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Subject: Meeting of Heads of Government in Council in Dublin
on 10 and 11 March 1975

- Summary of decisions and conclusions

I. Budgetary correcting mechanism

The Heads of Government meeting in Council agreed on the correcting mechanism described in the Commission communication entitled "Unacceptable situation and correcting mechanism" (R/340/75 (FIN 84)), subject to the following provisions:

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 correcting mechanism shall be subject to a ceiling of 250 million units of account. However, as soon as the amount of the Community budget exceeds 8,000 million units of account, the ceiling shall be fixed at an amount representing 3 % of total budget expenditure.
 - b. When a moving average drawn up over 3 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 payments and the figure which would result from its relative share in the Community GNP.

II. NEW ZEALAND

- Statement on Protocol No 18 to the Accession Treaty

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

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 31st December 1977 of special import arrangements as referred to in that Article. They observe that the Institutions of the Community have already carried out certain price adjustments in the framework of the Protocol. In the same spirit, the Community, which remains attached to a fair implementation of the Protocol is 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 Community - 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 Community 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 31st December 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 Community together provide the major part of world exports of dairy products. They, therefore, express the wish that, in the same spirit with which the Community approaches the application of Protocol 18, an ever closer co-operation be developed between the Institutions of the Community and the New Zealand authorities with the objective of promoting in their mutual interest an orderly operation of world markets. Such a co-operation, 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.

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III. World economic situation and economic and social situation in the Community

The Heads of Government meeting in Council discussed the world economic situation and the economic and social situation in the Community [COM(75) 80 final].

They took note of a draft Resolution (Annex I) submitted by Mr TINDEMANS, Prime Minister of Belgium, and asked the Council, comprising the Ministers for Economic Affairs and Finance, to consider it at its meeting on 18 March 1975.

IV. Raw materials problems in the context of relations with the developing countries

The Heads of Government meeting in Council discussed raw materials in general.

They asked the Council (Foreign Affairs) to give priority to studying the problems arising in connection with raw materials in the overall context of relations with the developing countries. These studies will be based in particular on the recent Commission communications (R/424/75, I/59/75 and I/60/75).

V. Preparation for the producer/consumer dialogue (proposed date: 7.4.1975) and problems concerning the Community energy policy

The Heads of Government, meeting in Council in Dublin, examined the problems connected with the International Energy Conference. They agreed that the Community 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 meeting 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 and 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.

VI. Statement on steel by the Prime Minister of the United Kingdom

The Heads of Government meeting in Council heard a statement on steel by the Prime Minister of the United Kingdom (Annex II).

A solution to the problem raised in the statement was deferred until a later stage of the Community's work.

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VII. STATEMENT ON THE CSCE

The Heads of Government reaffirmed the will of the Nine to pursue and develop their policy of détente 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 shall find particular expression in the development between States and peoples of relations in which an important part should be played by individuals.

In this context, the Conference on Security and Cooperation in Europe, and the implementation of its decisions, is 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 Community.

The Heads of Government examined the development of the work which is currently taking place in Geneva; they noted that substantial progress had already been made, but also that important points remained to be settled.

They pronounced themselves in favour 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 wish that all participating States should, as they are themselves determined to do, 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.

VIII. STATEMENT ON CYPRUS

The Heads of Government and Foreign Ministers, recalling the statement issued by the Foreign Ministers following their meeting in Dublin on 13th February, 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 .

Economic and social situation in the Community at the beginning
of 1975

Draft Resolution submitted by the Prime Minister of Belgium

The European Council

- having taken into consideration the Commission communication of 26 February 1975 on the economic situation in the Community at the beginning of 1975;
- concerned at the consequences of inflation and the rise in unemployment;
- resolved jointly to promote the development of energetic measures;

invites the Community Institutions to implement the following policy guidelines:

- (1) ensure that control of inflation remains the top priority of economic policies;
- (2) take steps to accelerate the necessary restructuring of production by:
 - (a) redeployment and retraining of workers with the aid of the European Social Fund, particular assistance being given to the sectors and regions affected by the employment crisis;
 - (b) a fiscal and social policy designed to cushion the social impact of structural changes and to ensure that the burden of redeployment is fairly distributed;
- (3) involve both sides of industry in evolving the measures described above by:
 - (a) organizing an economic conference in which the Ministers responsible for Economic Affairs, Finance, Labour and Employment in the Member States and representatives of the Commission and of both sides of industry will take part;

- (b) organizing joint talks between the Commission and representatives of the economic sectors particularly affected by the crisis (building, car, textiles, chemicals and glass industries) to examine the measures to be taken to safeguard employment.
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STATEMENT ON STEEL, BY THE PRIME MINISTER OF THE UNITED KINGDOM

11 MARCH 1975

I should like to say a further word about steel and the problems it presents to Britain as a member of the European Community. At the outset of the negotiations, the Foreign and Commonwealth Secretary mentioned steel as having problems for us. There can be no complaint that these were not reached earlier, because for months, by mutual consent, no progress was attempted on negotiation until the second British general election was over in October. We have also needed to have experience of the practical problems as regards steel arising from Community membership. But I mentioned steel in my public speech in December and I referred to it at Paris.

We have a steel industry of which the greater part is, and has been for many years, publicly owned. That fact creates problems neither for us nor for other members of the Community. And I know that you will confirm that neither membership of the Community nor the ECSC Treaty itself, nor any rules and practices developed under the Treaty, derogate in any way from the right of Britain or any other member country to extend the boundaries of public ownership or even to take the whole industry into public ownership. That is not and has not been in question.

But Britain is a mixed economy, and steel itself is part State-owned, part privately-owned. We are concerned to help ensure that the operations of the private sector also do not offend against the basic rules and principles, for example on competition, operated under the Treaty. There are problems about prices in the private sector, and also mergers in that area. We believe these can be overcome.

The principal problem relates to control of investment within the private sector.

When Britain joined the Community, the then British Government moved in Parliament to repeal statutory powers which gave the Government certain controls over private steel investment. But the Commission equally appears to have no power of control, while the advice we have had suggests that there could be difficulties if we ourselves moved to fill the vacuum by introducing new legislation.

In Britain today, a problem has arisen - in South Wales - where a private firm, not British, not controlled from any member country or countries of the Community, but controlled from outside the Community, seeks to build a new plant. This at a time when, in the interests of efficiency, the British Steel Board is closing down older plants in areas of high unemployment. Because of the repeal of all investment control powers, we have no power to act.

We could take powers to deal with this problem without conflicting with the Treaty. But, externally-owned steel undertakings apart, there are still other problems to be solved.

When, as part of our common effort to fight inflation, Her Majesty's Government holds back the level of new investment in the public steel sector, it is unacceptable that the private sector should be free to expand where it wants, and by as much as it wants, thus adding to the inflationary pressure on resources. There are location and regional problems, too, especially for areas where steelmen have been made redundant by technological change involving the closure of elderly plants.

It may well be that other Member countries have already met with this and similar problems. I presume that such problems have been resolved, after consultation where necessary, in ways compatible with the Treaty - for no country has sought to amend the Treaty.

I should be very grateful to learn from your experience. That might save my Government a lot of trouble. We are not now proposing Treaty amendment. We would much prefer to avoid it. It is the last thing we seek in view of its implications. There may be administrative or other ways of dissuading potential investors - environmental controls, planning controls, industrial development certificate controls, or other means. There is always the possibility of extending public ownership; and we reserve the right to do this if necessary. If we could find one or other of these ways, or indeed some other way, of dealing with this problem in conformity with the Treaty, that would be the kind of solution we seek.

But it is of vital importance to us that the problem be solved.

I end by reconfirming that we are not making this an issue to be settled in these negotiations or before the referendum. As I have made clear, provided that the problem is understood and acknowledged, we are now prepared to leave its solution, in a spirit of consultation and advice, to the future work of the Community, if after the Referendum we remain as a member.
