

European Community



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NEWS RELEASE

EC LEADERS URGE JOINT EFFORTS TO REVIVE WORLD ECONOMY

A call for joint efforts by industrial countries to revive the flagging world economy has been made by European Community leaders.

Meeting in London on June 29 and 30 as the European Council, EC heads of government issued a statement on growth, inflation and employment, which concluded:

"The European Council reaffirmed the importance of cooperative efforts by industrial countries to seek a sustained expansion of world economic activity, consistent with further reduction of the rate of inflation and thereby to help reduce unemployment. The European Council expressed its determination that the Community and its member states should play their appropriate part in this worldwide cooperation. In this connection the European Council noted the commitments made by some heads of government to the achievement of specified growth targets in 1977 and to the review of policies and progress to this end. It also noted that other governments have expressed their intention of continuing their stabilization policies. The European Council was concerned that adequate international financing should be available to support this expansion of world economic activity, and expressed the hope that the efforts being made to this end in the IMF and elsewhere would be successful.

"The European Council expressed its concern at the employment situation in certain sectors adversely affected by structural changes in the economy. It invited the Commission to continue studying all factors, whether structural or otherwise, and to indicate the conclusions which it draws from these studies. The European Council also concerned itself with the effects on the employment situation of the open and liberal commercial policy of the Community, to which the Community, as the world's largest importer and exporter, remains strongly attached."

Extra borrowing facility proposed

Opening the European Council discussions on the economic situation, Commission President Roy Jenkins noted that the Community was not meeting its growth targets, and Community level action was necessary. He urged that, in addition to the EC's present borrowing facilities, the "untapped resources of the international capital markets" be used to give a stronger push behind Community sectoral policies that remain weak: energy, industrial reconversion and regional infrastructure.

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The European Council agreed that the Council of Ministers (Finance, and Economic Affairs) should study Mr. Jenkins' proposal.

Adverse economic trends

A Commission paper submitted to the heads of government on recent economic trends in the Community forecast for 1977:

- an increase in the Community's gross domestic product of only 3 per cent, compared with 4.5 per cent in 1976.

- an increase in the unemployment rate to 5.2 per cent, from 5 per cent in 1976.

- a fall to only 9.5 per cent in the rise in consumer prices, from 10 per cent in 1976.

Based on the first four months of 1977, the average inflation rate in the Community is 14 per cent on an annual basis.
