

PRELIMINARY DRAFT CONCLUSIONS
OF
THE EUROPEAN COUNCIL

I. Election of the Assembly of the European Communities

Wishing to demonstrate the importance and significance which it attaches to the first election of the members of the Assembly of the European Communities by direct universal suffrage, the European Council met on 21 and 22 June in Strasbourg, where the Assembly normally sits. *Dr Thom*

The Heads of State and of Government noted with satisfaction that the elections had gone smoothly and that they had helped to make the peoples of Europe more aware of their solidarity.

They welcomed the intention expressed by their Irish colleague of taking part, as President-in-Office of the European Council, in the inaugural meeting of the new Assembly in Strasbourg on 18 July.

They charged him on that occasion to express their joint conviction that the newly elected Assembly, taking its rightful place among the Community institutions, will serve the hopes and the ambitions of Europe.

II. European Monetary System

The European Council was informed of the conditions under which the European Monetary System had been set up and took the view that the initial stock-taking, now that the system had been in operation for three months, could be regarded as positive.

Too soon, after 3 months to come to final conclusion

It stressed the importance of strengthening monetary co-operation and developing the procedures for concerted action put in hand within the appropriate Community bodies (Council of Ministers for Economic and Financial Affairs, Committee of Governors of the Central Banks, Monetary Committee).

3 months is too soon to come

Would be an anti-inflation or it will be ~~130000~~ a member of the EMS

We will consider

New member of EMS

②

*Agree for the ¹¹ ¹¹ ¹¹
wait that the time
do do it?*

III. ENERGY

1. The European Council held an exchange of views on the world energy situation. It stressed the exceptional gravity of the situation brought about by the current imbalance between supply and demand for oil. This has highlighted the precariousness of short- and medium-term world energy supplies and increased the pressures towards excessively high prices, dangerous to the world economy.

Resolution
- to reduce consumption (in sub)

Under these circumstances, the European Council considers it vital that the consumer and producer countries together work out a world energy strategy designed to:

- husband the use of oil as a non-renewable natural resource;
- enable world economic growth to be pursued by means of development of energy resources other than oil;
- ensure that the developing countries are able to obtain the energy necessary for their development.

If such a strategy cannot be worked out the world will move rapidly towards a large-scale economic and social crisis.

2. The European Council affirms the will of the Community to play an exemplary role in this action. To that end, it confirms the objective set at its last meeting in Paris of limiting the Community's oil consumption to 500 million tonnes in 1979. This commitment will be fulfilled.

The Community is prepared to continue this effort beyond 1979. By limiting its consumption and developing its resources it will stabilize and subsequently reduce its oil imports; it is therefore embarking

I've said enough!

on a three-year programme to hold its imports down to the following levels:

- 1980
- 1981
- 1982

After 1982, the redeployment of energy presently under way in the Community will enable the latter to ensure growth without increasing its share in world demand for oil.

For the period 1980-1982, the individual Member States for their part are committing themselves to targets which will enable the Community objectives to be attained. The Council will regularly scrutinize these pledges.

The European Council calls upon the other major consumer countries to do likewise.

On the basis of these commitments steps will have to be taken, in co-operation with the oil companies, to ensure that each country can obtain fair supplies of oil products, taking into account the differing patterns of supply, the efforts made to limit oil imports, the global economic situation and the quantities of oil available.

3. This effort will be accompanied by measures to regulate the free markets, where prices bear no relation to those charged by the producer countries.

The European Council stresses the will of the Community and the Member States to take, in conjunction with the other major consumer countries, the measures necessary to maintain on these markets prices in line with the official prices of the producer countries.

It confirms the arrangements made by the Council (Energy) on 18 June regarding closer surveillance of prices and the recording of international transactions to ensure a greater degree of disclosure. It requests the Council (Energy) and the Commission to implement these measures and take whatever additional measures might prove necessary, including a ban on oil imports at prices

abnormally high as compared with the official prices charged by the producer countries. In the short term, the Member States declare their readiness to dissuade the companies from lending themselves to such transactions.

4. So that these efforts may continue in consonance with the growth of their economies, the Community and the Member States will continue and extend the redeployment of energy which has already begun, under conditions designed to ensure the safety of the population. This redeployment should be such as to enlist the use of nuclear energy, coal and, as soon as possible, the other alternative sources of energy, as and when conditions allow. Without the development of nuclear energy, in the decades to come, no economic growth will be possible. It is therefore of the essence to relaunch nuclear programmes, vigorously. What is more, the use of coal in power stations should be promoted forthwith and its use in industry encouraged.

The redeployment of energy also requires that the energy saving programmes which have already been adopted should be strengthened even more, and that the structural measures underway to improve the use of energy should be stepped up, hand in hand with the rise in the Gross National Products.

5. The decisions adopted today bear witness to the fact that Europe is ready to shoulder its responsibilities. It expects the other industrialized consumer countries to do likewise. It calls on the producer countries to manage their oil resources in a manner consistent with achieving a world energy balance and harmonious economic development.

In conjunction with the other major industrialized consumer countries, the Community is prepared to establish contacts with the producer countries in an endeavour to define in common supply and demand prospects on the world petroleum market. To analyse the situation in this way will be to make it possible to pinpoint the difficulties and work out ways and means of

remedying them, with all parties acting in concert. This analysis should most particularly concentrate on the oil-importing developing countries. To cut down on the industrialized countries' imports will be to improve developing countries' supply prospects. Furthermore, a major effort will have to be made to boost the output of their energy resources. On this score, the European Council is gratified at the action undertaken by the World Bank and declares its willingness to consider a further extension of its programmes and the setting up of a mechanism covering part of the exploration risk.

Over and above these forms of action, the European Council confirms its interest in an overall approach to world energy problems along the lines advocated by the President of the United Mexican States.

6. The Council instructs the Presidency to inform the other industrialized consumer countries and the producer countries of all the decisions adopted today.

IV. ECONOMIC AND SOCIAL SITUATION

1. The Council studied the consequences for the economic situation in the Community of the increases in the price of crude oil which had taken place since the beginning of the year.

Following the general improvement recorded in 1978, the outlook for growth and price trends in the Community for 1979 seemed favourable at the end of last year.

Today, the European economies are threatened by a marked slowing down in growth and an increase in their rates of inflation.

2. Faced with this situation, the Council set itself the objective of
 - preventing a new inflationary process from developing,
 - maintaining the Community's economic growth at the highest possible level.

The following guidelines were laid down:

- over the coming months, the Member States will refrain from making any changes to their economic and monetary policy which might accentuate the deflationary trends resulting from the increase in the oil levy;
- they will forthwith step up the co-ordination of their budgetary policies so that in 1980 its positive effect on the level of economic activity may be strengthened;
- in a broader context, they will closely co-ordinate their economic policies with a view to offsetting the effects of the oil levy and to protecting employment.

IV (continued)

3. The European Council took note of the discussions which had taken place in the Council pursuant to the guidelines adopted at its meeting on 12 and 13 March, to contribute, by Community action, to improving the employment situation.

It took note of the Commission's interim communication on work sharing.

It confirmed the importance it attached to the continuance of these discussions with both sides of industry so that concrete proposals might be drawn up rapidly.

21 June - 10.00

VI. JAPAN

The European Council noted with great concern the steady worsening of the imbalance in trade relations between the Community and Japan. Wishing to expand and strengthen co-operation with Japan in all fields, it expressed the wish that the Japanese Government, bearing in mind the place and the responsibilities of Japan in the world economy, help to redress an abnormal and dangerous situation by means of appropriate measures. It hoped that the regular consultations between the Commission and Japan would rapidly result in wider openings for EEC exports on the Japanese market.

IV. ECONOMIC AND SOCIAL SITUATION

The economic policies initiated a year ago in line with the common approach defined in the July 1978 European Council have helped to improve the outlook for growth and price trends in the Community.

The recent substantial changes in the supply and price of oil have however narrowed the margin for manoeuvre in economic policies, as regards both the rate of growth and the level of inflation.

Faced with this situation, the Council adopted the following guidelines:

- economic policies will be even more closely co-ordinated so that the drain on the Community's real resources represented by oil does not have a deflationary effect on the level of employment;
- co-ordination of budgetary policies will be stepped up immediately in order to facilitate in 1980 measures which reduce to a minimum the possible effects on growth or which in the long term promote greater efficiency of the economies;
- the struggle against inflation will continue and, besides observance of the major internal and external macro-economic balances, will consist mainly in ensuring that the rise in the price of oil and certain raw materials is not reflected in or compensated by nominal rises in incomes.