

THE EUROPEAN COUNCIL

**ROME
26-26 MARCH 1977**

Documents in the dossier include:

Conclusions

Session of the European Council
Reproduced from *The European Council*
Dossier of the Group of the European People's Party
Luxembourg 1990

The European Summit

European Community Background Information No.11/1977
European Community Information Service
Washington DC

Rome Meeting of the EEC Heads of Government

Official Statements on Growth and Steel
Statement by James Callaghan, Prime Minister and President of the European Council
in the House of Commons on 28 March 1977
British Information Services
New York NY

Guidelines for Steel Policy

Information Memo P-26, March 1977

Spokesman's Group

Commission of the European Communities

(The document mentioned in this note, SEC (77) 1079, was marked "internal" and has not reproduced. It was only available in French. This is a summary of the Communication)

Session of the European Council

Rome, 25 and 26 March 1977

Conclusions

Economic growth, inflation and employment

1. The European Council considered the prospects for economic development within the Community and agreed that, in order to promote sustained economic recovery and mitigate the severe unemployment being experienced in member countries, without risking the renewal of inflation, there is a need for intensified cooperation at the Community as well as the international level.
2. The European Council recognized that such action must in large part be undertaken on a world scale in which the Community has an important role to play. In this connection they noted first that Community Finance Ministers have reached a large measure of agreement on the views they will put forward on international financing problems at the meeting of the IMF Interim Committee in Washington at the end of April, and secondly that ways of encouraging a stronger, but still balanced, growth of world economic activity will be a major theme of the London summit in early May.
3. The European Council further agreed in particular to seek action at the Community level in three directions: firstly, to promote measures to help resolve specific labour market problems, especially in improving training and employment opportunities for young people and women, secondly to encourage higher levels of investment in the Member States, and thirdly to halt divergence and promote convergence in their economic performance. To this end, the European Council invites on the one hand the Commission, in particular by the better use of Community instruments, and on the other hand the Board of Governors of the European Investment Bank to seek ways of improving the effectiveness of their activities.
4. The European Council emphasized the importance of cooperation between the social partners in these matters and agreed to the holding of a further tripartite conference in the first half of this year, at a date to be fixed, at which progress and possibilities could be reviewed. The European Council agreed to reconsider progress on this range of problems at its own projected meeting in June.

5. The European Council agreed to conduct at its meeting at the end of the year an examination of the results obtained in the fields of growth, employment and the fight against inflation, and to assess the Community's prospects of making progress towards Economic and Monetary Union.

Situation in the steel sector

The European Council has considered the situation in the steel sector, on the basis of a communication from the Commission. This sector is experiencing a depression more serious than at any time in the history of the Coal and Steel Community. The Heads of State and Government have taken this opportunity to reaffirm their resolve to restore to the steel industry through the appropriate measures, the viability and competitiveness essential to the maintenance of a truly European industrial potential.

The European Council expresses its appreciation of the efforts being undertaken by the Commission to put forward at an early date practical proposals and initiatives for short-term remedial measures to stabilize the market, for a longer term structural reorganization of the European steel industry and for measures in the social field to assist workers adversely affected by such reorganization.

The European Council expresses the wish that the Council of Ministers give its urgent attention to the Commission's proposals and initiatives on these issues.

Japan

The European Council, recalling its statement of 30 November 1976,

- reaffirms the importance it attaches to maintaining good relations between the Community and Japan;
- notes that some progress has been made over the past four months towards resolving certain specific trade problems;
- observes however that not all the problems have yet been solved and considers that efforts have to be continued particularly with a view to the sustained expansion of exports from the Community to Japan;
- invites accordingly the responsible Community institutions to continue the intensive discussions with the Japanese authorities with the aim of resolving outstanding difficulties as rapidly as possible.

Community participation in the London economic summit

The President of the Council and the President of the Commission will be invited to take part in those sessions of the Downing Street summit at which items which are within the competence of

the Community are discussed. Examples of such items are negotiations about international trade and the North-South dialogue.

North-South dialogue

We have agreed on the basis of a common position.

We agreed that there should be commodity price stabilization agreements where appropriate and that there should be a Common Fund. There will also be a study of export earnings stabilization measures for developing countries and of special action for the CIEC on aid.

This will now be worked out in detail at the Council on 5 April and will be brought forward in the preparations for the CIEC ministerial meeting in Paris, in which the Community will coordinate its position with the other industrialized countries in the Group of Eight. This will be followed by detailed negotiations at the UNCTAD conference.

The Community will call on other countries, for instance in Eastern Europe and oil-producing countries, to make an adequate contribution in the development field.

European Foundation

The European Council also took note of the Commission's intention to present proposals for the establishment of a European Foundation as proposed in the Tindemans Report on European Union.

Organization of European Council meetings

The problem of organizing the Council's work was referred to the Council of Foreign Ministers.

EUROPEAN COUNCIL

BACKGROUND INFORMATION

EUROPE COMMUNITY INFORMATION SERVICE

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BACKGROUND NOTE

No. 11/1977

April 4, 1977

THE EUROPEAN SUMMIT

The Council of Ministers of the European Community met in Rome at the end of March, and issued the following statements.

1. The Council considered the prospects for economic development within the Community and agreed that, in order to sustain economic recovery and mitigate the severe problems being experienced in Member countries, without risking inflation, there is a need for intensified cooperation at the international level.
2. The Council recognized that such action must in large part be undertaken on a world scale in which the Community has an important role to play. In this connection they noted first that Community Finance Ministers have reached a large measure of agreement on the views they will put forward on international financing problems at the meeting of the IMF Interim Committee in Washington at the end of April, and secondly that ways of encouraging a stronger, but still balanced, growth of world economic activity will be a major theme of the London Summit in early May.
3. The European Council further agreed in particular to seek action at the Community level in three directions: firstly to promote measures to help resolve specific labor market problems, especially in improving training and employment opportunities for young people and women; secondly to encourage higher levels of investment in the Member States; and thirdly to halt divergence and promote convergence in their economic performance. To this end, the European Council invited on the one hand the Commission, in particular by the better use of Community instruments, and on the other hand the Board of Governors of the European Investment Bank to seek ways of improving the effectiveness of their activities.

4. The European Council emphasized the importance of cooperation between the social partners in these matters and have agreed to the holding of a further tripartite conference in the first half of this year, at a date to be agreed, at which progress and possibilities could be reviewed. The European Council agreed to reconsider progress on this range of problems at its own projected meeting in June.
5. The European Council agreed to conduct at its meeting at the end of the year an examination of the results obtained in the fields of growth, employment and the fight against inflation, and to assess the Community's prospects of making progress towards Economic and Monetary Union.

The European Council, recalling its statement of 30 November 1976,

- reaffirms the importance it attaches to maintaining good relations between the Community and Japan;
- notes that some progress has been made over the past 4 months towards resolving certain specific trade problems;
- observes however that not all the problems have yet been solved and considers that efforts have to be continued particularly with a view to the sustained expansion of exports from the Community to Japan;
- invites accordingly the responsible Community Institutions to continue the intensive discussions with the Japanese authorities with the aim of resolving outstanding difficulties as rapidly as possible.

DECLARATION ON THE SITUATION IN THE STEEL SECTOR

The European Council has considered the situation in the steel sector, on the basis of a communication from the Commission. This sector is experiencing a depression more serious than at any time in the history of the Coal and Steel Community. The Heads of State and Heads of Government have taken this opportunity to reaffirm their resolve to restore to the steel industry through the appropriate measures, the viability and competitiveness essential to the maintenance of a truly European industrial potential.

The European Council expresses its appreciation of the efforts being undertaken by the Commission to put forward at an early date practical proposals and initiatives for short term remedial measures to stabilize the market, for a longer term structural reorganization of the European steel industry and for measures in the social field to assist workers adversely affected by such reorganization.

The European Council expresses the wish that the Council of Ministers gives its urgent attention to the Commission's proposals and initiatives on these issues.



BRITISH INFORMATION SERVICES
UNITED KINGDOM PRESIDENCY OF THE COUNCIL
OF THE EUROPEAN COMMUNITIES
JANUARY - JUNE 1977

March 30, 1977

POLICY STATEMENTS

PS(E) 4/77. ROME MEETING OF EEC HEADS OF GOVERNMENT

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Official Statement on Growth,
Inflation and Employment by
the Heads of Government of the
European Economic Community
Rome, March 27, 1977

The following official statement on growth, inflation and employment in the European Economic Community was issued on March 27 after the meeting of the EEC heads of government in Rome on March 25 and 26, 1977.

"The European Council considered the prospects for economic development within the Community and agreed that, in order to promote sustained economic recovery and mitigate the severe unemployment being experienced in member countries, without risking the renewal of inflation, there is a need for intensified co-operation at the Community as well as the international level.

"The European Council recognized that such action must in large part be undertaken on a world scale in which the Community has an important role to play. In this connection they noted first that Community Finance Ministers have reached a large measure of agreement on the views they will put forward on international financing problems at the meeting of the International Monetary Fund

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Interim Committee in Washington at the end of April, and secondly that ways of encouraging a stronger, but still balanced, growth of world economic activity will be a major theme of the London summit in early May.

"The European Council further agreed in particular to seek action at the Community level in three directions: Firstly, to promote measures to help resolve specific labor market problems, especially in improving training and employment opportunities for young people and women: Secondly, to encourage higher levels of investment in the member states: and thirdly, to halt divergence and promote convergence in their economic performance. To this end, the European Council invite on the one hand the Commission, in particular by the better use of Community instruments, and on the other hand the Board of Governors of the European Investment Bank to seek ways of improving the effectiveness of their activities.

"The European Council emphasized the importance of co-operation between the social partners in these matters and have agreed to the holding of a further tripartite conference in the first half of this year, at a date to be agreed, at which progress and possibilities could be reviewed. The European Council agreed to reconsider progress on this range of problems at its own projected meeting in June.

"The European Council agreed to conduct at its meeting at the end of the year an examination of the results obtained in the fields of growth, employment and the fight against inflation, and to assess the Community's prospects of making progress towards economic and monetary union."

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UNITED KINGDOM PRESIDENCY OF THE COUNCIL OF THE EUROPEAN COMMUNITIES JANUARY - JUNE 1977

March 30, 1977

POLICY STATEMENTS

PS(E) 5/77. ROME MEETING OF EEC HEADS OF GOVERNMENT

Official statements on the EEC
Steel Industry, the Downing Street
Summit, and relations with Japan
issued March 27, 1977:

After their meeting in Rome on March 25 and 26, 1977, of Government of the European Economic Community issued the following statements on March 27, concerning the EEC Steel Industry, the Downing Street Summit, and the Community's relations with Japan.

Declaration on the Situation in the Steel Sector

"The European Council has considered the situation in the steel sector, on the basis of a communication from the Commission. This sector is experiencing a depression more serious than at any time in the history of the Coal and Steel Community. The Heads of State and Heads of Government have taken this opportunity to reaffirm their resolve to restore to the steel industry through the appropriate measures, the viability and competitiveness essential to the maintenance of a truly European industrial potential.

"The European Council expresses its appreciation of the efforts being undertaken by the Commission

/to ...

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to put forward at an early date practical proposals and initiatives for short term remedial measures to stabilize the market, for a longer term structural reorganization of the European steel industry and for measures in the social field to assist workers adversely affected by such reorganization.

"The European Council expresses the wish that the Council of Ministers gives its urgent attention to the Commission's proposals and initiatives on these issues."

Downing Street Summit

"The President of the Council and the President of the Commission will be invited to take part in those sessions of the Downing Street Summit at which items which are within the competence of the Community are discussed. Examples of such items are negotiations about international trade and the North/South dialogue."

Statement by the European Council on Relations With Japan

"The European Council, recalling its statement of November 30, 1976:

- reaffirms the importance it attaches to maintaining good relations between the Community and Japan;
- notes that some progress has been made over the past four months towards resolving certain specific trade problems;
- observes however that not all the problems have yet been solved and considers that efforts have to be continued particularly with a view to the sustained expansion of exports from the Community to Japan;
- invites accordingly the responsible Community institutions to continue the intensive discussions with the Japanese authorities with the aim of resolving outstanding difficulties as rapidly as possible."



BRITISH INFORMATION SERVICES

UNITED KINGDOM PRESIDENCY OF THE COUNCIL OF THE EUROPEAN COMMUNITIES JANUARY - JUNE 1977

March 30, 1977

POLICY STATEMENTS

PS(E) 6/77. ROME MEETING OF THE EEC EUROPEAN COUNCIL

Mr. James Callaghan, President of the
European Council and British Prime
Minister, in London, March 28, 1977:

In the House of Commons on March 28, 1977, Mr. James Callaghan, the Prime Minister and currently the President of the European Council, made a statement on the Council meeting which he chaired in Rome, on March 25 and 26. March 25 was the 20th anniversary of the signature of the Treaty of Rome, establishing the EEC.

Mr. Callaghan outlined the main theme of the discussions.

"The dominant theme of our talks was the need to find more effective ways to tackle the serious economic problems which confront the world, to prepare for the Downing Street Summit in May, and to ensure that the Community itself responds positively to the challenge of unemployment and inflation."

EEC Economic Concerns

Mr. Callaghan said that he had discussed the concerns of European trade union representatives with the Council.

"As is the custom for the President of the Council,
I met first with leaders of the European Trade

/Union ...

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Union Confederation. They expressed to me their concern about the problems of inflation and unemployment, which I reported to the Council. The Council agreed to hold a further tripartite conference in the first half of this year to bring together European governments, employers and trade unions and meantime agreed and published a statement on growth, inflation and unemployment. The Council will review progress over this whole area at its meeting in London in June."

Mr. Callaghan discussed the Community position on international financing and specified three areas to which financing measures should be directed.

"The Council ... welcomed the efforts of finance ministers to develop Community position for the IMF Interim Committee at the end of April. We asked the Commission and the European Investment Bank to focus particular attention on measures in three areas: first, to deal with specific employment problems, especially among youth and women; second, to encourage higher levels of investment; and third, to pull the economic performance of member states closer together..."

The Prime Minister spoke of the acute difficulties experienced in the steel industry in all Community countries saying,

"We need short term measures to stabilize the market; and there is a clear requirement for structural reorganization of the industry throughout the Community. The Commission made a number of proposals, which the European Council agreed should be given urgent attention..."

International Affairs

Mr. Callaghan reported progress in the North/South dialogue. He said,

"We agreed on the need for a successful conclusion to the North/South dialogue and moved forward an important step beyond the opening position on this subject previously agreed by Foreign Ministers on March 8. We agreed that there should be commodity price stabilization measures for developing countries and special

/action ...

action for the CIEC [Conference on International Economic Cooperation] on aid."

On the Community's trade relations with Japan, Mr. Callaghan said,

"We ... saw a need for further efforts to achieve the growth of trade on a balanced basis, which is the Community's aim. Trade with Japan raises questions of competition and of market access which are important factors in the Community's international trade relations as a whole."

Downing Street Summit

On Community representation at the Downing Street summit in May, Mr. Callaghan reported,

"We agreed that the President of the Council and the President of the Commission should represent the Community at sessions which discuss questions which fall within the competence of the Community."

European Foundation

Mr. Callaghan said that the Commission confirmed plans for a full study and report on the idea of a European Foundation, and that

"There was general agreement with the suggestion of the Belgian and Italian Prime Ministers that it would be appropriate to link this proposal with the 20th anniversary of the Treaty which we had celebrated in Rome."

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TALSMANDENS GRUPPE
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GRUPPO DEL PORTAVOCE
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NOTE D'INFORMATION
NOTA D'INFORMAZIONE
TER DOCUMENTIE

Brussels, March 1977

GUIDELINES FOR STEEL POLICY (1)

The Commission has adopted a set of guidelines for steel policy which will be used both in the drafting of the document to be presented to the European Council on 24 - 25 March and in the preparation of the decisions which the Commission will adopt subsequently.

First guideline : maintaining a single open market

The Community must deploy all efforts necessary to maintain a single and open market. This dual objective necessarily implies a structural reorganization of the steel sector.

Second guideline : maintenance of modernized production capacity

The aim of this structural reorganization is to maintain up-to-date production capacity in terms of both plant and products.

The structural reorganization policy must be implemented in consultation with labour organizations, the industry, the Member States and the other Community institutions.

All the investments to be made in the steel sector must take account of this. It is important that the national structural reorganization programmes should be examined as soon as possible, in order to ensure that they are compatible with the Community objectives, and that the Commission should be informed of investment projects at a sufficiently early stage to enable their value to be assessed.

The Commission will make use of the facilities offered by Article 54 of the ECSC Treaty. Moreover, financial intervention by the Community, in the form of loans and aid towards the payment of interest, will depend on the extent to which the investment projects in question achieve the aims with regard to structural reorganization.

Third guideline : market action

The structural reorganization envisaged can only be achieved if market conditions are improved. Action on certain market mechanisms must be continued and intensified.

The Commission intends to strengthen its crises plan, including voluntary restrictions of delivery quotas for the internal market, in such a way as to raise the depressed level of prices on that market.

Import licences will be granted automatically on presentation of purchasing contracts in order to tighten up the detection of unfair trading practices and to proceed against them in accordance with the (anti-dumping) rules set out in the Treaties.

In parallel with the above decisions, the Community will be continuing talks with Spain, South Africa, South Korea and the Eastern-Bloc countries, in order to secure undertakings from them that they will not take any action prejudicial to the structural reorganization efforts to be deployed.

Fourth guideline : retraining and redeployment of workers

Structural reorganization in the steel sector will only be acceptable from a social and regional point of view to the extent that the cutback in employment is mitigated or offset by the creation of alternative jobs and to the extent that the cost of retraining and redeploying workers is borne jointly as a Community concern.

The retraining and redeployment aspects must of necessity be built into the structural reorganization programmes. The Community must draw upon all the resources available to it :

- for the creation of new jobs: assistance from the ECSC Budget, the Regional Fund and the European Investment Bank (EIB);
- for the redeployment of workers : combined use of the ECSC Budget and the European Social Fund.

The resources to be used :

The application of policies covering modernization, retraining and redeployment will require assistance drawn from Community resources.

These resources will be :

- the technical and financial participation of the Community in structural reorganization studies;
- coordination at European level of structural reorganization plans drawn up by the industry or Governments;
- the granting of loans totalling, in 1977, at least 600-700 million u.a. to steel makers and to firms creating alternative jobs;
- loans and interest subsidies for projects which must have received a particularly favourable opinion as being in line with the general aims for steel. The Commission will make use of its financial resources without calling for new contributions from the Member States;
- aid towards the payment of interest amounting to 250 million u.a. on loans totalling 600-700 million u.a. ;
- the use of the Regional Fund in projects within industrial zones affected by the steel crisis and recourse to the Social Fund for certain retraining and redeployment measures;
- the involvement of the EIB in these modernization and redevelopment operations.

Subsequent guidelines and measures

The Commission will thus take a decision on 6 April on :

- (a) a method of work concerning the revision of the General Objectives for Steel for the 1985 and 1990 horizons;
- (b) a draft recommendation providing for the automatic granting of licences;
- (c) a draft decision, pursuant to Article 61, setting minimum prices for concrete reinforcing bars and prohibiting alignment with quotations from non-Community countries for the same product, involving consultation with the Council and ECSC Consultative Committee;
- (d) a first communication from the Commission to the industry concerning reference prices;
- (e) a review of financial resources, and in particular the ECSC Budget ;
- (f) a guideline for the treatment of national aid to steel industries within the framework of structural reorganization;
- (g) an examination of the criteria for the granting of aid towards the payment of interest;
- (h) access to the Social Fund for the benefit of the steel sector.