

THE EUROPEAN COUNCIL

**DUBLIN
29-30 NOVEMBER 1979**

Documents in the dossier include:

The European Council in Dublin

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Conclusions of the European Council on November 29 and 30 in Dublin

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1. European Council in Dublin

Dublin European Council

1.1.1. The European Council met in Dublin (Ireland is in the chair for the second half of this year) on 29 and 30 November. It was presided over by Mr Lynch, the Irish Prime Minister, and attended by one Head of State (Mr Giscard d'Estaing) and the Heads of Government of the eight other Member States; they were accompanied by the Foreign Ministers of the Nine. The Commission was represented by Mr Jenkins and Mr Ortoli.

The main item on the agenda was 'convergence and budgetary questions', encompassing the British demand for a cut in its net contribution to the Community budget and the Italian demand for greater balance between the different Community policies. No substantive agreement was reached on the British demand, which dominated the discussions, although attempts at conciliation were made by certain Heads of Government and the Commission had made proposals¹ aimed at finding a middle way. But the meeting did finally close on a note of compromise, with all parties agreeing on a course of action.

The Commission was requested, to quote from the Conclusions of the Presidency, 'to pursue the examination of proposals for developing supplementary Community measures within the United Kingdom which will also lead to a greater participation by the United Kingdom in Community expenditure. The Commission is asked to make proposals which will enable the Council of Ministers to pursue the search for appropriate solutions to be reached at the next meeting of the European Council. The President of the Council will convene the European Council as soon as the conditions for such a meeting have been fulfilled.'²

The economic and social situation—with particular reference to the outlook for the Community economy, to unemployment, to the

application of new computer technologies, to telecommunications (communication) and their implications for the European economy—and the world energy crisis were once again high up on the agenda. Of particular note in the Conclusions of the Presidency are the passages on the establishment of the European Monetary Fund and the formulation of Commission proposals for more incisive action to combat unemployment. The passage on energy, however, is vague and is a poor reflection of the far-reaching discussion on this subject by the Heads of Government.

Other items on the agenda included the report of the Committee of Wise Men on adjustments to the machinery and procedures of the Community institutions³ (to be looked at in greater detail at the next European Council) and the reports on European Union by the Foreign Ministers and the Commission.⁴ The Commission's proposals⁵ for tightening up the regulation of agricultural markets in general and the milk market in particular were also discussed.

Two official statements, one on Iran and the other on Kampuchea, were published at the end of the meeting along with the traditional Conclusions of the Presidency.

The Commission had prepared the ground for the European Council with the customary set of communications on the main items on the agenda—convergence and budgetary questions, energy, the economic situation, adjustments to the common agricultural policy designed to improve the balance between the different markets, data technology and European Union.

¹ Point 3.4.1.

² Point 1.1.7.

³ Points 1.5.1 and 1.5.2.

⁴ Supplement 9/79 — Bull. EC.

⁵ Points 1.2.1 to 1.2.10.

Outcome of the European Council

1.1.2. The main results of the discussions by the Heads of State or of Government are recorded in the now traditional Conclusions of the Presidency released at the end of the Dublin European Council.

Conclusions of the Presidency

1.1.3. The Conclusions of the Presidency are reproduced below.¹

Economic and social situation

Prospects for the Community economy

1.1.4. The Heads of State or Government discussed developments in the Community economy and prospects for 1980, particularly in the light of the deflationary effects of the oil price increases. They recognized that despite the progress achieved by the coordinated economic approach agreed at the European Council in Bremen,² the objectives sought, particularly maintaining growth and combating inflation, had not been achieved in full.

In an effort to overcome the current economic difficulties a common approach continues to be essential. Priority must be given to combating inflation. This is, in the medium and long term, a condition for solving the problems of growth, structural change and hence employment. The existence of the European Monetary System also underlines the necessity for a coordinated approach in tackling the balance of payments effects of the new oil price rises. The fight against inflation and unemployment should not be made more difficult through attempting to compensate by increases in money incomes for the real transfer of purchasing power which has taken place to the oil-producing countries.

Moreover, monetary policy should continue for the time being to support efforts to counter inflation. Modernization of and investments in Com-

munity industry must continue to enable it to adapt more quickly to new patterns of demand.

The present difficulties require an improvement coordination of the economic and monetary policies of Member States. With this in mind, the European Council confirms its intention to set up the European Monetary Fund in accordance with the timetable envisaged. To this end, the European Council invites the Commission to submit, for its next meeting in March 1980, a report setting out the progress made in this field and the difficulties encountered. Furthermore, the present difficulties require that the Community continue to pursue a common approach in conjunction with other industrialized countries. The European Council reaffirmed its determination to conduct economic policies in line with the principles and strategy agreed at the European Council in Strasbourg.³

Even with the downturn in the international economy the Community is expected to achieve at least a moderate rate of growth next year, and may avert acceleration in the rate of inflation.

The employment problem

1.1.5. The European Council discussed the serious unemployment situation in the Community. They agreed that the continuation and intensification of national and Community efforts to improve economic structures, primarily through increased investment, was of fundamental importance.

A more coordinated approach to employment problems should be defined. The European Council accordingly requests the Commission to submit proposals on specific measures which could be framed to promote more incisive Community action to deal with the unemployment problem.

The European Council noted the recent adoption by the Council of Ministers of a Resolution on the reorganization of working time⁴ and asked the

¹ The numbering at the beginning of each main heading of the Conclusions of the Presidency has been added by the editorial staff of the Bulletin for ease of reference.

² Bull. EC 6—1978, point 1.5.2.

³ Bull. EC 6—1979, point 1.1.13.

⁴ Point 2.1.41.

Commission to pursue their consultations with the Social Partners.

Telematics

1.1.6. The European Council discussed the questions raised in a Commission communication¹ drawing attention to the importance of data technologies both for European industry and society. The European Council took note of the recommendations of the Commission and invited the Council (Foreign Ministers) to study a common strategy for the development of these technologies in Europe.

Convergence and budgetary questions

1.1.7. The European Council held an exchange of views on convergence and budgetary questions. They reaffirmed the conclusions reached at their meetings in Brussels² and Paris³ that achievement of the convergence of economic performances requires measures for which the Member States concerned are primarily responsible, that Community policies can and must play a supporting role within the framework of increased solidarity and that steps must be taken to strengthen the economic potential of the less prosperous countries of the Community.

To these ends the European Council expressed its determination to promote the adoption of measures to improve the working of Community policies, to reinforce those policies most likely to favour the harmonious growth of the economies of the Member States and to reduce the disparities between these economies. They further declared the need, particularly with a view to the enlargement of the Community and necessary provisions for Mediterranean agriculture, to strengthen Community action in the structural field.

The European Council has carried out a thorough examination of the problem of the British contribution to the Community budget.

It was agreed that the Commission's proposals⁴ concerning the adaptation of the financial mechanism could constitute a useful basis for a solution which would respect Community achievement and

solidarity. This solution should not result in raising the 1% VAT ceiling.

In addition, the Commission is requested to pursue the examination of proposals for developing supplementary Community measures within the United Kingdom which will contribute to greater economic convergence; and which will also lead to a greater participation by the United Kingdom in Community expenditure.

The Commission is asked to make proposals which will enable the Council of Ministers to pursue the search for appropriate solutions to be reached at the next meeting of the European Council. The President of the Council will convene the European Council as soon as the conditions for such a meeting have been fulfilled.

1.1.8. The European Council recognized the need to reach rapid Community solutions to the problems of fisheries, energy and organization of the market in sheepmeat within the framework of the principles laid down in the Treaty.

Energy

1.1.9. The European Council discussed the world energy situation, which remains very serious. In view of renewed price increases, continuing uncertainties about supply and production, and the changing structure of the world oil market, the European Council considers that efforts must be made both by producing and consuming countries to create greater stability. In the light of these needs the Community for its part must now develop a more effective energy policy.

The European Council requests the Council of Energy Ministers at its meeting on 4 December to take a final decision on national import objectives for 1980.⁵

The European confirmed its resolve to develop indigenous energy resources, particularly coal,

¹ Point 2.1.21.

² Bull. EC 12-1978, point 1.1.11 (B).

³ Bull. EC 3-1979, point 1.1.7.

⁴ Point 3.4.1.

⁵ This has now been done.

nuclear and hydrocarbons and to promote the research and development programmes in the energy field with particular regard to renewable energy sources.

The European Council concluded that, as energy problems affect all countries in the world, no lasting solution of these problems can be achieved without closer understanding and cooperation between the industrialized, the oil-producing and the non-oil developing countries. Efforts should be made to promote discussion with oil-producing countries with the object of adopting policies in both consumer and producer countries which would allow the transition to a better market equilibrium without serious damage to the economy of the world as a whole. The European Council considers it most desirable that significant and rapid progress be made in all international forums where energy is discussed, i.e. the United Nations, OECD (IEA) and the Economic Commission for Europe, with a view to establishing a consensus and cooperation the adjustments required by the changing situation in the world.

Reports on European Union

1.1.10. The European Council received and noted the reports by the Foreign Ministers¹ and the Commission on the progress achieved towards European Union in the past year. The European Council noted the importance of developments in the past year towards the achievement of European Union and in particular:

- the signature of the Instruments of Accession of the Hellenic Republic of the European Communities;
- the establishment of the European Monetary System;
- the direct elections to the European Parliament.

The European Council affirmed the importance of these concrete steps in demonstrating the Communities' commitment to proceed towards and to create the conditions for further progress towards an ever closer Union among the peoples of Europe.

The European Council decided that, as has been done previously, these Reports should be published in an appropriate form.

Report of the Committee of Wise Men

1.1.11. The European Council warmly thanked the Committee of Wise Men for the timely presentation of its valuable report² on adjustments to the machinery and procedures of the Community institutions, prepared in discharge of the mandate given by the European Council in Brussels in December 1978.³

The European Council asked the Foreign Ministers in the appropriate framework to examine the report with a view to preparing the discussion at the next meeting of the European Council.

The European Council decided to publish the report and agreed that the President of the Council would transmit a copy of the report to the Presidents of the other institutions for information.

Statements on Iran and Kampuchea

1.1.12. Two statements, one on Iran and one on Kampuchea (Cambodia), adopted by the Heads of State and Government after debating the problems arising from the situations in the two countries, were also published at the close of the Dublin meeting.

1.1.13. The European Council also adopted the following statements on Iran and Cambodia:

Iran

1.1.14. '1. The Heads of State or Government and the Foreign Ministers of the Nine, meeting in the European Council, considered the grave situation created by the occupation of the Embassy of the United States in Tehran and the holding of

¹ Point 2.3.1 and Supplement 9/79 — Bull. EC.

² For a summary of the report, produced by the Committee, see points 1.5.1 and 1.5.2.

³ Bull. EC 12-1978, point 2.3.1.

members of its staff as hostages in flagrant breach of international law.

2. The European Council strongly reaffirmed the statement which was issued by the Foreign Ministers of the Nine at their meeting of 20 November in Brussels.¹ It is fundamental that diplomatic missions should be protected. The failure to uphold this principle and the taking of hostages to exert pressure on Governments are totally unacceptable. It is the duty of all Governments to oppose energetically such a breach of international law.

3. The Nine Member States of the European Community fully respect the independence of Iran and the right of the Iranian people to determine their own future. They are conscious of the importance which the Iranian people attach to the changes which have taken place in their country. But in the same measure as they respect the rights of Iran they call on Iran to respect fully the rights of others and to observe the established principles that govern relations between States. Respect for these principles is essential to the effort to secure order and justice in international relations, which is in the interest of all States including Iran.

4. The Governments of the Nine, supported by public opinion in their countries, expressed in particular by the European Parliament, solemnly appeal to Iran to respect these fundamental rights and duties so long established in international law. They urge most strongly that the Iranian authorities take action immediately to release the hostages in complete safety and allow them to return to their own country.²

Cambodia

1.1.15. '1. The European Council expressed its deep concern at the tragic situation in Cambodia.

2. It recalled that the European Community and its Member States are contributing substantially to international relief efforts now under way. It emphasized the urgent need to ensure that international efforts to bring humanitarian relief to those in need in Cambodia and to Cambodian refugees in Thailand will be fully effective. It appeals to all those in a position to help and in particular to the parties most directly concerned to ensure that humanitarian relief will reach those in need.

3. It expresses its particular concern regarding the dangers confronting the refugee camps on the Thai-Cambodian border as a result of the continuing hostilities.

4. In the view of the Governments of the Nine a solution of the wider problems which confront Cambodia should be based on an independent and neutral Cambodia, with a genuinely representative government, free from any foreign military presence and maintaining friendly relations with all the countries of the region.³

Statements and comments

1.1.16. The ups and downs of the Dublin European Council were recorded in the various statements and comments made by some of those present.

Community reactions

1.1.17. The Community position in the aftermath of the Dublin discussions was described by Mr Lynch, Irish Prime Minister and President of the Council, and by Mr Jenkins, President of the Commission.

Statement by Mr Lynch, President of the Council

1.1.18. At the post-Council press conference held jointly with Mr Jenkins, Mr Lynch commented on proceedings at the European Council on the basis of the Conclusions of the Presidency, stressing three points in particular—the economic and social situation and the counter-inflationary measures needed to deal with it, the energy situation and, last

¹ Point 2.2.59.

but not least, convergence and budgetary questions. Extracts from his statement follow:

'... The economic and social situation was the subject dominated by the uncertainties and the fragility of the relationship between the demand for, and the supply of energy. Also by political uncertainties of the type with which the world is now becoming only too familiar, and the resurgence of inflation within the whole Community. The necessity for Community solidarity in dealing with these problems was emphasized together with the importance of avoiding decisions to deal with immediate problems which would run counter to longer-term trends. The Council agreed that the solution of the current economic difficulties demands the implementation of counter-inflation measures, the maintenance of investment for industrial adaptation, and modernization in order to cope with the changing situation, and finally, an improved coordination of the economic and monetary policies of the Member States. Counter-inflation measures must be given priority ...

On energy, consumption of oil this year is down in comparison with last year, and the supply is higher. Notwithstanding that the price increases do continue to be the order of the day. Speakers at the Council emphasized the extent to which the whole energy market is dominated by uncertainty. Europe's dependence of external resources for its energy is of course already known. Equally well known is the relationship between economic growth and the consumption of energy. It is important for the future of the Community and for each Member State that this link should be broken. Some progress has in fact been made in this direction. As a tangible contribution towards introducing an element of greater stability by consuming countries in general, and by the Member States of the Community in particular, the European Council have requested energy ministers to take a final decision on the breakdown of oil import objectives for 1980 for each Member State, as soon as possible. The Council also emphasized for a common energy policy in the Community, based on (1) conservation, and (2) use of indigenous resources, particularly coal and nuclear power, paying particular attention of course to safety factors...

... convergence and the budget took much of the time of the Council over these last few days... The Treaties establishing the Community speak of the necessity to reduce the imbalance, the economic imbalance as between the different regions. This aim is reiterated in the Accession Treaties, and again formed a prominent part of the EMS arrangements.

... associated with this issue was the question of the size of the British contribution to the Community budget. On this the Presidency spared no effort to reach an accord. I think many persons at the Council were disappointed that these efforts, and those made by other Member States did not today come up with a definitive answer to the problem. An answer which would satisfy all Members of the Community. An essential part of the difficulty lies in the way in which Community own resources are regarded. These are taxes and levies collected by different Member States, on behalf of the Community, in a strictly Community sense; they are not national taxes, or revenues, but belong totally and wholly to the Community. The national government simply act as agents of the Community in collecting these levies and taxes. That is a fundamental principle of the *acquis communautaire*...

There was more or less agreement on certain essential principles which were underlined in the Commission communication at the meeting, and these were: 1. Own resources must not be tempered with. 2. There must be no question of a *juste retour*, in other words, to take out as much as is put in it. 3. Any solution must be financed from the Community budget, and above all the *acquis communautaire* must be preserved intact. There was also considerable support for the view that any solution must be for a limited period, and must preserve existing Community policies intact, and above all that a solution must not operate against the objective of convergence.'

Mr Jenkins, President
of the Commission

1.1.19. Mr Jenkins commented on the meeting in the following terms:

'This was bound to be a most difficult European Council and has indeed been the most difficult of the nine which I have attended. However, we broke up in a slightly better situation than we began in. From a very early stage I was sceptical about the likelihood of complete success or complete failure. During the last week, however, I could not reject the possibility of complete failure. This we have avoided thanks to a very responsible Community attitude towards the menaces from the outside world, which undoubtedly played a part.

I will not disguise my feeling that it will be difficult to make a success of the next European Council, and no one can predict a successful outcome of it. The Commission proposals at this European Council were given a general welcome as a framework for the possibility of amending the financial mechanism and providing of further receipts to the United Kingdom. This will be pursued at the next European Council, which may be brought forward if the next Presidency considers it advisable. Thus we have the possibility of a significantly earlier meeting than the date of late March previously envisaged.

This European Council was inevitably dominated by one central subject, which meant that others were relatively cursorily examined. However, I do take encouragement from the clear reaffirmation of the timetable for setting up the European Monetary Fund. It is most important that we make an earlier start on the preparations, which the Commission will now gladly do. On energy we had a good discussion without, however, being able to agree on much that is new in our conclusions. We had a somewhat cursory discussion of agriculture but as a result the Commission paper on the need to curtail expenditure has been remitted not only to the Agriculture Council but to the Eco-fin Council also.'

Reactions by the Heads of State or Government

1.1.20. A number of the Heads of State or of Government commented on the outcome of the Dublin Council, either immediately or on return to their respective capitals.

The French President, *Mr Giscard d'Estaing*, stated that the meeting had been near to breakdown on a number of occasions. He went on:

'It was clear from the discussions that a solution on the question of Britain's payments to the European budget was not impossible. But Mrs Thatcher wanted a lot more than this. Apparently the two points of view were irreconcilable. France agreed to discuss the matter again at the next European Council once Mrs Thatcher had promised that she would approach such a meeting in a spirit of compromise.'

In her statement to the House of Commons the following Monday the British Prime Minister, *Mrs Thatcher*, claimed that she was ready to show willing in the search for a genuine compromise on Britain's contribution to the Community budget if the other Member States would do the same. She continued in the following terms:

'I left our partners in no doubt that my room for manoeuvre was limited, but I did not feel it right to refuse to make this further effort ...

The question is whether we shall get far enough at the next meeting ...

I believe that ... the free nations of Europe can live together equitably—and it is on that basis I am seeking a solution ...

In spite of North Sea oil we are still among the least prosperous of the Member States, but are nevertheless expected to be one of the main contributors to the Community budget.

Several countries, which had been helpful in searching for a possible solution, felt that more time was needed.

We therefore agreed to another early meeting of the European Council. It is left to the next President, the Italian Prime Minister, to judge when that meeting should be called.'

But she emphasized: 'I cannot give any reassurance about the success of that further meeting ...

Dublin European Council

We were offered UKL 350 million in reduced contributions. When it came to increasing receipts there was considerable reluctance to do that.

We should get more, and it is worth while going on negotiating to get more, particularly as a number of countries in the Council of Ministers were trying very hard to help us achieve a better result.'

Chancellor Schmidt reaffirmed his intention of trying to find a compromise solution. His comment to Mrs Thatcher during the discussions 'Help us to help you' was borne out in his post-Council statement:

'The Germans are ... more than ready to consider British demands favourably; but ... this does not mean that, in order to do so, we are willing to break the legal rules of the Community game.'

The Italian Prime Minister, *Mr Cossiga*, stressed the major difficulties inherent in the circumstances surrounding the Dublin European Council, particularly on the international front where Europe must play a role in keeping with its political commitments. Hence Mrs Thatcher's reluctance to assume responsibility for forcing a breakdown.

Mr Martens, the Belgian Prime Minister, stressed that the Benelux countries had come to Dublin intent on finding a solution and were well-disposed to the formulae put forward by the Commission. As it turned out, there was no way British demands could be met, but he had done everything possible to 'avoid irreparable breakdown'. The Luxembourg Premier, *Mr Werner*, was less pessimistic than many commentators:

'In Dublin, we avoided the worst'. Along with the Belgian and Dutch Prime Ministers he expressed willingness to increase his country's financial contribution to the Community budget, thus lessening the load on the United Kingdom. He, too, was in favour of the proposals put forward by the Commission.

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CONCLUSIONS OF THE EUROPEAN COUNCIL ON
NOVEMBER 29 AND 30 IN DUBLIN

The following is a summary of the European Council's final communique, together with some remarks by the European Commission President, Mr Roy Jenkins, at his joint press conference with the Irish Premier, Mr Jack Lynch:

"This was bound to be a most difficult European Council and has indeed been the most difficult of the nine which I have attended. However, we broke up in a slightly better situation than we began in. From a very early stage I was sceptical about the likelihood of complete success or complete failure. During the last week however I could not reject the possibility of complete failure. This we have avoided thanks to a very responsible Community attitude towards the menaces from the outside world, which undoubtedly played a part.

I will not disguise my feeling that it will be difficult to make a success of the next European Council, and no one can predict a successful outcome of it. The Commission proposals at this European Council were given a general welcome as a framework for the possibility of amending the financial mechanism and providing of further receipts to the United Kingdom."

Mr Jenkins made the following points in answer to questions, which were almost entirely on the British budgetary problem.

- there was a general disposition to remove all three brakes on the operation of the financial mechanism not unconditionally, but as part of a general settlement. The Commission paper also held out the possibility of other measures which would provide expenditure in the United Kingdom, and would explore the possibilities further.
- there was no question of a linkage between fisheries, energy and sheep meat and the budgetary problem. The settlement of the latter was not conditional on agreement on the former. However, the Commission did not dispute the need for solutions to these problems.

Mr Jenkins would not characterize the European Council as a failure, simply as a meeting which showed a solution to the problems was not yet agreed. A great deal remained to be achieved in the future. How quickly Community expenditure could take place to the benefit of the United Kingdom would depend on how quickly the Community decided.

Nor did he agree that the response of the European Council was niggardly.

There was a general recognition that the British problem did pose considerable dangers for Britain and for the Community as a whole. There was a deep feeling that the Community needed to be cohesive in the present international situation.

IRAN

1. The Heads of State or government and the foreign ministers of the Nine, meeting in the European Council, considered the grave situation created by the occupation of the Embassy of the United States in Tehran and the holding of members of its staff as hostages in flagrant breach of international law.

2. The European Council strongly reaffirmed the statement which was issued by the foreign ministers of the Nine at their meeting of 20 November in Brussels. It is fundamental that diplomatic missions should be protected. The failure to uphold this principle

