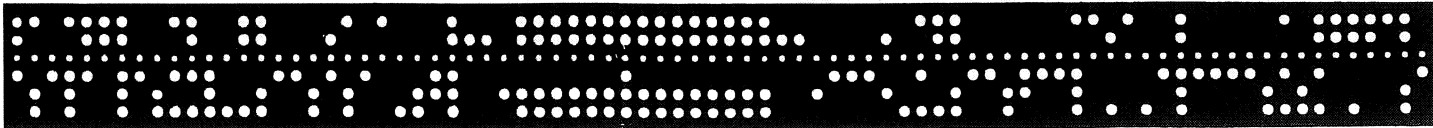


COMMISSION  
OF THE  
EUROPEAN COMMUNITIES  
The Spokesman's Group

EUROPEAN COUNCIL . IN DUBLIN  
10-11 MARCH 1975

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BACKGROUND NOTES



TALSMANDENS GRUPPE  
SPRECHERGRUPPE  
SPOKESMAN'S GROUP  
GROUPE DU PORTE-PAROLE  
GRUPPO DEL PORTAVOCE  
BUREAU VAN DE WOORDVOERDER

**INFORMATION  
INFORMATISCHE AUFZEICHNUNG  
INFORMATION MEMO**

**NOTE D'INFORMATION  
NOTA D'INFORMAZIONE  
TER DOCUMENTIE**

Brussels, March 1975

EUROPEAN COUNCIL IN DUBLIN

10-11 March 1975

BACKGROUND NOTES

For the meeting of the European Council in Dublin on 10 and 11 March, the Spokesman's Group has prepared background material for the press concerning the principal items to be discussed by the Council.

These notes are intended solely to help journalists by providing factual and background material on each problem as well as brief reminders of the debates which have taken place in the Community institutions on the same questions.

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6. Follow up of the main decisions taken at the meeting of Heads of Government of the Community held in Paris on 9 and 10 December 1974 : Situation as at 4 March 1975<sup>1</sup>

- Annexes:
- Energy policy in the Community (1973-1974) - P-69 (1974)
  - The Lomé Convention between the European Economic Community and the African, Caribbean and Pacific States - P-13 (1975)
  - Stocktaking of the Common Agricultural Policy - P-15 (1975)<sup>1</sup>

<sup>1</sup> Available in French only.

BRITAIN'S MEMBERSHIP OF THE COMMUNITY - chronological review and the present situation.

(The object of this paper is to provide essential background data on the question of Britain's membership of the European Community, and notably on the several points raised by the British Government since it took office in February 1974. The paper is divided into sub-headings which correspond to points as raised by Mr. Callaghan, the British Foreign Minister, before the Council of Ministers.)

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June 1970: the British Labour Government takes the first step towards the negotiation of British membership of the Community, but loses office at a General Election later in the month.

February 1974 : Labour returns to office on a manifesto committed to "renegotiation" of the British terms of membership.

April, 1 1974 : Mr. Callaghan outlines the position of the British Government to the Council of Ministers.

June, 4 : Mr. Callaghan spells out in detail the main points of concern to his Government.

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Speaking at the Council of Ministers in Luxembourg on 4 June 1974 the British Foreign Secretary, Mr. James Callaghan, emphasised the positive approach underlying his Government's desire to review the terms of Britain's membership of the Community. He said:

"If the United Kingdom was negotiating in order to achieve a negative answer and a breakdown, I would not go about presenting our case in the thorough way we have chosen, in addition to playing our full part in the on-going work of the Community and in proposing solutions that can be reached without disrupting the treaties. If the negotiations are successful and they secure the approval of the British people we shall be ready to play our full part in constructing a new Europe".

Mr. Callaghan also gave the four main points of concern for the British Government in its desire to find a more acceptable basis for continuing membership of the European Communities.

These were:

- 1) a reappraisal of the Community's budgetary system;
- 2) a review of the Common Agricultural Policy;
- 3) improvements in trade and aid to Commonwealth and developing countries;
- 4) regional, industrial and fiscal policies, allowing Britain to pursue its own effective policies where required.

Mr. Callaghan also mentioned the question of **Economic**, Monetary and Political Union, which he proposed should be left in abeyance for future discussion.

I. BUDGET

According to Mr. Callaghan, under the present budgetary arrangements Britain would be paying an unequitable contribution to Community funds by the end of the decade.

The Council of Ministers of 4 June 1974 asked the Commission to prepare an inventory of the Community's economic and financial situation since enlargement. This document was published on 25 October 1974 by the Commission and discussed by a meeting of the Council on 12 November. It was in the light of this inventory that the Paris Summit Conference of 9 and 10 December 1974 called upon the Community institutions, the Commission and the Council, "to set up as soon as possible a correcting mechanism of a general application ... which could prevent the possible development of situations unacceptable for a member state and incompatible with the smooth working of the Community".

Accordingly a document was communicated by the Commission to the Council on 30 January 1975, outlining specific proposals which would bring the correcting mechanism into effect (low GNP, low rate of growth, balance of payments deficit) along with a suggested scheme for budget refunding. This document was discussed in Council on 11 February and 3 March and put forward for further discussion at the Dublin Summit.

(See note "The unacceptable situation and the correcting mechanism"

P - 16/2)

## II. COMMON AGRICULTURAL POLICY (CAP)

On 18 June 1974, the British Minister of Agriculture, Mr. Fred Peart, outlined his Government's aims in relation to the CAP.

### 1. The establishment of firm criteria for pricing policy with special measures for small farmers for whom this would offer insufficient protection

- (a) It should be pointed out that in preparing its price proposals the Commission already follows firm criteria and bases its calculations on modern farms and on the market situation for individual products. Both in its Memorandum on the improvement of the CAP of October 1973 and in the stocktaking which was just presented to the Council of Ministers, the Commission particularly emphasised this point.
- (b) As far as "special measures" for small farmers are concerned, they already exist within the framework of the CAP and provide for those cases in which pricing policy and structural policy alone cannot give satisfactory results. Direct subsidies are granted under the hill farming scheme and have been proposed to help young farmers overcome the specific difficulties connected with setting up a new farm or taking over an existing one. In its stocktaking of the CAP, the Commission does not exclude that in very specific cases further direct subsidies could be applied on a temporary basis and within strictly defined budgetary limits. Pricing policy should, however, remain the first basis of the CAP.

### 2. The need for greater flexibility in intervention systems with measures to discourage surpluses. If surpluses prove to be unavoidable, these should benefit in the first place the Community's own consumers.

- (a) As early as October 1973 the Commission put forward the idea of financial co-responsibility of dairy producers for surpluses. Its Memorandum on the improvement of the CAP contained a specific proposal on a production tax to be imposed if stocks of dairy produce were to rise above a certain level. This proposal was not accepted by the Council of Ministers. In its stocktaking of the CAP the Commission therefore proposed a new method for achieving co-responsibility : price increases for dairy produce would take place in two stages, the granting and the level of the second depending on the market situation and intervention stocks. If surpluses persisted, in spite of this mechanism, the first price increase at the start of the new production year should be delayed.
- (b) In its stocktaking the Commission also proposes that the consumers should benefit in priority from possible surpluses, for instance through consumer subsidies. However, the Commission pointed out that such subsidies applied on a large scale would be much more costly than intervention buying or subsidised exports. The extra money needed would therefore have to be supplemented by Member States wishing to apply consumer subsidies. It should be noted that to some extent such subsidies have been operated for several years within the CAP for such products as butter and beef: they were financed either completely or partly by the European Agricultural Guidance and Guarantee Fund (EAGGF).
- (c) The British demand for greater flexibility in the intervention systems concerned particularly the beef sector, in which according to a Council regulation, under depressed market conditions, intervention has to be

