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**EUROPEAN COUNCIL SETS OIL IMPORT LIMIT**

The heads of state of the nine nations of the European Community have agreed to limit their annual oil imports to the 1978 level of 470 million metric tons and to require the registration of all oil transactions, if the other industrialized countries take similar measures. The Nine are also ready to dissuade oil companies from paying excessive prices on the spot market.

These were the main decisions on energy taken at the European Council meeting in Strasbourg, France, on June 21 and 22, one week before the heads of state of four European Community nations and EC Commission President Roy Jenkins are to meet President Carter, Prime Minister Ohira of Japan and Prime Minister Clark of Canada at the Tokyo Summit.

In a statement after the meeting, the President of the European Council, President Valery Giscard d'Estaing of France, said: "What we have indicated is that we believe that the balance of the market must be reestablished. That supposes a concerted action on behalf of consumer countries to put a break on consumption and producer countries to achieve or maintain a sufficient level of production."

In his statement, EC Commission President Roy Jenkins said: "The decisions taken today should equip those attending the Tokyo Summit next week with a solid Community contribution to problems which affect the industrialized world as a whole."

The full text of the European Council communique follows:-

## ELECTION OF THE ASSEMBLY OF THE EUROPEAN COMMUNITIES

Wishing to demonstrate the importance and significance which it attaches to the first election of the members of the Assembly of the European Communities by direct universal suffrage, the European Council met on 21 and 22 June in Strasbourg, thereby underlining Strasbourg's European status.

The Heads of State and of Government noted with satisfaction that the elections had gone smoothly and that they had helped to make the peoples of Europe more aware of their solidarity.

They welcomed the intention expressed by their Irish colleague of taking part, as President-in-Office of the European Council, in the inaugural meeting of the new Assembly in Strasbourg on 18 July.

They charged him on that occasion to express their joint conviction that the newly elected Assembly, taking its rightful place among the Community institutions, will serve the hopes and the ambitions of Europe.

## EUROPEAN MONETARY SYSTEM

The European Council was informed of the conditions under which the European Monetary System had been set up and took the view that the initial stock-taking, now that the system had been in operation for three months, could be regarded as positive.

It attached particular importance to the strengthening of monetary cooperation and the development of the procedures for concerted action put in hand within the appropriate Community bodies. It expressed the hope that the preparations for setting up a European Monetary Fund would be expedited, so that the latter might be able, by the planned deadlines, to make an effective contribution towards stabilizing monetary relations and exchange rates within the Community.

It stressed the major political significance which the introduction of an area of monetary stability has for progress towards the organization of Europe.

## ENERGY

1. The European Council held an exchange of views on the world energy situation. It stressed the urgent need for action in the face of the serious structural situation brought about by the development of a lasting imbalance between supply and demand for oil and the precariousness of world energy supplies, not only in the long term but also in the immediate future.

The European Council considers it vital that the consumer and producer countries together work out a world energy strategy designed to:

- ensure more moderate and rational use of oil as a non-renewable natural resource;

- permit continued economic growth no longer dependent on increased consumption of oil but based on the development of other energy resources;
- ensure that the developing countries are also able to obtain the energy necessary for their growth.

If such a strategy cannot be worked out, the world will rapidly move towards a large-scale economic and social crisis.

2. The European Council affirms the Community's will to play an exemplary role in this action. It recalls the decisions already taken at its meeting in March 1979 and, in particular, the objective to limit oil consumption in 1979.

The Council also expresses its resolve to continue and step up this effort to limit oil consumption and, through energy saving, the development of indigenous production and the progressive use of alternative energy, to maintain Community imports between 1980 and 1985 at an annual level not higher than that for 1978.

It will not be possible to make an effort of this magnitude unless an effort on the same scale is made at the same time by the other industrialized consumer countries, which must also restrict their oil imports.

Lastly, steps will have to be taken, in cooperation with the oil companies, to ensure that each country can obtain fair supplies of oil products, taking into account the differing patterns of supply, the efforts made to limit oil imports, the economic situation of each country and the quantities of oil available.

3. This effort will be accompanied by measures relating to the free markets, where prices bear no relation to those charged by the producer countries.

The Council welcomes the measures taken in this connection by the Council (Energy) to improve market surveillance. As regards the recording of international transactions, it requests the Council (Energy) to take the steps for which it has laid down the principles provided that the other industrialized States are prepared to take similar action. It invites the Member States and the Commission, which will take part in the Tokyo Summit, to examine with the other participants in that meeting what additional steps should be taken. In the light of that examination the Council (Energy) will adopt the appropriate measures.

In the immediate future, the Member States declare their readiness to dissuade companies from lending themselves to transactions on these markets at excessive prices.

4. So that these efforts may continue in consonance with the growth of their economies, the Community and the Member States will continue and extend the redeployment of energy which has already begun. This redeployment will be based on the strengthening of the energy-saving measures already under way and be such as to enlist the use of nuclear energy, coal and, as soon as possible, other alternative sources of energy.

- The Community has already made a major effort to save energy. It must strengthen national and Community programs in order to encourage growth combined with low energy requirements, in particular by means of greater investment efforts in this area.

- Without the development of nuclear energy in the coming decades, no economic growth will be possible. Nuclear programs must therefore be given strong fresh impetus.

Nuclear energy must be used under conditions guaranteeing the safety of the population. In this connection, the European Council, whilst recalling that this matter is essentially the responsibility of national authorities, considers that existing bilateral and multi-lateral cooperation should be strengthened and developed. It highlighted the role of the International Atomic Energy Agency in this area.

- In view of the necessary change in oil imports, the use of coal in power stations must be stepped up without delay; its use in industry must also be encouraged. Special attention will be given to technological programs to devise new processes for the extraction, transport and processing of coal.

- The European Council notes that the situation calls for national and Community research and development efforts in the energy sector to be stepped up by coordinating national action and joint programs so that more tangible prospects may shortly be found for the economical use of new resources, especially solar and geothermal energy. Like nuclear energy, these "clean" forms of energy will contribute to halting the build-up in the atmosphere of carbonic fumes caused by the use of fossile fuels.

Such research will also be directed at promoting new techniques for the use of conventional resources and achieving energy savings.

5. The decisions adopted today bear witness to the fact that Europe is ready to shoulder its responsibilities. It urges the other industrialized consumer countries to make efforts on a similar scale and to develop their national energy resources, failing which the Community's contribution to the world energy balance cannot play its full part.

6. The European Council appeals to the producer countries to take account of the importance of the world energy balance and harmonious economic development.

In conjunction with the other industrialized consumer countries, the Community and the Member States are prepared to establish contacts with the producer countries in an endeavor to define in common supply and demand prospects on the world oil market. To analyze the situation in this way will be to make it possible to pinpoint the difficulties and work out ways and means of remedying them, with all parties acting in concert. This analysis should most particularly concentrate on the oil-importing countries. To cut down on the industrialized countries' imports will be to improve developing countries' supply prospects. Furthermore, a major effort will have to be made to boost the output of their energy resources. On this score, the European Council is gratified at the action undertaken by the World Bank and declares its willingness to examine further improvements to its operations.

Over and above these forms of action, the European Council confirms its interest in an overall approach to world energy problems, on which the President of the United Mexican States has put forward some significant proposals.

7. The European Council instructs the Presidency to inform the other industrialized consumer countries and the producer countries of all the decisions adopted today.

#### ECONOMIC AND SOCIAL SITUATION

The economic policies initiated a year ago in line with the common approach defined in the July 1978 European Council have helped to improve the outlook for growth and price trends in the Community.

The recent substantial changes in the supply and price of oil have however narrowed the margin for manoeuvre in economic policies, as regards both the rate of growth and the level of inflation.

Faced with this situation, the Council adopted the following guidelines:

- the economic policies of the Member States will be even more closely coordinated, in order to minimize the inflationary and depressive effects of the increase in oil prices and its consequences for the level of growth and the employment situation;
- coordination of budgetary policies for 1980 is of particular importance in this context. Priority should be given to measures which enable a satisfactory level of growth to be attained in the Community through investment, while promoting modernization of economic structures;
- the struggle against inflation will continue. The major internal and external economic equilibria on which the competitiveness and growth of the economies of the Member States depend must be respected. Steps must be taken to ensure that the drain on real resources which the increase in oil prices entails are not compensated by nominal increases in incomes.

The European Council took note of the discussions which had taken place in the Council and Commission pursuant to the guidelines adopted at its meeting on 12 and 13 March, to contribute, by Community action, to improving the employment situation.

It took note of the Commission's interim communication on the discussions regarding work sharing.

It confirmed the importance it attached to the active continuation, with the collaboration of both sides of industry, of the work it had asked be undertaken, so that concrete proposals might be worked out rapidly.

#### CONVERGENCE

The European Council noted the report submitted to it by the Council (Economic and Financial Affairs) on the convergence of Member States' economic performances.

Following comments from a number of delegations, it asked the Commission to submit to the Council a reference paper describing the financial consequences

of applying the budgetary system on the situation in each Member State, especially in 1979 and 1980. The study will have to take into account the economic, financial and social effects of each Member State's participation in the Community and the Community nature of the components contributing to the formation of own resources. For 1980, it will take account of the agricultural prices for the 1979/1980 marketing year.

The Commission will at the same time examine the conditions under which the corrective mechanism decided on in 1975 can play its part in 1980 and the extent to which it fulfills the objectives assigned to it.

The Commission will submit its study to the Council so as to enable the Member States to give their opinions and present their requests in concrete form. In the light of the debate and of any guidelines which may emerge from the Council, the Commission will present proposals sufficiently early to enable decisions to be taken at the next meeting of the European Council.

#### JAPAN

The European Council noted that the imbalance in trade relations between the Community and Japan was continuing and deepening. Wishing to expand and strengthen cooperation with Japan in all fields, it expressed the wish that the Japanese Government, bearing in mind the place and the responsibilities of Japan in the world economy, would help by means of appropriate measures to redress a situation which gave particular cause for concern. It hoped that the regular consultations between the Commission and Japan would rapidly result in wider openings for EEC exports on the Japanese market and enable broader and more equitable relations to be envisaged.

#### REFUGEES FROM INDOCHINA

The Ministers for Foreign Affairs reported on the initiative which they had taken in proposing that an international conference meet under the auspices of the United Nations to discuss the problem of refugees from Indochina.

Stressing the dramatic nature of the problem and the urgent need to find an effective and humane solution, the European Council requested the Ministers to see to it that their initiative is successful and that in the meantime no decision is taken that might aggravate the situation.