

Prime Minister

Outline for Presidency press releases.

I It will be best if it is not distributed to the press. Signor Cossiga could draw on it or read it out. Otherwise the press will ask us + others questions about any difficult sentences.

Employment (page 3)

2. The first 3 paras do not represent what happened + are not U.K. policy. ~~to~~ I have told the Presidency. But the P.M. may have to make the point.

line to take

Social Affairs Council met 4 days ago. I should like to stand on that. The first three

paragraphs of the text on page 3 do not fit in with U.K. policy in their present form + do not reflect our discussion. Why not have only the last paragraph — with an encouragement to the Commission to continue its good work ~~on~~ with the employers and Trades Unions?

Energy (Last page)

3. Present text might go down badly with Sandis who fought hard to prevent bad decisions being taken.

? Second sentence to read: "It noted with keen concern the further pressure for price increases at Algiers".

? Add at end: "We must work towards

And oil producing
A Consensus between industrialised countries
which takes proper account of the effect
on the world economy and of the
needs of both consumers and producers."

Michael Butler

Sir M Butler

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OUTLINE FOR PRESIDENCY PRESS RELEASES

1. The European Council noted with satisfaction the conclusions reached on 29 and 30 May by the Council of Ministers of the Community.

These discussions enabled a solution to be found to the problem of the United Kingdom's contribution to the Community budget, led to an agreement on 1980/1981 farm prices and on the sheepmeat problem and defined the guidelines for a comprehensive common fisheries policy. The outcome of these discussions has led, inter alia, to finalization of the 1980 budget, thereby normalizing the working of the Community.

The European Council noted that a key feature of the agreements thus reached is the Community commitment to implement structural changes which, by ensuring a more balanced development of common policies, based on respect for their fundamental principles, and by preventing the recurrence of unacceptable situations, will enable each Member State to become more closely identified with Community objectives and with the deepening process of European integration.

This commitment is a fundamental requirement, bearing in mind also the prospect of enlargement, if the Community is to be able to meet authoritatively and effectively the responsibilities devolving upon it both at internal and international levels.

2. After reviewing the economic and social situation, we confirmed the judgments expressed at the European Council meeting on 27 and 28 April 1980.

In particular, we expressed the keenest concern over the hardening inflationary trend, which represents a danger both in itself and because of the varying degree to which it is evident in various Community countries.

The major short term objective must be to contain inflation. In our view, this should be done through appropriate monetary and fiscal policies designed to sustain investment and to cope with the employment situation while keeping external imbalances within acceptable bounds.

Noting the evidence of recession in other major economic areas, we emphasized the importance of action to ensure that a general slow-down in demand is averted through appropriate international collaboration.

3. In the face of the increasingly disturbing employment situation particularly as regards young people, the priority need was confirmed for an active employment policy to be implemented by means of short-term Community structural measures.

It is essential that the Community should be in a position systematically to evaluate the impact on employment of those various Community policies from the time of their inception to ensure a better co-ordination of employment policies at Community level and to harmonize Community action in the field of economic, social and employment policy.

The Commission should submit an annual report on the employment situation containing appropriate proposals as regards the machinery for achieving the above objectives and for promoting with all due urgency specific measures to deal with unemployment at Community level.

We note with satisfaction the outcome of the Social Affairs Council on 9 June 1980, especially as regards the consultations between employers and labour.

4. In the belief that in 1980 the decline in growth rates in the various industrialized areas will be sharper than in the previous year, among other things because of the rise in crude oil prices, we reaffirmed our determination to take an active part in strengthening the open and multilateral international trade system, in accordance with the statement by the member countries of the OECD at the ministerial meeting on 3 and 4 June 1980. In particular, we hope that all the industrialized countries will do their utmost to confront and resolve the outstanding trade problems, adopting solutions in line with the content and spirit of the outcome of the Multilateral Trade Negotiations.

5. With reference to the conclusions of the meeting held in Luxembourg on 27 and 28 April 1980, we continued examining the international monetary situation which seems still to be dominated by the problems of the huge balance of payments disequilibria stemming from recent oil price increases. Righting of these imbalances depends in the long term on stabilization of the terms of trade.

In the short term, the technique of recycling international liquidity can make an important contribution to this process. Here, the private capital market must lend its assistance, backed up by development of the role of international financial institutions.

We underlined the primary importance of the North-South Dialogue for the stability of international relations. We intend to give a further boost to co-operation with the developing countries with the aim of contributing, on the basis of interdependence and mutual advantage, towards the degree of economic expansion required, in the context of a restructuring of international economic relations, to enable the developing countries to make rapid progress.

With this in view, we have a standing political commitment to the global negotiations, to finalizing the IIIrd International Development Strategy, to the agreements on the statutes of the Common Fund for the stabilization of raw material prices and the continuation of the negotiations on commodities.

We look forward confidently to the 11th Special Session of the United Nations General Assembly and consider that the report by the Brandt Commission could make a particularly interesting contribution to the successful outcome of that session.

We have not, however, failed to express our concern about the effect on development policy of the continuing increases in crude oil prices and of the economic and political tensions to which these have given rise.

7. The European Council paid particular attention to the worsening of the international energy crisis. It noted with keen concern the ^{further pressure for more increases} decisions recently taken in Algiers. The Council pointed out that an increase in the price of crude oil did not at the present time appear to be justified by any objective considerations.

The repetition of such increases constitutes an obvious threat to international stability. Its effects upon the phenomenon of inflation and consequently upon economic expansion, investment, employment and the balance of payments give rise to intolerable burdens for the industrialized regions and even more so for the emergent countries, the latter being confronted with truly insoluble problems of readjustment which can clearly not be resolved by recycling alone.

The European Council considers that these aspects of the crisis, which will be asserted at the forthcoming Economic Summit, must be given their full weight.