

wider basis. He raised the question of a press communiqué. President Giscard said there was no need for a communiqué. The French Government would take measures to boost the economy in the months to come. He hoped this would be in conjunction with others who would do the same and with the Community. They were looking at the problem on too small a scale. It must be financed by a non-recurring deficit financing and the French would co-ordinate with their partners who would do the same. He wanted to get the Italians to confirm that they were looking for ways to join the Snake and the rest of us must help them to do so. The consultation with the US should not be too formal, to avoid hurting third countries. M. Tindemans said Belgium agreed with what Giscard proposed. Now they should find out what could be done. Mr den Uyl asked what were Giscard's measures? For example if he was thinking of credit this would have to be discussed, because he might be exporting unemployment. President Ortoli said there was a meeting on 18 July but one did not know whether any of these measures would affect the Community. Herr Schmidt said they would have to work them out in a coalition. They were not accountable to the Commission. He would have to have Parliamentary approval. The German measures would not go beyond 0.5% of German GNP. Mr Thorn said Luxembourg's measures would be of a non-recurring nature and of the same percentage as the Germans'. Herr Schmidt said that they would do nothing on export credits. Signor Moro said that they should come to a conclusion the next day. They had not touched on the monetary side or on the seven other items on the Agenda.

PART III (AM 17 JULY)

Trades Unions Delegation

25. Signor Moro reported on the request by the Trades Union delegation eg shorter hours, raise school leaving age etc and the three party Conference on unemployment. Mr den Uyl supported such a conference, as did President Ortoli. Mr Wilson asked at what Governmental level it would be held. He could see some attractions in the proposal. Signor Moro said it had not been made clear, but not at Heads of State and Government level, probably at the level of Economics Ministers. President Ortoli said the Trades Unions wanted an Economic and Social Council, and therefore Ministers of Social Affairs should be added. Signor Moro said the Council of Foreign Ministers should reflect on this. President Ortoli asked what the decision was. Mr Wilson said the view was in favour. Heads of Government didn't take decisions, but their strong view was in favour and the Council of Foreign Ministers and the Commission should work out ways and means. He hoped the European Council would give it a fair wind. Mr Jørgensen said they would have to intensify co-operation with both sides in the labour market and therefore he supported the idea. Signor Moro said the European Council was in agreement.

Portugal

26. Signor Moro said there had been two views the previous evening:

(i) Those who saw the usefulness of making an offer of aid coupled with conditions under which it would be

offered ie no military dictatorship and a return to pluralistic society and

(ii) those who thought the situation was so changeable that the Community should wait and see and put off the proposed meeting with the Portuguese for the time being, until they saw how it would turn out.

The previous evening the PPD had left the Portuguese Government. Herr Schmidt said the events of the previous evening had meant that they would have to speak in public. Therefore he suggested a form of words such as: the European Council reaffirmed the willingness of the Community for talks about political, economic and financial co-operation with Portugal. The Council also pointed out that the Community, in accordance with its policy and history, could not support any (military) dictatorship. Mr Wilson and Mr den Uyl agreed. Mr Jørgensen said he agreed too, but did this text mean that they were stopping aid? Sir Christopher Soames said there was a problem over "military" dictatorship. The Community supported dictatorship in Africa! Signor Moro asked what he should say to Antunes in Rome on 18 July. President Giscard said the content of the statement was acceptable. Monsieur Thorn agreed but said he would prefer the Community to be positive ie they would give aid to a democratic society. Dr Fitzgerald said he would accept the Schmidt formulation but would prefer Thorn's approach. Signor Moro said that on 22 July the Community would not be able to say what aid they could offer. They should leave it to Antunes to decide, but if he did come what should the agenda be? Mr van der Stoel asked whether Antunes would still be a member of the Government on 22 July. Mr Wilson said the meeting on 22 July would not be about sums of money. Dr Fitzgerald suggested the preparation of alternative texts on two lines. President Giscard said the word "pluralist" should be included. Signor Moro asked for some redrafting to be done. Mr Callaghan said the Community ought to make a definite invitation to Antunes and they could then tell him what they thought and listen to him.

Guidelines of Economic Policy

27. Mr Callaghan asked whether this meant they were blessing the snake and would return in due course. Signor Moro said there was no invitation to anyone to return to the snake. It was only an examination of technical problems. Mr Wilson said the UK would have to take its decision in due course and if he was asked he would say so. President Giscard said there was a need to redraft the first paragraph about "harmonised measures". They could not be! Mr den Uyl said he had no objection but the second paragraph on co-operation should be strengthened and they had instructed the Council to prepare the appropriate form in which it might be done. Mr Cosgrave supported Mr den Uyl. Herr Schmidt said there was no hope that a Council of Finance Ministers would succeed on this. He preferred Moro's draft. Mr Wilson asked whether it would be appropriate to add a reference to the tripartite meeting in this text (as Mr Tindemans had suggested).

/PART IV

28. Mr den Uyl said that he would prefer a separate statement on Trade Unions and tripartite co-operation. M. Ortoli argued that the Commission might find it necessary to put forward its own proposals. Signor Moro then made various proposals for amendment to the draft:-

(a) the first paragraph should read "the Council takes note that individual states will adopt harmonised measures to prevent further deterioration ..."

(b) there should be a new final paragraph welcoming the suggestion of a tripartite meeting etc and inviting the Commission to make proposals to this effect.

M. Ortoli said that as regards the second paragraph it was necessary to work together. He undertook to put proposals to the Council of Finance Ministers.

29. Herr Schmidt said that he would take the opportunity to talk to President Ford at Helsinki. There was not much time left and he was not prepared to wait until someone in Brussels came up with some paper. He saw no advantage in a meeting with the Secretary to the US Treasury. Anyone who could influence the Japanese Government should do so. M. Ortoli said that this was what he had been saying yesterday.

30. President Giscard d'Estaing said that the present discussion was harmful. As a result of yesterday's discussion any separate discussions would be in a Community spirit. All Governments of the Nine should take all opportunities open to them in this direction. After Signor Moro had said there was no more to be added Mr den Uyl said that M. Ortoli should announce that he would very soon make proposals which would become Community decisions.

Energy

31. Signor Moro opened the discussion by outlining the reservations.

32. M. Sauvagnargues commented that the Commission's paper was now much outdated by events. In his view the April conference had not been a failure. The French Government regarded itself as responsible for the procedure for resuming the dialogue but the conference would be resumed only when there was a prospect of consensus. He asked what would make this possible. France was not willing to leave the procedure to be determined by the Commission or by the Presidency. The task of the European Council was to formulate the substance of the Community's position.

33. M. Sauvagnargues went on to say that he had received Dr Kissinger's agreement to the following procedure:-

(a) The questions to be dealt with by the resumed dialogue should be energy, raw materials and the problems of developing countries, including the financial aspects involved.

(b) As soon as possible another meeting should be held in Paris. This should have the title "Preparatory

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meeting for the Conference between Industrialised and Developing Countries".

(c) The aim of such a meeting would be to confirm the existence of consensus for calling a restricted conference. The number of participants had been fixed: there would be 8 from the consumers and 19 from the producers and l.d.c's.

(d) The Preparatory Meeting would submit proposals to the Restricted Conference about the nature of the Commissions etc.

(e) The Meeting itself would be a brief one because it would deal exclusively with procedural matters.

34. M. Sauvagnargues went on to say that the main ministerial conference would take place two months after the preparatory meeting. Its duration would be very short, perhaps two or three days. He had discussed the composition of Committees at great length with Dr Kissinger and thought there should never be more than 27 members and that in practice there might be less; high level experts would also attend. Each of the three main committees would have a financial sub-committee. Dr Kissinger had agreed that these Committees should work independently and that they should submit their results after six months to a Ministerial Conference.

35. He described this as a global but differentiated approach which would avoid the risk of confused cross-discussions. The main idea was that the developing countries should form their attitude in the Energy Committee on the basis of what was happening in the other Committees. On the question of substance the Community must lay down its own position.

36. Herr Schmidt expressed agreement with the proposals set out by the French Government. He said that in August they would set out the result of their discussions. M. van Elslande asked how the Community was to be represented.

37. Mr Callaghan said that time should not be wasted on procedure. As for the IEA, it was for them to decide. He urged the importance of getting down to substance. However he was not sure that the Community could speak with one voice: the interests of Member States were different.

38. President Giscard d'Estaing agreed with Mr Callaghan that there should not be a useless discussion on procedure. Nonetheless the member countries of the Community would wish to inform their partners. He thought that at the beginning of September it should be announced that a Conference would be called at the end of that month and that the Ministerial Conference would take place at the end of November. The Committees could then work through the winter.

39. Mr Callaghan asked whether there was any contingency plan if the Community did not speak with one voice. President Giscard d'Estaing said that this was an important question which would have to be discussed at the Ministerial Meeting in November.

40. Mr van Elslande questioned why it was not superfluous to talk to Dr Kissinger about procedure but a waste of time to discuss the question within the Community. In his view the Ministerial Conference should reconvene before September 1976. It was important that the duality of the French Government's position should not cause difficulties.
41. M. Ortoli agreed with Mr Callaghan that it was necessary to get down to substance. The Commission had already done a great deal of work but what was the Community's policy?
42. President Giscard d'Estaing said that if the Ministerial Conference took place at the end of November the next European Council should take place beforehand so that the Community could concert its position. Herr Schmidt expressed support for this but asked that the European Council should not be confronted with papers with square brackets: Foreign Ministers should iron out any contentious issues.
43. Mr Callaghan warned that Foreign Ministers would not be successful in this. He felt about this question as Herr Schmidt had done earlier about the economic crisis and wondered what the French attitude would be if the Community reached no common position and the Federal Republic of Germany and other major countries were not represented at the Ministerial Conference in November.
44. Herr Schmidt said that it was important to educate each other at the present meeting. He was adopting a British commonsense approach. M. Ortoli urged that the matter should be discussed at the European Council after Foreign Ministers had first worked out a decision.
45. President Giscard d'Estaing thought that Mr Callaghan had had a bad morning; first he had been accused by Mr van Elslande of being a Cartesian, and then asked to show more commonsense by Herr Schmidt. In the French view the Community should discuss its main intentions at the next meeting of the European Council. His own preference was that the Community should speak in a reserved way rather than with several voices.
46. Mr Wilson expressed amazement at the position of the Community. We were bound to have a document with square brackets. The effective choice was between this and having no attitude at all. Failure to reach a common position would come as a great shock to people as we meandered from one conference to another, getting the modalities perfect but saying nothing on the main substance.
47. Mr Wilson then proposed that the meeting should move on to discuss raw materials. The Community would be called upon to perform at the Special Session in September. After drawing on paragraphs 4, 5 and 6 of the brief on raw materials, he proposed that the Community should sponsor a joint resolution at the United Nations with a view to helping to head off wilder schemes.
48. Herr Schmidt commented that this was the first time he had heard something of substance at the meeting. He asked how Signor Moro proposed to handle the time remaining and expressed a

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wish to speak on the question. Signor Moro replied that only 10 minutes remained before lunch and that it was necessary to return to the matter later.

This is the first meeting of the Council since the outcome of the referendum in Britain. The result of the referendum was decisive and the overwhelming majority was the uniformity of the vote in every region and county in Britain (and Scottish Isles). This was the first time, since that was earlier, but in reality a new situation. British membership is now admitted and total. It has the whole-hearted support of the British people. Arguments in Britain about whether we should be in the Community had ceased. Some who had previously been most active, particularly in the Trade Union Movement, against have now decided to enter vigorously into the work of the institutions within and associated with the Community.

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