

From Gordon for
STATEMENT BY THE PRIME MINISTER Jim

With permission, Mr. Speaker, I should like to make a statement on the meeting of the European Council which my Rt. Hon. and Noble Friend, the Foreign and Commonwealth Secretary, and I attended in Venice on 12 and 13 June. The summary of the proceedings issued by the Italian Presidency has been placed in the Library of the House.

The Venice meeting was a series of general discussions between the Nine Heads of Government about the fundamental problems we all face within the European Community and outside. We had in mind the need to prepare a common European view for the Economic Summit which is to be held next Sunday and Monday.

All the nations of the European Community have similar problems of inflation and unemployment and a number now have an adverse balance of payments. We were agreed that the major short-term objective must be to contain inflation by means of appropriate monetary and fiscal policies. We were concerned that the 100% increase in the price of oil over the last year would lead to a recession in world trade. We were therefore disturbed at the pressure for further oil price increases at the recent Algiers meeting of OPEC. Such an increase can only make worse the economic problems of the industrialised countries and give rise to intolerable burdens for the developing countries.

The European Community remains willing to enter into a dialogue with the oil producers.

/Having

Having noted the Budgetary settlement reached by the Council of Ministers at the end of May, the Heads of Government had a useful but necessarily preliminary discussion of the need to put in hand and carry through urgently a review of the Community's financial position.

We also took the opportunity to have a first, informal, discussion about the choice of the next President of the Commission.

The European Council issued three declarations, on the Lebanon, on Afghanistan, and on the Middle East. With permission, all three texts will be circulated in the Official Report.

Those on the Lebanon and on Afghanistan reaffirmed the concern felt by the Heads of Government about the position in the two countries.

← The declaration on the Middle East restates the two principles which have for many years been the basis of the European position: the right of all the states in the region, including Israel, to existence and security; and justice for all the peoples, which implies the recognition of the legitimate rights of the Palestinian people. A comprehensive settlement requires that all the parties concerned should be bound by these principles.

Beyond that, the European Council decided to make contact with all the parties in order to ascertain their position - and I quote - "with respect to the principles set out in this declaration, and in the light of the result of this consultation process / to determine the form which an initiative on their part (that is on the part of the Nine) might take".

/The

The diplomatic activity which the Nine will ~~now~~ undertake over the next few months is intended to be complementary to the Camp David process on which the United States, Egypt and Israel are still engaged. We hope and believe that in this way the Nine can contribute to the work which will have to be done to prepare for a peace settlement in the Middle East.

Any of the candidates

①

Increase in Oil Prices.

Not Pattern of World

Unemployment - can't be overcome.

② President's statement. - Unemployment
Short term measures in order.

Name to the fact

Wage Policy

③ Financial Policies - commitment

④ Middle out - much less sharp.

Policy self-defeat

⊆ Agreement → Europe -

DRAFT STATEMENT BY THE PRIME MINISTER

Together with my North Irish and the Foreign Secretary

I attended the meeting of the European Council held in Venice on 12 and 13 June. The summary of the proceedings issued by the Italian Presidency has been ~~deposited~~ ^{placed} in the Library of the House.

TS The Venice meeting was a ~~sequence~~ ^{series} of ~~(discussions)~~ ^{series} between the Nine Heads of Government about the fundamental problems we all face, within the European Community and outside. ~~One of our purposes was to prepare the common European view for the meeting of the Economic Summit which is to be held, also in Venice, later this month.~~ ^{We had in mind the need}

All nations in the European Community have similar problems of inflation, ~~recession~~ and unemployment. We were agreed that ~~we~~ ^{while we} must tackle these problems with ~~policies which are complementary~~ ^{the appropriate member states' policies} and that those policies must minimise, by international collaboration, ~~the risk of any general decline in demand.~~ ^{the 1972 income with the}

~~We also discussed the international energy situation at length.~~ ^{bound to lead to a recession in world trade} ~~Concern was expressed by many of us at the pressure for further oil price increases in evidence at the recent Algiers meeting of OPEC.~~ ^{oil over the last few years}

The European Community remains willing ~~(to enter into a dialogue with the oil producers,~~ ^{indeed anxious} ~~but recent OPEC decisions have not improved the prospects.~~

Having noted the conditions attached to the
We had a useful but necessarily preliminary discussion of the need to put in hand and carry through urgently the review of the Community's financial position which ~~was decided by Foreign Ministers on 29/30 May.~~ ^{We do take the opportunity to have a further in-depth discussion about this at the next Presidency of the Commission.}

Ms Hamilton
The European Council also issued ~~a~~ ^{the 3 units in the} declaration on the ~~Middle East, which will, with permission, be circulated in the Official Report.~~ ^{to ensure a summary} This re-states the two principles which have for many years been the basis of the European position: the right of all states in the region ~~& in partic-~~ ^{ular} of course Israel, ~~to existence~~ and security; and justice for all peoples, including of course ~~the~~ ^{which wishes recognition of} Palestinian people. Beyond that, the European Council decided to make contact with all the parties ~~concerned in order~~ - I quote the ~~important sentence~~ - 'To ascertain the ^{position} of the various parties' with respect to the principles set out in this declaration, and in the light of the results of this consultation process to determine the form which an initiative on their part (that is, on



the part of the Nine) might take).' This means that, without cutting across the Camp David process on which the United States, Egypt and Israel are still engaged, ^{the} Nine will themselves undertake diplomatic activity ^{with the new and old participants} over the next few months. We hope and believe that ^{in many ways} ~~this~~ ⁴⁷⁹ can contribute to the work which will have to be done to prepare for a peace settlement in the Middle East.