

COMMISSION  
OF THE EUROPEAN COMMUNITIES

**Conference of Heads of State and Government  
of the nine Member States  
and future Members**

**Paris, 19-21 October 1972**

**Declaration**

Brussels

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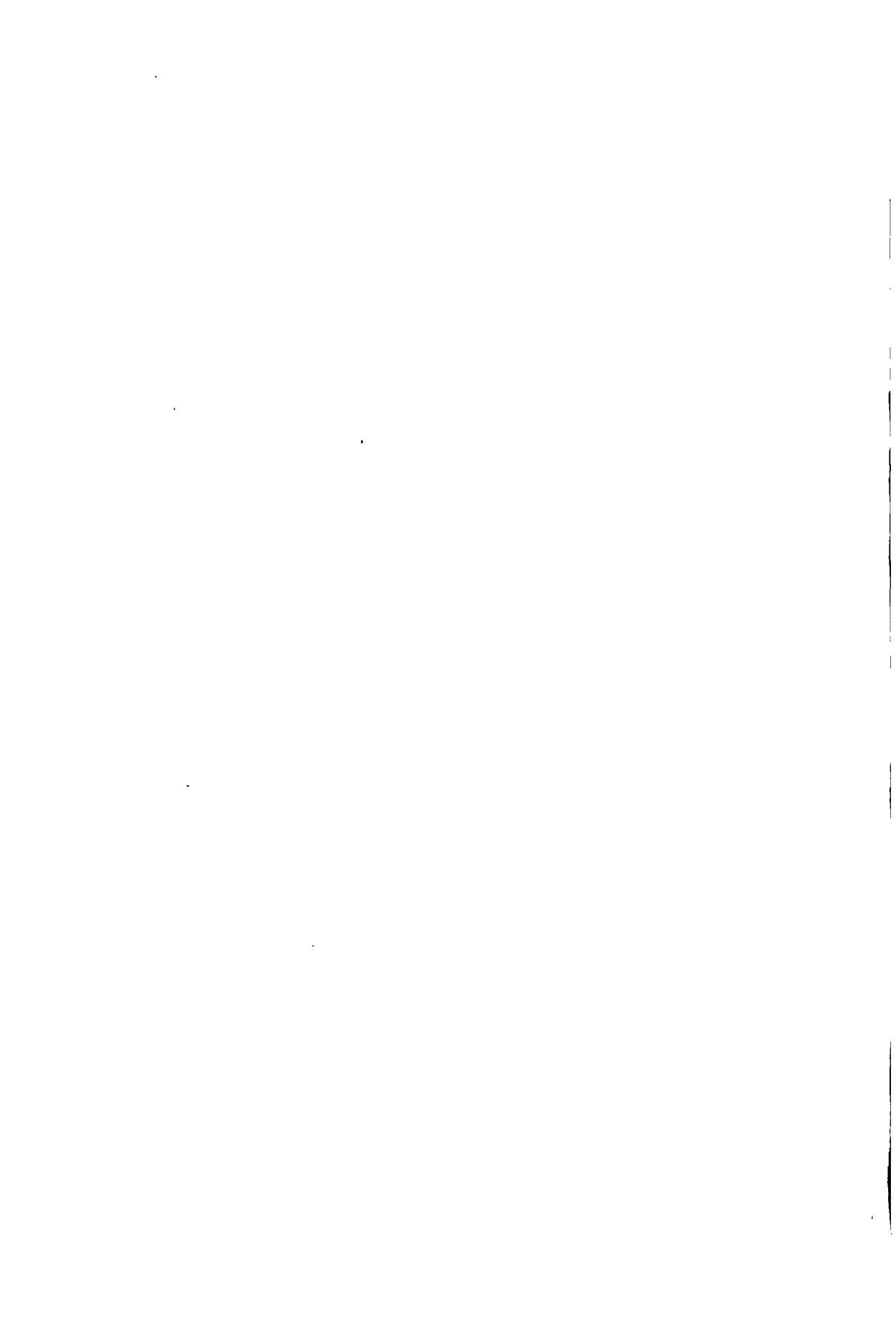
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## DECLARATION

“The Heads of State and Government of the Member States of the enlarged Community meeting for the first time on 19 and 20 October in Paris at the invitation of the President of the French Republic solemnly declare that:

At the time when the enlargement, decided under the Rules fixed by the Treaties and respecting the work already accomplished by the six original Member States, is about to become a reality and give the European Community another dimension;

At a time when world events are radically changing the international situation;

At a time when hopes for détente and cooperation are emerging, which satisfy the interest and deeply-felt desire of all nations;

At a time when disquieting monetary or trade problems are obliging us to seek lasting solutions for promoting expansion with stability;

At a time when many developing countries, seeing the gap widening between them and the industrialized nations, are legitimately claiming increased aid and a more equitable utilization of wealth;

At a time when the Community’s tasks are magnifying and new responsibilities are being assigned to it;

The time has come for Europe to realize the unity behind her interests, the scope of her capabilities and the importance of her obligations;

Europe must be capable of making her voice heard in world affairs and making a creative contribution in proportion to her human, intellectual and material resources and affirming her own concepts in international relations in line with her role in initiating progress, peace and cooperation.

*To this end:*

1. The Member States reaffirm their resolve to base their Community’s development on democracy, freedom of opinion, free movement of men and ideas and participation by the people through their freely elected representatives;
2. The Member States have resolved to strengthen the Community by forming an Economic and Monetary Union, as a token of stability and growth, as the indispensable basis of their social progress and as a remedy for regional disparities;

3. Economic expansion, which is not an end in itself, must as a priority help to attenuate the disparities in living conditions. It must develop with the participation of both sides of industry. It must emerge in an improved quality as well as an improved standard of life. In the European spirit special attention will be paid to non-material values and wealth and to protection of the environment so that progress shall serve mankind;

4. Aware of the problems arising from the persistent underdevelopment in the world, the Community affirms its resolve, within overall policy, towards the developing countries, to raise its efforts in aid for and cooperation with the poorest nations and with special consideration for the countries towards whom historically, geographically and through signed commitments the Community has specific obligations;

5. The Community reaffirms its resolve to promote the development of international trade. This resolve is extended to all countries without exception. The Community is prepared, openmindedly as it has already proved and in line with the IMF and GATT procedures, to enter as soon as possible into negotiations based on the principle of reciprocity, which will allow stable and balanced economic relations to be achieved in monetary affairs and trade and where the interests of the developing countries must receive full consideration;

6. In the interests of the good neighbourly relations which must exist between all the European nations, whatever their régime, the Member States are resolved, especially through the Conference on European Security and Cooperation, to promote their policy of détente and peace with Eastern European countries, establishing on a permanent basis broader human and economic cooperation;

7. In line with its political aims, the construction of Europe will allow the continent to assert its personality in the loyalty of its traditional friendships and in the alliances of its Member States and to make its mark in world affairs as a distinct entity determined to promote a better international balance which respects the United Nations Charter. The Member States of the Community, the driving wheels of European construction, declare their intention of converting their entire relationship into a European Union before the end of this decade.

### **Economic and Monetary Policy**

1. The Heads of State and Government reaffirm the resolve of the Member States of the enlarged Community to move irrevocably the Economic and Monetary Union, by confirming all the details of the Acts passed by the

Council and by the Member States representatives on 22 March 1971 and 21 March 1972.

The required decisions will have to be taken during 1973 to allow transition to the second stage of the Economic and Monetary Union on 1 January 1974 and in view of its complete realization by 31 December 1980 at the latest.

The Heads of State and Government reaffirmed the principle of parallel progress in the various fields of the Economic and Monetary Union.

2. The declared that fixed but adjustable parities between their currencies are an essential basis for achieving the Union and expressed their resolve to set up mutual defence and support mechanisms within the Community, which will allow the Member States to ensure that they are honoured.

They decided to set up officially a European Monetary Cooperation Fund before 1 April 1973. Based on the EEC Treaty, the Fund will be run by the Governors Committee of the Central Banks within the overall guidelines of economic policy adopted by the Council of Ministers. In its early stage the Fund will function on the following basis:

- (i) Concertation between the Central Banks over the required shrinkage of fluctuation margins between their currencies;
- (ii) Multilateralizing of positions arising from interventions in Community currencies and multilateralizing inter-Community rules.
- (iii) Utilization for the above of a European monetary unit of account.
- (iv) Administration of short-term monetary support between the Central Banks.
- (v) The very short-term financing of the Agreement on shrinking the margins and short-term monetary support, will be regrouped within the Fund through an updated mechanism. For this, the short-term monetary support will be adjusted technically without changing its basic character or the consultation procedures involved.

The competent Community agencies will have to submit reports:

- (i) On short-term aid dealings by 30 September latest;
- (ii) On terms for progressive pooling of reserves by 31 December 1973.

3. The Heads of State and Government insisted on the need for closer coordination of Community economic policies and adopting more effective procedures for same.

In the present economic situation, they consider that the anti-inflation campaign and stabilization of prices must get priority. They officially briefed their authorized Ministers, when the enlarged Council meets on 30 and 31 October 1972, to take specific measures in the various areas ripe for effective and realistic short-term moves to attain these objectives allowing for the different conditions in the countries of the enlarged Community.

4. The Heads of State and Government express their resolve that the Member States of the enlarged Community will contribute through a joint outlook in guiding the reform of the international monetary system towards the adoption of a lasting equitable order.

The consider that the system should be based on the following principles:

- (i) Fixed but adjustable parities,
- (ii) An overall convertibility of currencies,
- (iii) An effective international regulation of world liquidity supply.
- (iv) Curtailing the role of national currencies as reserve resources,
- (v) An equitable and effective adjustment process,
- (vi) Equality of rights and obligations for all under the system,
- (vii) The need to reduce the unbalancing effects of short-term capital movements,
- (viii) Consideration of the developing countries' interest.

Such a system would be completely suitable for achieving Economic and Monetary Union.

### **Regional Policy**

5. The Heads of State and Government give top priority to correcting the structural and regional imbalances in the Community which could hinder the achievement of the Economic and Monetary Union.

The Heads of State and Government invite the Commission to prepare as soon as possible a report analysing the regional problems of the enlarged Community and offering suitable proposals.

They henceforth commit themselves to coordinate their regional policies. Desiring to apply their efforts to a Community solution of regional problems, they ask the Community Institutions to set up a Regional Development Fund



to be operative by 31 December 1973. From the start of the second stage of the Economic and Monetary Union this Fund will be backed by the Community's own resources. Its interventions, coordinated with national aid will help, alongside the creation of the Economic and Monetary Union, to correct the major regional imbalances in the enlarged Community and especially those arising from a predominance of agriculture, industrial changes and structural underemployment.

### **Social policy**

6. The Heads of State and Government emphasized that vigorous action in the social sphere is to them just as important as achieving Economic and Monetary Union. They consider it absolutely necessary to secure an increasing share by both sides of industry in the Community's economic and social decisions. They ask the Institutions after consulting both sides of industry to draw up an action programme before 1 January 1974 providing practical measures and the means for them, within the scope of the Social Fund, based on suggestions put forward by the Heads of Government and the Commission during the Conference.

The programme must implement a coordinated policy for employment and vocational training, to improve working and living conditions, secure the collaboration of workers in the function of undertakings, facilitate — according to the conditions in each country — the conclusion of collective European agreements in appropriate areas and strengthen and coordinate action for protecting the consumer.

### **Industrial, Scientific and Technological Policy**

7. The Heads of State and Government felt there was a need to try and provide a uniform foundation for industry throughout the Community.

This entails the removal of technical barriers to trade and elimination, especially in the field of taxation and law, of obstacles hindering alignment and concentration among undertakings, swift adoption of a statute for the European company, the progressive and effective opening up of public contracts, the promotion on the European scale of competitive undertakings in advanced technology, the adaptation and redevelopment, under socially acceptable conditions, of industrial branches in difficulty, the preparation of provisions to guarantee that concentrations, affecting undertakings established in the Community, are compatible with the Community's socio-economic

goals, and fair competition under the Treaty provisions both within the Common Market and on the outside markets.

Objectives should be defined and the development of a common scientific and technological policy ensured. This policy implies coordination of national policies within the Community Institutions and the joint carrying out of action in the Community interest.

To this end, an action programme with a precise schedule backed by appropriate means should be drawn up by the Community Institutions before 1 January 1974.

### **The Environment**

8. The Heads of State and Government stressed the value of a Community environment policy. They are therefore requesting the Community Institutions to draw up an action programme with a precise schedule before 31 July 1973.

### **Energy**

9. The Heads of State and Government feel there is a need for the Community Institutions to work out as soon as possible an energy policy which ensures a reliable and lasting supply on economically satisfactory terms.

### **External Relations**

10. The Heads of State and Government affirm that their efforts to construct their Community will only take on their full meaning to the extent that the Member States succeed in acting together to meet Europe's growing responsibilities in the world.

11. The Heads of State and Government are convinced that without vitiating the advantages enjoyed by the countries with whom it has special relationships, the Community must respond more than ever before to the expectations of all the developing countries.

From this angle the Community puts great value on the Association policy as confirmed by the Accession Treaty and on honouring its commitments towards the Mediterranean countries with whom agreements have been or are to be made, agreements which require an overall and balanced handling.

Likewise, remembering the outcome of the UNCTAD Conference and within the scope of the development strategy adopted by the United Nations, the Community Institutions are asked to activate an overall policy of cooperation in development on a world scale and including the following aims:

- To promote in suitable cases agreements on commodities from the developing countries in order to stabilize markets and boost their exports.
  - To improve the generalized preferences with the target of steady growth in imports of manufactured products from the developing countries.
- Here the Community Institutions will study from early 1973 terms enabling the target of substantial growth to be achieved.
- To increase the volume of public financial aid.
  - To improve the financial terms for this aid, especially for the benefit of the most underfavoured developing countries, with reference to the recommendations, of the OECD Development Aid Committee.

These questions will be the subject of studies and decisions through 1973.

12. Concerning the industrial countries, the Community is determined that to ensure a harmonious development of world trade it will:

- Contribute, while respecting the Community assets, to the progressive decontrol of international trade based on reciprocity and aimed at tariff and non-tariff barriers;
- Carry on constructive dialogue with the USA, Japan, Canada and the other commercial industrialized partners with an open mind and exploiting appropriate vehicles.

In this context, the Community regards as crucial the multilateral negotiations within GATT in which it will share as declared previously.

The Community Institutions are therefore asked to define an overall concept by 31 July 1973 at the latest.

The Community hopes that an effort by all the partners will allow the negotiations to be concluded in 1975.

The Community confirms its wish that the developing countries fully share in preparing for these negotiations which must consider the interests of these countries.

In view of the Agreements made with the EFTA countries not applying for Membership, the Community declares itself ready to seek a swift solution with Norway to the trade problems which she is facing in her relations with the enlarged Community.

13. In order to promote the détente in Europe, the Community reaffirms its resolve to follow a trade policy towards the Eastern countries from 1 January 1973. The Member States are prepared to promote a policy of cooperation with these countries based on reciprocity.

This cooperation policy is presently closely tied to preparations for the Conference on European Security and Cooperation, where the Community and Member States are asked to make a concerted and constructive contribution.

### **Political Cooperation**

14. The Heads of State and Government consider that political cooperation between Member States in the area of foreign policy has got off to a good start and should be further improved. They agreed that consultation would be intensified at all levels and that the Foreign Ministers would henceforth meet four times instead of twice a year. They considered that the goal of this cooperation was to deal with current questions and as far as possible to work out joint medium and long-term positions bearing in mind the implications and effects in the field of international policy of Community policies in preparation. For affairs which impinge on Community activity close contact will be kept with the Community Institutions. They agreed that the Foreign Ministers would compile by 30 June 1973 a second report on methods for improving political cooperation as had been anticipated in the Luxembourg Report.

### **Strengthening the Institutions**

15. The Heads of State and Government found that the Community Institutions were proving themselves but considered that the decision procedures and the running of the Institutions ought to be improved to boost their efficiency.

The Institutions and if need be the Government Representatives of Member States are asked to adopt, before the end of the first stage of the Economic and Monetary Union, measures based on the Report to be submitted by the Commission before 1 May 1973 under the Resolution of 22 March 1971,

concerning the distribution of authority and responsibilities between the Community Institutions and the Member States which are needed for the smooth running of the Economic and Monetary Union.

The Heads of Government also thought it desirable to standardize the dates on which the national Councils of Ministers meet in order to let the Council of the Community organize its schedules more regularly.

Wishing to strengthen the supervisory powers of the European Parliament, apart from when under Article 138 of the Rome Treaty it will be elected by universal suffrage and in wanting to improve the terms of its function, the Heads of Government confirm the decision of 22 April 1970 by the Council of the Community. They ask the Council and the Commission to implement promptly the practical measures to strengthen Parliament and improve the relations of both the Council and Commission with the Parliamentary Assembly.

Before 30 June 1973 the Council will take practical measures to improve its decision procedures and the consistency of Community action.

The Heads of Government asked the Community Institutions to accord the Economic and Social Committee the right to issue from now on Opinions on its own initiative concerning all questions affecting the Community's work.

They agreed that in order to accomplish the tasks laid out in the different action programmes, it was advisable to use as widely as possible all the provisions of the Treaties including Article 235 of the EEC Treaty.

### **European Union**

16. The Heads of States and Government have assigned themselves the key objective of converting, before the end of this decade and in absolute conformity with the signed Treaties, all the relationships between Member States into a European Union. They are therefore asking the Community Institutions to prepare before the end of 1975 a report to be submitted to a further Summit Conference."

