

EUROPEAN COMMUNITY

BACKGROUND INFORMATION

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BACKGROUND NOTE

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SECOND "EUROPEAN COUNCIL" MEETS IN BRUSSELS

Since the December 1974 Paris "Summit," when French President Valery Giscard d'Estaing called for a new style of meeting between the nine EC heads of State or Government, European Community leaders have been gathering at informal, thrice-yearly European Council meetings. The second of these meetings, preceded by the Dublin Council of March 10-11, was held in Brussels July 16-17.

Unlike previous EC summits, the newly-instituted European Councils are not intended to produce such outstanding results as the declaration on European identity, which emerged from the December 1974 Copenhagen Summit, or the declaration of the Nine's intent to "transform the whole complex of their relations into a European union," which the October 1972 Paris Summit yielded. Rather, the European Council meetings permit the heads of State or Government to set down guidelines for action and policy of common concern, leaving details and specific decisions on Community matters to the Council of Ministers meetings.

Portugal

In reviewing the Community's relations with Portugal, which wants an agreement broader than its current trade pact, the European Council emphasized that any economic aid to Portugal must be tied "to the development of pluralist democracy" in that country. "We are not in the business of financing dictatorships," British Foreign Minister James Callaghan told newsmen after the Council's last session.

Oil Consumer-Producer Dialogue

The Council also called for the resumption of the dialogue with the oil producing countries. The talks broke down last April in Paris when the delegates to the preparatory conference failed to agree on an agenda for the talks. When resumed, possibly by the end of August or early September, the talks would be within the framework of a preparatory meeting for a ministerial-level conference on energy, raw materials, and development. The dialogue itself could open two months later, the Council said. EC Commission President François-Xavier Ortoli and Aldo Moro, Italian Foreign Minister and President in Office of the Council of Ministers, stressed that the Community should grant equal importance to raw materials, energy, and development.

Raw Materials

The Nine moved closer to a joint position on raw materials during the Council meeting, in preparation for the seventh Special Session of the United Nations, to be held in New York September 1-12. General agreement was reached on the Commission's raw materials proposals, which combine a program for the stabilization of export receipts (known as "Stabex") with the possibility of arranging commodity agreements on a case-by-case basis. Gold reserves from the International Monetary Fund would be mobilized to finance the Stabex program.

United Nations

The Council reiterated the Nine's confidence in the United Nations (UN) as the main organ of international cooperation. They feel that the UN's role should be increased, as should its efficiency as a universal and indispensable instrument of worldwide dialogue and cooperation. The member states declared their intention to defend and promote respect for the UN Charter, member states' rights, and existing rules of procedure. The Nine wish to contribute to more just international relations, greater preservation of the independence and equality of states, more fairly-shared prosperity, and increased security for all. The Community feels that its union will benefit the international community as a whole and that, within the UN in particular, it will constitute a balancing factor and a focal point for cooperation. The Community plans to submit to the international community proposals for action on subjects of major concern to developing countries, including raw materials and cooperation.

Conference on Security and Cooperation in Europe

The Council expressed satisfaction that the Conference on Security and Cooperation in Europe (CSCE) had drawn guidelines for the 35 participating countries' future relations. The Nine have worked together since the October 1972 Paris Summit in defining their position toward the conference. They regard the declaration concluding the conference, to be signed this week, as a step toward detente and have agreed to follow the principles set down in the conference with a view to establishing mutual confidence between signatories and to opening frontiers to promote more contact between peoples.

Economic Situation

On the Community's economic woes, the European Council stated that these problems "must be tackled in cooperation with other industrialized countries, especially the United States and Japan, if there is to be any hope of an effective economic recovery." The nine heads of State or Government also called for a more stable world monetary system and asked the EC finance ministers to study the technical problems posed by floating exchange rates. In the same session, they also welcomed the return of the French franc to the EC monetary "snake." The snake is the system by which these Community countries limit the fluctuations between their currencies to 2.25 per cent above or below their respective cross rates.

Direct Elections to European Parliament

Direct election of the European Parliament has long been one of the Community's priorities and is a prerequisite of European union. The Council asked the Council of foreign ministers to study the matter further, taking into account studies done by the Parliament, and to submit a report by the end of the year.

European Passport

The Council of foreign ministers was also asked to speed up its work for a common European passport for citizens of the nine member states and to report on this project by the end of the year.