

MEETINGS OF THE HEADS OF STATE OR GOVERNMENT

**PARIS
9-10 DECEMBER 1974**

Documents in the dossier include:

Meeting of the Heads of Government

Includes preparatory work, communiqué, follow up documents
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European Community Summit Enhances Solidarity

European Community Background Information No. 28/1974
European Community Information Service
Washington DC

Communiqué of the European Community "Summit" Meeting

European Community Background Information No. 27/1973
European Community Information Service
Washington DC

1. Meeting of the Heads of Government

Heads of Government

1101. The Heads of Government of the Community and the President of the Commission, Mr Ortoli met in Paris on 9 and 10 December. The meeting had been prepared by an *ad hoc* Group¹ whose work had enabled a number of common guidelines to be hammered out.

1102. During its sitting of 9 December, the European Parliament had appealed to the Heads of Government to give new momentum to the process of European unification as expressed in the following Resolution:

Resolution for the Conference of Heads of Government in Paris on 9 and 10 December 1974

The European Parliament,

— welcoming the initiative of the President of the French Republic in calling this Conference at a critical moment for Europe, in view of the need to give fresh impetus to European unification,

— stressing the urgent need to move on in the economic and financial fields as well in the general political field, from declarations of intent to practical decisions, which is a prerequisite for any further progress towards European union and the strengthening of the Community's popular support,

— having regard to the report of the Political Affairs Committee.

1. Calls upon the Conference:

A. to confirm the commitments entered into at the Paris Conference of October 1972 and the Copenhagen Conference of December 1973 on the progressive development of the Community towards a European Union and to transform them into specific directives;

B. to decide, consequently, on the creation of an overall Community policy designed to:

— fight inflation resolutely,

- ensure a high level of employment and to protect workers' earnings,
 - give new impetus to economic recovery,
 - implement a Community energy and raw materials policy to safeguard supplies, while maintaining the necessary solidarity, and to organize a dialogue between the producer and consumer countries, a pre-condition for a common energy policy and for successful cooperation between the energy producing and energy consuming countries is full participation by the European Community in the OECD International Energy Supply Agency,
 - implement at last, in accordance with votes by the European Parliament, the decision to establish a regional development fund with sufficient resources to aid the less-favoured regions of the Community;
2. Requests that, for the purpose of putting this policy into effect, the decision-making procedures provided for in the Treaties should be restored and applied in the Council;
 3. Requests that the transformation of the present political cooperation procedure into a Community procedure be speeded up;
 4. Requests that the European Parliament be granted joint decision-making, budgetary and supervisory powers;
 5. Requests that the Council be instructed to fix by 30 June 1975 a date for its election by direct universal suffrage not later than 1980;
 6. Instructs its President to forward this resolution to the Conference of Heads of Government, the Parliaments of the Member States, and the Council and Commission of the European Communities.

¹ Bull. EC 10-1974, point 2501, and 11-1974, points 2501 and 2502.

1103. In a letter from its Chairman, Mr Canonge, to the Heads of Government, 'The Economic and Social Committee considers that the Summit Conference should not confine itself to generalities, or draw up a sort of catalogue which would remain a dead letter. The various economic interests and social groups in the Community find it hard to understand why fundamental questions like energy or regional policy have so far led to nothing but statements of intent. They would also fail to understand it if, at a time when men and their families throughout the Community are threatened with the spectre of unemployment, the Summit Conference were to close without making it clear that concrete measures will be taken to combat and begin to remedy this grave situation. The Committee considers that only decisions which lead to concrete action will receive the consensus support of the economic and social forces which it represents.'

1104. After the meeting of the Heads of Government, the following Communiqué was issued:

Communiqué

1. The heads of Government of the nine States of the Community, the Ministers of Foreign Affairs and the President of the Commission, meeting in Paris at the invitation of the French President, examined the various problems confronting Europe. They took note of the reports drawn up by the Ministers of Foreign Affairs and recorded the agreement reached by these Ministers on various points raised in the reports.
2. Recognizing the need for an overall approach to the internal problems involved in achieving European unity and the external problems facing Europe, the Heads of Government consider it essential to ensure progress and

overall consistency in the activities of the Communities and in the work on political cooperation.

3. The Heads of Government have therefore decided to meet, accompanied by the Ministers of Foreign Affairs, three times a year and, whenever necessary, in the Council of the Communities and in the context of political 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.

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

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

Heads of Government

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

6. In order to improve the functioning of the Council of the Community, they consider that it is necessary to renounce the practice which consists of making agreement on all questions conditional on the unanimous consent of the Member States, whatever their respective positions may be regarding the conclusions reached in Luxembourg on 28 January 1966.

7. Greater latitude will be given to the Permanent Representatives so that only the most important political problems need be discussed in the Council. To this end, each Member State will take the measures it considers necessary to strengthen the role of the Permanent Representatives and involve them in preparing the national positions on European affairs.

8. Moreover, they agree on the advantage of making use of the provisions of the Treaty of Rome whereby the powers of implementation and management arising out of Community rules may be conferred on the Commission.

9. Cooperation between the Nine in areas outside the scope of the Treaty will be continued where it has already begun. It should be extended to other areas by bringing together the representatives of the Governments, meeting within the Council whenever possible.

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

If possible, this draft should be submitted to the Governments of the Member States before 31 December 1976. It will, in particular, provide for stage-by-stage harmonization of legislation

Heads of Government

affecting aliens and for the abolition of passport control within the Community.

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

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

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

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

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

Statement by the United Kingdom delegation

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

Statement by the Danish delegation

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

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

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

Economic and monetary union

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

Convergence of economic policies

15. The Heads of Government discussed the economic situation in the world and in the Community.

16. They noted that the increase in prices is adding to inflationary tendencies and balance of payments deficits and intensifying the threat of general recession. The resulting alterations in the terms of trade are forcing the Member States to redirect their production structures.

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

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

18. In the context of the effort to be made by countries having a surplus, the Heads of Government greet the economic policy measures already adopted by the Netherlands Government as a step in the right direction. They also note with satisfaction the short-term economic programme

which the Government of the Federal Republic of Germany intends to follow, particularly as regards stimulating public and private investment, and the fact that the Belgian Government intends to follow suit.

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

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

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

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

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

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

21. The Community will continue to contribute to the harmonious expansion of world trade, especially in relation to developing countries, and in order to do so will take a constructive part in the GATT trade negotiations which it hopes to see actively continued in the near future.

Regional policy

22. The Heads of Government have decided that the European Regional Development Fund, designed to correct the principal regional imbalances in the Community resulting notably from agricultural predominance, industrial change and structural under-employment will be put into operation by the institutions of the Community with effect from 1 January 1975.

23. The Fund will be endowed with 300 million u.a. in 1975, with 500 million u.a. for each of the years 1976 and 1977 i.e. 1300 million u.a.

24. This total sum of 1300 million u.a. will be financed up to a level of 150 million u.a. by credits not presently utilized from the EAGGF (Guidance Section).

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

Belgium: 1.5%;

Denmark: 1.3%;

France: 15%;

Ireland: 6%;

Italy: 40%;

Luxembourg: 0.1%;

Netherlands: 1.7%;

Federal Republic of Germany: 6.4%;

United Kingdom: 28%.

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

Employment problems

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

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

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

26. When the time is ripe, the Council of the Community will consider, in the light of experience and with due regard to the problem of the regions and categories of workers most affected by employment difficulties, whether and to what extent it will be necessary to increase the resources of the Social Fund.

27. Being convinced that in this period of economic difficulty special emphasis should be placed on social measures, the Heads of Government reaffirm the importance which they attach to implementation of the measures listed in the Social Action Programme approved by the Council in its Resolution of 21 January 1974.

28. The Heads of Government make it their objective to harmonize the degree of social security afforded by the various Member States, while maintaining progress but without requiring that the social systems obtaining in all Member States should be identical.

Energy

29. The Heads of Government discussed the energy problem and in this connection the related major financial problems created for the Community and for the wider world.

30. They further noted that the Ministers of Energy of the Community countries are due to meet on 17 December.

31. The Heads of Government, aware of the paramount importance which the energy problem has in world economy, have discussed the possibilities for cooperation between oil exporting and oil importing countries, on which subject they heard a report from the Federal Chancellor.

32. The Heads of Government attach very great importance to the forthcoming meeting between the President of the United States and the President of the French Republic.

33. The Heads of Government, referring to the Council Resolution of 17 September 1974, have invited the Community institutions to work out and to implement a common energy policy in the shortest possible time.

Britain's membership of the Community

34. The Prime Minister of the United Kingdom indicated the basis on which Her Majesty's Government approached the negotiations regarding Britain's continued membership of the Community, and set out the particular issues to which the Government attached the highest importance.

35. The Heads of Government recall the statement made during the accession negotiations by the Community to the effect that 'if unacceptable situations were to arise, the very life of the Community would make it imperative for the institutions to find equitable solutions'.

36. They confirm that the system of 'own resources' represents one of the fundamental elements of the economic integration of the Community.

37. They invite the institutions of the Community (the Council and the Commission) to set up as soon as possible a correcting mechanism of a general application which, in the framework of the system of 'own resources' and in harmony with its normal functioning, based on objective criteria and taking into consideration in particular the suggestions made to this effect by the British Government, could prevent during the period of convergence of the economies of the Member States, the possible development of situations unacceptable for a Member State and incompatible with the smooth working of the Community.

1105. The reactions to the outcome of the meeting of the Heads of Government were generally positive both in the Member States and at Community level.

In the evening of 10 December, President Giscard d'Estaing commented to the press on the results of the Summit meeting which he had chaired. Replying to the question whether the crisis in Europe had been warded off, the President said that Europe was a living organism developing in particularly difficult circumstances and in a difficult world. Europe was a creation which for the moment required resolve and patience. He added that in view of the interests involved and the issues which for a long time had blocked the European countries from coming together, the Nine had helped during this meeting to affirm Europe's progress.

During a debate on 11 December,¹ the European Parliament welcomed the results and stressed the need for the Community institutions to keep up the new impetus. Mr *FitzGerald*, Ireland's

Minister for Foreign Affairs, speaking as the representative of the President of the Council, said:

'I believe that the meeting of the last two days has seen considerable progress. I should first like to summarize some of the main themes that seem to me to emerge, before looking in more detail at the points in the communiqué. First of all, I think there has been progress towards an overall approach to the internal and external, political and economic problems of Europe. There has been progress in bringing these more closely together in a single framework...

The fact is that we have made modest, but significant progress over a wider field than most people anticipated and I think we are in a position to build on that but we have an awful lot of building to do before we create Europe.'

Presenting the Commission's opinion to Parliament, President Ortoli said:

'It was undeniably a working Summit where major questions of principle, such as those concerning this House, and practical problems were tackled, and in some cases settled...

It was a Summit which met with major, specified, limited objectives and it obtained equally specific and limited results, some of which, however, are vital for the future of our Community...

There were indeed decisions, and even more important, prospects unfolded, the extent of which only the future will clearly reveal...

I hope that this summit will bear much more fruit; but in every instance it will be the result of daily effort, since it is in fact the means which have been brought to bear, an instrument, a process which is the process of the Treaty but strengthened in its political drive. It is now up to us to see that it remains the Treaty process and that the political drive finds expression.'

¹ Point 2403.

1106. On 12 December, the Commission published the following statement:

The Commission notes that the meeting of Heads of Government, which had limited objectives, yielded limited but positive results which offer prospects of progress for the Community's development.

On the institutional side, the arrangements concerning the functioning of the institutions can lead to greater decision-making capacity within the Community framework. On this score, the Commission stresses the importance of the fact that the Heads of Government are to meet regularly in future within the Council, and the importance of the responsibilities assigned to the Foreign Ministers' meeting within the Council of the Community.¹

The Commission will have to follow up the full application of the decision to relinquish the unanimity method, both at Council level and by changing the working methods of the bodies subordinate to the Council.

The Commission emphasizes the value it has always set on the direct election of the European Parliament and the expansion of its legislative powers. The Commission's position on this issue has always been perfectly clear.

Regarding European Union, the Commission notes that the special assignment given to the Belgian Prime Minister, Mr Tindemans, respects the responsibilities peculiar to the Community institutions (and in particular Parliament) and that it will create a dialogue with bodies representing public opinion in the Community.

Concerning the passages of the Communiqué which refer to convergence of economic policies, the Commission notes the importance of the forthcoming Council meetings of Economy and Finance Ministers on this issue. The Commission has laid several ideas before the Council enabling it to rule on a number of major questions.

With regard to employment problems, the Commission recalls that they are on the agenda of the Tripartite Conference and the Council's social affairs session early next week. This meeting should lead to a revitalized Standing Committee on Employment.

The Commission notes that the energy problems could not be comprehensively dealt with at the Summit meeting. The Commission will spotlight the importance which should be attached to the determination expressed by the Heads of Government to promote the mounting of a common energy policy.²

The Commission stresses that the decisions to bring the European Regional Development Fund into operation at the earliest opportunity and to endow it for an initial three-year period signal a vital breakthrough. The Commission recalls that, despite all the difficulties encountered, it has perseveringly and singlemindedly fought for the swift implementation of the Fund by sticking to the basic principles of its proposals (for a Fund with a general role as the instrument of a Community policy) and striving to ensure that its resources, although smaller than hoped for, would be focused on the most underfavoured regions.

With respect to the provisions in the Communiqué relating to the United Kingdom's continued membership of the Community, the Commission notes that they refer to a study procedure and not eventual decisions. It will shortly have to consider the internal arrangements to be made by its own organization. The Commission welcomes the spirit of mutual understanding enabling that part of the Communiqué to be adopted.'

¹ Section 3, paragraph 3 of the Communiqué.

² Section 30 of the Communiqué, point 1104.

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PRESS RELEASE

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No. 28/1974

FOR IMMEDIATE RELEASE

December 12, 1974

EUROPEAN COMMUNITY SUMMIT ENHANCES SOLIDARITY

Washington, D.C.--December 12, 1974. European Community member's heads of government will meet three times a year. As of January 1, 1975, the EC will also have a Regional Development Fund. These are among the most important initiatives taken by the "Nine" at their "Summit" meeting in Paris, December 9-10, 1974. On energy and on other acute problems, the heads of government of the Nine referred to other meetings that will soon occur, within the EC and between European countries and the United States.

Energy

The Nine reaffirmed the urgent need for a common energy policy. The communique said that German Chancellor Helmut Schmidt, who was recently in Washington, had reported on the "possibilities for cooperation between oil exporting and oil importing countries." The Communique stressed that the "Nine" attach "very great importance to the forthcoming meeting between the President of the United States and the President of the French Republic" (in Martinique on December 14).

France is the only EC country which is not a member of the Energy Consumers Agency within the Organization for Economic Cooperation and Development. Finally, the communique mentioned the meeting of EC energy ministers, scheduled for December 17.

The EC Commission, represented at the Summit by its President Francois-Xavier Ortoli, thinks that it is time, for the Community, to set up the necessary instruments for a dialogue among oil consuming countries and with oil producing countries.

Convergence of Economic Policies

Another topic that Giscard d'Estaing will discuss with President Ford was a major point on the Paris Summit agenda: the common struggle against inflation and the action "aimed both at preventing a general economic recession and restoring stability." The Nine noted "with satisfaction" the account given by Helmut Schmidt of his talks with President Ford and desire that his meeting with the President Giscard d'Estaing "should, on the behalf of the Community, stress the importance of the convergence of economic policies." One of the goals of these policies, to maintain a high level of employment, is clearly stated in the communique.

The Commission, commenting on the results of the Summit, expressed its satisfaction that member governments had recognized both the dangers of inflation and of recession. Indeed, the communique praised efforts recently made by surplus countries, like Germany and the Netherlands, to moderately stimulate domestic demand, thus contributing to the recovery of deficit countries.

Regional Policy

Another sign of European solidarity was the Summit decision to set up, as of January 1, 1975, a Regional Development Fund of 1.3 billion units of account (UA), for a trial period of three years, to help EC depressed areas. (One UA equals \$1.20635 at current rates.) During this time the fund's operations will be concentrated in three countries. Italy (40 per cent of the fund's resources), the United Kingdom (28 percent), and Ireland (6 per cent), and an additional UA 6 million coming from the reduction in the share of the other countries, except Italy). The Commission was particularly satisfied with this decision, since it has worked more than a year to get the regional policy started.

Britain's Membership in the Community

Another main point on the agenda was the "renegotiation" of the terms of the United Kingdom's membership in the Community. The heads of government asked the Council and the Commission to "set up as soon as possible a correcting mechanism" to "prevent the possible development of situations unacceptable for a member state and incompatible with the smooth working of the Community." This means that the share of the EC budget contributed by Britain might be reconsidered as a result of its economic troubles.

Institutions: Veto, European Parliament Election and European Political Union

Finally, the Nine made several important decisions about the Community's institutions to improve their efficiency and to boost their evolution towards a European political union. Thus, the heads of government will meet again, with the foreign affairs ministers and separately, as they did in Paris December 9-10, at least three times a year and whenever necessary.

The summit also considered it "necessary to renounce the practice which consists of making agreement on all questions conditional on the unanimous consent of the member states." The general rule in the EC for Council decisions is majority vote, but the practice of seeking unanimity has in the past given a veto right to any member country.

Progress was also made toward the direct election of the European Parliament, since it has been decided that it will take place "in 1978 or after." Britain and Denmark, in dissenting statements from the communique, said they could not commit themselves yet. But Britain stressed that it "does not wish to prevent the governments of the other member countries from making progress with the election of the European assembly by universal suffrage."

The Nine also agreed that their cooperation should be extended to new areas "outside the scope of the Treaty," and "on the advantage of making use of the provisions of the Treaty of Rome whereby the powers of implementation and management arising out of Community rules may be conferred on the Commission."

The Summit also stressed that the "European union," which should be attained by 1980, should gain impetus. Belgian Premier Leo Tindemans was asked to report, before the end of 1975, on the form this union should take.

Finally, to bring home the reality of the Community to the European citizens, the heads of government asked for a report, by 1976, on the possibilities for a passport union and a uniform passport within the Community.

BACKGROUND INFORMATION

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BACKGROUND NOTE

No. 27/1974

December 16, 1974

COMMUNIQUE OF EUROPEAN COMMUNITY "SUMMIT" MEETING

Following is the text of the communique issued after the December 9-10, 1974, meeting of the heads of government and foreign ministers of the European Community member states and of the EC Commission President Francois-Xavier Ortoli in Paris.

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

4. - With a view to progress towards European unity, the heads of government reaffirm their determination gradually to adopt Common positions and coordinate their diplomatic action in all areas of international affairs which affect the interests of the European Community. The President in Office will be the spokesman for the Nine and will set out their views in international diplomacy. He will ensure that the necessary concertation always takes place in good time.

In view of the increasing role of political cooperation in the construction of Europe, the European Assembly[Parliament] must be more closely associated with the work of the presidency, for example through replies to questions on political cooperation put to it by its members.

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

6. - In order to improve the functioning of the Council of the Community, they consider that it is necessary to renounce the practice which consists of making agreement on all questions conditional on the unanimous consent of the member states, whatever their respective positions may be regarding the conclusions reached in Luxembourg on January 28, 1966.

7. - Greater latitude will be given to the permanent representatives so that only the most important political problems need be discussed in the Council. To this end, each member state will take the measures it considers necessary to strengthen the role of the permanent representatives and involve them in preparing the national positions on European affairs.

8. - Moreover, they agree on the advantage of making use of the provisions of the Treaty of Rome whereby the powers of implementation and management arising out of Community rules may be conferred on the Commission.

9. - Cooperation between the Nine in areas outside the scope of the treaty will be continued where it has already begun. It should be extended to other areas by bringing together the representatives of the governments, meeting within the Council whenever possible.

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

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

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

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

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

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

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

Statement by the United Kingdom Delegation

The Prime Minister of the United Kingdom explained that her Majesty's Government did not wish to prevent the governments of the other eight member states from making progress with the election of the European Assembly by universal suffrage.

Her Majesty's Government could not themselves take up a position on the proposal before the process of renegotiation had been completed and the results of renegotiation submitted to the British people.

Statement by the Danish Delegation

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

13. - The heads of government note that the process of transforming the whole complex of relations between the member states, in accordance with the decision taken in Paris in October 1972, has already started. They are determined to make further progress in this direction.

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

Economic and Monetary Union (EMU)

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

Convergence of Economic Policies

15. - The heads of government discussed the economic situation in the world and in the Community.

16. - They noted that the increase in energy prices is adding to inflationary tendencies and balance-of-payments deficits and intensifying the threat of general recession. The resulting alterations in the terms of trade are forcing the member states to redirect their production structures.

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

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

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

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

19. - While acknowledging the special situation of each of the member states of the Community -- which makes a uniform policy inappropriate -- the heads of government stress that it is absolutely necessary to agree on the policies to be adopted. This convergence will be meaningful only if it works towards Community solidarity and is based on effective permanent consultation machinery. The ministers for economic affairs and finance will be responsible, within the framework of Community procedures, for implementing these guidelines.

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

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

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

21. - The Community will continue to contribute to the harmonious expansion of world trade, especially in relation to developing countries, and in order to do so will take a constructive part in the GATT [General Agreement on Tariffs and Trade] trade negotiations which it hopes to see actively continued in the near future.

Regional Policy

22. - The heads of government decide that the European Regional Development Fund, designed to correct the principal regional imbalances in the Community resulting notably from agricultural predominance, industrial change, and structural underemployment will be put into operation by the institutions of the Community with effect from January 1, 1975.

23. - The fund will be endowed with 300 million units of account (UA)* in 1975, with UA 500 million for each of the years 1976 and 1977, i.e. UA 1.3 billion, for a trial period of three years.

24. - This total sum of UA 1.3 billion will be financed up to a level of UA 150 million by credits not presently utilised from EAGGF European Agricultural Guidance and Guarantee fund (guidance section).

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

Belgium.....	1.5
Denmark.....	1.3
France.....	15.0
Ireland.....	6.0
Italy.....	40.0
Luxembourg.....	0.1
Netherlands.....	1.7
Federal Republic of Germany.....	6.4
United Kingdom.....	28.0

Ireland will in addition be given another UA 6 million which will come from a reduction in the shares of the other member states with the exception of Italy.

Employment Problems

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

* One UA equals \$1.20635 at current rates.

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

Above all, vigorous and coordinated action must be taken at Community level to deal with the problem of employment. This will require the member states, in conjunction with the organizations concerned, to coordinate their employment policies in an appropriate manner and to set priority targets.

26. - When the time is ripe, the Council of the Community will consider, in the light of experience and with due regard to the problem of the regions and categories of workers most affected by employment difficulties, whether and to what extent it will be necessary to increase the resources of the Social Fund.

27. - Being convinced that in this period of eocnomic difficulty special emphasis should be placed on social measures, the heads of government reaffirm the importance which they attach to implementation of the measures listed in the Social Action Program approved by the Council in its resolution of January 21, 1974.

28. - The heads of government make it their objective to harmonize the degree of social security afforded by the various member states, while maintaining progress but without requiring that the social systems obtained in all member states should be identical.

Energy

29. - The heads of government discussed the energy problem and, in this connection, the related major financial problems created for the Community and for the wider world.

30. - They further noted that the ministers of energy of the Community countries are due to meet on December 17.

31. - The heads of government, aware of the paramount importance which the energy problem has in the world economy, have discussed the possibilities for cooperation between oil exporting and oil importing countries, on which subject they heard a report from the Federal Chancellor.

32. - The heads of government attach very great importance to the forthcoming meeting between the President of the United States and the President of the French Republic.

33. - The heads of government, referring to the Council resolution of September 17, 1974, have invited the Community institutions to work out and to implement a common energy policy in the shortest possible time.

Britain's Membership of the Community

34. - The Prime Minister of the United Kingdom indicated the basis on which Her Majesty's Government approached the negotiations regarding Britain's continued membership of the Community, and set out the particular issues to which the Government attached the highest importance.

35. - The heads of government recall the statement made during the accession negotiations by the Community to the effect that "if unacceptable situations were to arise, the very life of the Community would make it imperative for the institutions to find equitable solutions."

36. - They confirm that the system of "own resources" represents one of the fundamental elements of the economic integration of the Community.

37. - They invite the institutions of the Community (the Council and the Commission) to set up as soon as possible a correcting mechanism of a general application which, in the framework of the system of "own resources" and in harmony with its normal functioning, based on objective criteria and taking into consideration in particular the suggestions made to this effect by the British Government, could prevent during the period of convergence of the economies of the member states, the possible development of situations unacceptable for a member state and incompatible with the smooth working of the Community.