate more closely the economic policies of the Community and for this purpose to introduce more effective Community procedures.

Under existing economic conditions they consider that priority should be given to the fight against inflation and to a return to price stability. They instructed their competent ministers to adopt, on the occasion of the enlarged Council of October 30 and 31, 1972, precise measures in the various fields which lend themselves to effective and realistic short-term action toward these objectives and which take account of the respective situations of the countries of the enlarged Community.

4. The heads of state or of government express their determination that the member states of the enlarged Community should contribute by a common attitude to directing the reform of the international monetary system towards the introduction of an equitable and durable order.

They consider that this system should be based on the following principles:

- - fixed but adjustable parities
- - the general convertibility of currencies
- - effective international regulation of the world supply of liquidities
- - a reduction in the role of national currencies as reserve instruments

- - the effective and equitable functioning of the adjustment process
- - equal rights and duties for all participants in the system
- - the need to lessen the unstabilizing effects of short-term capital movements,
- - the taking into account of the interests of the developing countries.

Such a system would be fully compatible with the achievement of the economic and monetary union.

Regional Policy

The heads of state or of government agreed that a high priority should be given to the aim of correcting, in the Community, the structural and regional imbalances which might affect the realization of economic and monetary union.

The heads of state or of government invite the Commission to prepare without delay, a report analyzing the regional problems which arise in the enlarged Community and to put forward appropriated proposals.

From now on they undertake to coordinate their regional policies. Desirous of directing that effort towards finding a Community solution to regional problems, they invite the Community institutions to create a Regional Development Fund. This will be set up before December 31, 1973, and will be financed, from the beginning of the second phase of economic and monetary union, from the Community's own resources. Intervention by the Fund in coordination with national aids should permit, progressively with the realization of economic and monetary union, the correction of the main regional imbalances in the enlarged Community and particularly those resulting from the preponderance of agriculture and from industrial change and structural unemployment.

Social Policy

6. The heads of state or heads of government emphasized that they attached as much importance to vigorous action in the social field as to the achievement of the economic and monetary union. They thought it essential to ensure

the increasing involvement of labor and management in the economic and social decisions of the Community. They invited the institutions, after consulting labor and management, to draw up, between now and January 1, 1974, a program of action providing for concrete measures and the corresponding resources particularly in the framework of the Social Fund, based on the suggestions made in the course of the conference by heads of state and heads of government and by the Commission.

This program should aim, in particular, at carrying out a coordinated policy for employment and vocational training, at improving working conditions and conditions of life, at closely involving workers in the progress of firms, at facilitating on the basis of the situation in the different countries the conclusion of collective agreements at European level in appropriate fields, and at strengthening and coordinating measures of consumer protection.

Industrial, Scientific and Technological Policy

7. The heads of state or of government consider it necessary to seek to establish a single industrial base for the Community as a whole.

This involves the elimination of technical barriers to trade as well as the elimination, particularly in the fiscal and legal fields, of barriers which hinder closer relations and mergers between firms, the rapid adoption of a European company statute, the progressive and effective opening up of public sector purchases, the promotion on a European scale of competitive firms in the field of high technology, the transformation and conversion of declining industries, under acceptable social conditions, the formulation of measures to ensure that mergers affecting firms established in the Community are in harmony with the economic and social aims of the Community, and the maintenance of fair competition as much within the Common Market as in external markets in conformity with the rules laid down by the Treaties.

Objectives will need to be defined and the development of a common

policy in the field of science and technology ensured. This policy will require the coordination, within the institutions of the Community, of national policies and joint implementation of projects of interest to the Community.

To this end, a program of action together with a precise timetable and appropriate measures should be decided by the Community's institutions, before January 1, 1974.

Environment Policy

8. The heads of state or of government emphasized the importance of a Community environmental policy. To this end they invited the Community institutions to establish, before July 31, 1973, a program of action accompanied by a precise timetable.

Energy Policy

9. The heads of state and heads of government deem it necessary to invite the Community institutions to formulate as soon as possible an energy policy guaranteeing certain and lasting supplies under satisfactory economic conditions.

External Relations

10. The heads of state or of government affirm that their efforts to construct their Community attain their full meaning only in so far as member states succeed in acting together to cope with the growing world responsibilities incumbent on Europe.

11. The heads of state or of government are convinced that the Community must, without detracting from the advantages enjoyed by countries with which it has special relations, respond even more than in the past to the expectations of all the developing countries.

With this in view, it attaches essential importance to the policy of association as confirmed in the Treaty of Accession and to the fulfilment of its commitments to the countries of the Mediterranean Basin with which agreements have been or will be concluded, agreements which should be the subject of an

overall and balanced approach.

In the same perspective, in the light of the results of the United Nations Conference on Trade and Development (UNCTAD) and in the context of the development strategy adopted by the United Nations, the institutions of the Community and member states are invited progressively to adopt an overall policy of development cooperation on a worldwide scale, comprising, in particular, the following elements:

- - the promotion in appropriate cases of agreements concerning the primary products of the developing countries with a view to arriving at market stabilization and an increase in their exports
- - the improvement of generalized preferences with the aim of achieving a steady increase in imports of manufactures from the developing countries.

In this connection the Community institutions will study from the beginning of 1973 the conditions which will permit

- - the achievement of a substantial growth target
- an increase in the volume of official financial aid
- - an improvement in the financial conditions of this aid, particularly in favor of the least developed countries, bearing in mind the recommendations of the Organization for Economic Cooperation and Development (OECD) Development Assistance Committee.

These questions will be the subject of studies and decisions in good time during 1973.

12. With regard to the industrial countries, the Community is determined, in order to ensure the harmonious development of world trade:

- - to contribute, while respecting what has been achieved by the Community, to a progressive liberalization of international trade by measures based on reciprocity and relating to both tariffs and non-tariff barriers
- - to maintain a constructive dialogue with the United States, Japan,

Canada, and its other industrialized trade partners in a forthcoming spirit, using the most appropriate methods.

In this context the Community attaches major importance to the multilateral negotiations in the context of GATT, in which it will participate in accordance with its earlier statement. To this end, the Community institutions are invited to decide not later than July 1, 1973, on a global approach covering all aspects affecting trade.

The Community hopes that an effort on the part of all partners will allow these negotiations to be completed in 1975.

It confirms its desire for the full participation of the developing countries in the preparation and progress of these negotiations which should take due account of the interests of those countries.

Furthermore, having regard to the agreements concluded with the European Free Trade Association (EFTA) countries which are not members, the Community declared its readiness to seek with Norway a speedy solution to the trade problems facing that country in its relations with the enlarged Community.

13. In order to promote detente in Europe, the conference reaffirmed its determination to follow a common commercial policy towards the countries of Eastern Europe with effect from January 1, 1973; member states declared their determination to promote a policy of cooperation, founded on reciprocity, with these countries.

This policy of cooperation is, at the present stage, closely linked with the preparation and progress of the Conference on Security and Cooperation in Europe to which the enlarged Community and its member states are called upon to make a concerted and constructive contribution.

14. The heads of state or of government agreed that political cooperation between the member states of the Community on foreign policy matters had begun

well and should be still further improved. They agreed that consultations should be intensified at all levels and that the foreign ministers should in future meet four times a year instead of twice for this purpose. They considered that the aim of their cooperation was to deal with problems of current interest and, where possible, to formulate common medium and long-term positions, keeping in mind, inter alia, the international political implications for and effects of Community policies under construction. On matters which have a direct bearing on Community activities, close contact will be maintained with the institutions of the Community. They agreed that the foreign ministers should produce, not later than June 30, 1973, a second report on methods of improving political cooperation in accordance with the Luxembourg Report.

Reinforcement of Institutions

15. The heads of state or government recognized that the structures of the Community had proved themselves, although they felt that the decision-making procedures and the functioning of the institutions should be improved, in order to make them more effective.

The Community institutions and where appropriate, the representatives of the governments of member states are invited to decide before the end of the first stage in the achievement of the economic and monetary union, on the basis of the report which the Commission, pursuant to the resolution of March 22, 1971, is to submit before May 1, 1973, on the measures relating to the distribution of competences and responsibilities among the Community institutions and member states which are necessary to the proper functioning of an economic and monetary union.

They felt it desirable that the date on which meetings of national cabinets were normally held should be the same so that the Council of the Communities could organize itself with a more regular timetable.

Desiring to strengthen the powers of control of the European Parliamentary Assembly, independently of the date on which it will be elected by universal suffrage under Article 138 of the Treaty of Rome, and to make their contribution towards improving its working conditions, the heads of state or government, while confirming the decision of April 22, 1970, of the Council of the Communities, invited the Council and the Commission to put into effect without delay the practical measures designed to achieve this reinforcement and to improve the relations both of the Council and of the Commission with the Assembly.

The Council will, before June 30, 1973, take practical steps to improve its decision-making procedures and the cohesion of Community action.

They invited the Community institutions to recognize the right of the Economic and Social Committee in future to advise on its own initiative on all questions affecting the Community.

They were agreed in thinking that, for the purpose in particular of carrying out the tasks laid down in the different programs of action, it was desirable to make the widest possible use of all the dispositions of the Treaties, including Article 235 of the EEC Treaty.

European Union

16. The heads of state or government, having set themselves the major objective of transforming, before the end of the present decade and with the fullest respect for the Treaties already signed, the whole complex of the relations of member states into a European union, request the institutions of the Community to draw up a report on the subject before the end of 1975 for submission to a Summit conference.