

CONFIDENTIALPRIME MINISTEREUROPEAN COUNCIL: BRIEFING MEETING

The briefs are attached. I suggest that you look at the Steering Brief only tonight.

You have already gone over with the Foreign Secretary and Michael Butler, enlargement, your initiative on unemployment, and own resources.

I suggest that at this meeting you focus on:

(i) IMPs (Brief 4) The Brief shows that there are ambiguities, probably deliberate ones, in the Commission proposal. We need to sort out very carefully what is and is not additional expenditure: if it is, how much; whether we can agree to additional Community loans to the Mediterranean; and how far we are ready to go to get a settlement (we have already put to the Germans the proposition that we should stick closely together at the Council).

(ii) DOOGE COMMITTEE (Brief 6) This is mainly a matter of procedure: how best to bring the Dooge Committee itself to an end and substitute bilateral contacts between governments? How to avoid any commitment to an eventual Inter-Governmental Conference? How to handle President Mitterrand's 'surprise' initiative if he takes it? Mr. Rifkind should advise.

Under the same heading, you might ask David Williamson to mention any problems which may arise on the Committee on a People's Europe.

(iii) STRENGTHENING THE COMMUNITY'S TECHNOLOGICAL BASE. The Commission have circulated a paper on this (see Brief No. 8). While generally acceptable, it contains some traps:

*Make a list of  
steep brief. Complete  
↑ report  
market*

(i) the Commission seeks a commitment to increasing R & D spending from 3 per cent to 6 per cent of the Community Budget;                     

(ii) they are also looking to an early commitment to RACE (Research into Advanced Communications in Europe) - though their paper says very little about it.

You will want to invite the Trade and Industry Secretary and the Chancellor to advise on how far we can go along with Commission proposals at this stage.

(iv) ENVIRONMENTAL ISSUES (Brief No. 9).

✓ Chancellor Kohl wants a discussion of these and again there is a Commission paper to serve as background. No decisions are required, though we shall need to keep a weather eye open for German attempts to get conclusions slanted towards their preoccupations.

(v) POLITICAL ISSUES. The FCO are working on a draft statement on the Middle East, which will be shown to you before being circulated to other member States. They are also planning to propose a brief and helpful statement on Mozambique.

We are warned that a letter from Craxi about the European Council is imminent and contains a new proposal about Famine in Africa. If it arrives tonight, you will need to consider it at the briefing meeting.

| We have allowed for another briefing meeting when you arrive in Brussels on Friday morning (1130-1245).

C.D.P

26 March 1985

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EUROPEAN COUNCIL, BRUSSELS

29/30 MARCH 1985

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FOREIGN AND COMMONWEALTH OFFICE

28 MARCH 1985

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STEERING BRIEF

Brief by Foreign and Commonwealth Office

INTRODUCTION

We hope that the outstanding issues in the enlargement negotiations will have been resolved at the Foreign Affairs Council on 28 March. The text of the Own Resources Decision is also substantively agreed. Both the conclusion of the enlargement negotiations and the timing of the entry into force of new own resources have been linked by the Greeks to Integrated Mediterranean Programmes. Discussion of IMPs is therefore likely to be the main substantive issue at the European Council.

Integrated Mediterranean Programmes (IMPs)

Discussion will focus on the revised Commission proposal on IMPs. The Greeks regard the proposal as

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inadequate and Papandreou may not be ready to settle in advance of the Greek elections. Other Member States will be concerned to get this issue resolved if possible because of the problems for enlargement/own resources if the Greek linkage is maintained. There will therefore be a general disposition to accept the Commission's revised proposals. The Irish and the Belgians will be concerned, however, about any general tilting of the Structural Funds towards the Mediterranean. The Germans, who will be paying five times as much as we shall of any additional sums agreed for IMPs, will join us in resisting the Commission proposal for 2 billion ecu extra expenditure.

If Papandreou refuses to settle we shall wish to try to get the Greek reserve on enlargement shifted to cover signature or ratification so that the negotiations can be completed. We shall wish to get the Greeks to lift their reserve on the Own Resources Decision, which Greece needs as much, if not more, than other Member States. In the event of continued Greek blockage we should need to look, with others, for ways of putting real pressure on Greece, eg, by getting the Commission to delay disbursements to Greece.

Future of the Community

The Council is likely to have a preliminary discussion of the report of the Dooge Committee and to take note of the report of the People's Europe Committee. Unless President Mitterrand launches his promised "surprise initiative", (probably majority voting; a slight increase in powers for the European Parliament; and formalisation of the European Council) the discussion is likely to focus on follow-up to the Dooge Committee report, particularly whether there should be an inter-governmental conference. The Italians may try to keep the Dooge Committee in being. We should aim to ensure that follow-up to the Dooge Committee report takes the form of contacts between governments with a view to decisions being taken at the June European Council.

UK Initiative on Unemployment/Deregulation

This is covered in the paragraphs on the Economic and Social Situation. A possible text for inclusion in the European Council conclusions is attached. This has been discussed with the Council Secretariat.

Commission Paper on Strengthening the Technological  
Base of the Community

The Commission have tabled a paper containing proposals for strengthening the Community's technological base. We can agree with most of the paper (which stresses the importance of completing the internal market; the role of SMEs and the importance of R and D). But it contains some equivocal wording on protectionism. Nor can we accept the Commission's specific proposal that 6% of the EC budget should be diverted to R and D and may wish to suggest that there should be a review of the effectiveness of existing spending before we consider further expansion. We shall wish to avoid any commitment to the proposed Community programme on telecommunications which as yet is inadequately defined and in particular, to reserve our position on any Community funding of it given the healthy financial state of the industry.

Commission Paper on a Europe-wide Environment Policy.

Chancellor Kohl has said that he looks forward to a debate at the European Council on environment issues. The European Council agreed at Dublin to devote part of

this session to this issue. The Commission has tabled a paper calling for:

i) protection of the environment to be treated as an integral part of economic and social policy.

ii) coherent action on the environment within the Community framework.

iii) designation of 1987 European Year of the Environment.

The Commission paper is broadly acceptable though it takes no account of the improvements in pollution control already achieved, to which we shall wish to draw attention.

Political Cooperation

A separate steering brief has been provided (Brief No 13)



OBJECTIVES

1. ENLARGEMENT

- To resolve any issues outstanding from the Foreign Affairs Council on 28 March so that the 1 January 1986 target can be met.

2. IMPS

- If possible to remove the Greek block on enlargement by agreement on IMPS on the basis of:

(a) a final figure for IMPS as low as possible and taking account of the Greek benefits from the structural funds, including FEOGA guidance.

(b) Greece getting the lion's share of money from IMPS;

(c) IMPS forming the definitive response to the Greek Memorandum.

[If no agreement possible]

- To hold the Germans to a common position.

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- To ensure that the new Own Resources Decision and completion of the enlargement negotiations are not held up, and that Papandreou is isolated.

**3. BUDGET ISSUES**

- To get the Greek reserve on the text of the new Own Resources Decision lifted.

- To ensure that the new Own Resources Decision goes ahead as currently drafted, ie with provision for our 1000 mecu abatement as soon as all ratifications of the Own Resources Decision have taken place.

**4. FUTURE OF THE COMMUNITY**

- To secure agreement that follow-up to the work of the Dooge Committee should take the form of consultations between governments leading to a substantive discussion and decisions at the June European Council.
- To avoid any further remit to the Dooge Committee itself.

- To approve the recommendations of the first report of the People's Europe Committee, in particular progress towards completion of the internal market, but not to accept any commitments to tax harmonisation.

5. UK INITIATIVE

- To get the European Council to support our initiative on wealth creation, employment and deregulation and to adopt our draft conclusions.

- To secure continuing commitment by the Community to prudent counter-inflation policies and promotion of freer markets.

6. COMMISSION PAPER ON STRENGTHENING THE TECHNOLOGICAL BASE OF THE COMMUNITY

- To welcome the paper's emphasis on completion of the internal market, the role of SMEs and the importance of R&D.

- To avoid any implication of endorsing protectionism.

- To make clear that there should be a review of the contribution which R&D has made to improving industrial competitiveness before the Community considers any further expansion of R&D programmes.

7. ENVIRONMENT

- to note the considerable progress made, eg on vehicle emissions.
- to agree guidelines for Community environmental policy that take account of cost-effectiveness and the varying nature of problems both in Member States and in the wider international context.

8. CAP

- To avoid conclusions which lead to a price fixing more generous than the Commission has proposed.
- On cereals, to ensure that the principle of guarantee thresholds is implemented and to resist pressure from the Germans to weaken the Commission's proposals for a 3.6% price reduction.

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- To point out that the price fixing is an important test of the European Council's conclusions on control of EC spending and an integral part of the Fontainebleau agreement.

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ARGUMENTS

1. INTEGRATED MEDITERRANEAN PROGRAMMES (IMPS)

General

- Welcome Commission's recognition of the need for a reappraisal.
  
- New proposals an improvement. Hope we can now settle this issue.
  
- Brussels European Council conclusions stated that IMPS would be:
  - launched as a coordination of activities in 1985;
  - operational in 1985;
  - of limited duration;
  - designed to prepare southern regions for enlargement; and to respond to Greek Memorandum;
  - financed through increases in the resources of the existing funds within the limits of financing possibilities.
  
- Against this background, should aim to implement IMPS in 1985. They should form completion of the

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Community's positive response to the Greek Memorandum.

- The main effort under IMPs should be directed towards Greece.

Financial Envelope

- Brussels European Council conclusions said that total cost of IMPs was to be "within the limit of financing possibilities".
- Brussels conclusions also stated that "the financial resources allocated to aid from the funds, having regard to IMPs, will be significantly increased in real terms within the limits of financing possibilities".
- Agreement on Regional and Social Fund, and recent agreement on FEOGA Guidance, are in line with that decision.
- Need clarification of Commission proposal that 2.5% of the Structural Fund would be directed to the Mediterranean over 7 years. If this means that all of the projected increase in spending under the Structural Funds will go to the Mediterranean regions then this is contrary to the intention of the European Council. If it means that financial support on this scale can be

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provided for integrated programmes from within the  
total sums available within the Structural Funds then  
we could agree. Need to be clear.

- The Community must maintain a unified regional  
policy. Cannot establish what would effectively be a  
separate structural fund for the Mediterranean.
- Mediterranean regions already have high priority in  
the structural funds.
- Other areas also have special needs.

Duration

- Agreed IMPs should be "of limited duration".
- Strong preference for IMPs to last five years. [?]

Loans

- Mediterranean countries can expect to be major  
beneficiaries from EIB resources over the next five  
years.
- On Commission proposal for a further 2.5 becu of EIB  
lending, could this be done without adversely affecting

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the balance of lending policy within the EIB?

- Would also need to know how money would be raised and what credit terms would be agreed.

Their Objectives

Greece:

Either: to secure a demonstrable success in terms of significant additional sums for Greece, in the run up to the Greek elections.

Or:

to adopt a defiant line, if necessary in isolation, in demanding large extra sums for Greece.

Italy and France:

To keep open the possibility of qualifying for IMPs in order to be able to fulfil political commitments to their farmers.

Germany, Netherlands, Denmark:

To keep down level of  
additional money for IMPs  
(though Dutch will be  
prepared to pay to unblock  
enlargement).

Belgium, Ireland:

To protect their structural  
fund receipts by ensuring  
all the finance for IMPs is  
additional.

Our Response

- Willing to look at special package of measures for  
Greece.

- Can agree:

(a) to ensure that IMPs are broadly directed  
towards special needs of Greece, to which the  
main effort should be directed;

(b) to ensure that use of the amounts available to  
the Mediterranean regions through the increased  
resources of the Regional and Social funds, should  
be through coordinated and fully integrated  
programmes.

(c) to consider the role of Community lending facilities;

(d) some additional funding as agreed by the European Council;

- When combined with Greek receipts under the structural funds, a package on these lines could bring up to at least 3500 mecu the value of the agreed commitments for Greece over the next five years. Any further help for Greece from within FEOGA Guidance could take the total to nearer 4000 mecu. Such additional help would need to be properly costed and taken into account in any overall settlement.

Italy and France

- Main need is in Greece. Other very needy regions can qualify. But other Mediterranean countries could finance their IMPs from existing structural funds.

[If necessary]

- Regret inability to be able to reach agreement on IMPs given effort made by majority of Member States. Cannot allow this to hold up enlargement or own resources. Foreign Affairs Council will have to revert to IMPs.

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- Should be no question of delaying completion of enlargement negotiations. Greek reserve placed at last European Council has not delayed progress in the meantime. Spain and Portugal will find it intolerable if enlargement is delayed by preoccupations of one Member State. Must at least complete the process of negotiation so that delay is minimised.

- If the adoption of the Own Resources Decision is held up this will not only delay enlargement but also the availability of own resources; agreement on the '85 budget and preparation of the '86 budget.

- This will have serious consequences for the Community in general and also for Greece, including Integrated Mediterranean Programmes.

**2. FUTURE OF THE COMMUNITY (DOOGE COMMITTEE)**

- Committee's report shows many areas of agreement.
  - emphasis on need to create genuine internal market by the end of the decade;
  - good text on development of political cooperation;
  - sensible passages on defence and security;

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- general endorsement of UK suggestion of one Commissioner per Member State;
  - emphasis on strategic role of European Council. Should not take on role of FAC.
- 
- Report reflects common desire to make Community more effective after enlargement.
- 
- Time for decisions will be in June. Hope we can reach substantive agreement on what to do and announce it then.
- 
- This will require contacts between member governments. Presidency should play an important role in this. May be need for Gymnich-type meeting of Foreign Ministers.
- 
- [As necessary]
- Do not believe that Dooge Committee as such should carry out this work. Essentially now for member governments, with good offices of Presidency, to discuss how to take report forward.
  - Have already indicated that premature to take decision about inter-governmental conference now.

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Contacts between governments may make it possible to take substantive decisions under Presidency in June.

Decision-taking [As necessary]

- General agreement that in enlarged Community will need to be majority voting.
- Ample scope for this under the Treaties. Need to move away from practice of seeking consensus in every case, when non-vital issues involved.
- At same time must recognise political reality: no Member State prepared to be voted down when an issue of vital national importance is at stake. System must make allowance for this.
- Dooge Committee has tried to resolve decision-taking problems by institutional means. This cannot substitute for readiness to tackle the more difficult dossiers seriously, and a political will to make speedy progress.
- Some members of Dooge Committee believe majority voting should be extended to most areas where Treaty

currently requires unanimity.

- In many cases clearly not possible to change the unanimity requirement, eg:

- (a) membership of Community institutions;
- (b) seat of institutions, Community languages;
- (c) uniform electoral procedure;
- (d) own resources;
- (e) common economic policy measures.

- Should beware of embarking of a discussion in which we could end up arguing over minor points.

EMS [As necessary]

This question discussed at length by our representatives on the Committee before agreeing language in report. No need to discuss them again here. Others know our position on ERM. We keep the question under review and have concluded the time is not yet right.

European Parliament [As necessary]

- European Parliament should be encouraged to make more effective contribution to EC decision making.

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- Should make more use of its right to put forward proposals for Community action.

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- There should be improvement and extension of conciliation procedure, in particular more effective consultation at earlier stages of consideration of proposals.

- Council should follow up EP resolutions with the Parliament - or explain its reasons for not doing so.

- Serious misgivings about proposal on joint decision taking:

- recipe for greater inter-institutional conflict;

- would slow down decision taking;

- greater control in external policy would go further than powers of national parliaments. What would happen if European Parliament delayed agreements to which all national parliaments had given approval?

- could not accept to give EP more responsibility over revenue. No evidence that Parliament would use it wisely;

- more power for the EP means less for the Council and national parliaments to which we are all

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answerable;

- should not upset delicate balance between institutions and Member States.

Their Objectives

- To press for early decision to convene an inter-governmental conference.

Arguments

- Agenda too crowded today to discuss report in detail now. Time needed for reflection. Issues are too important to be rushed.

- Not prepared to agree to an inter-governmental conference until we have a clearer idea of what we want to achieve. Failed or confused conference would be a major set-back.

- Case for a new Treaty not yet proven.

- [If appropriate] Treaty amendment may not be necessary. There are quicker ways of achieving what we want (ie immediate implementation of existing provisions).

- All recognise that we have fallen well short of completing Community envisaged in the Treaties. Dooge Committee majority hope to overcome this by institutional means. Legitimate aspiration but will it work?

- Real problem is lack of political will to break down remaining barriers. Need to commit ourselves to do this on basis of firm timetable.

- Should not fall into trap of grasping at Treaty change as easier option than real progress under Treaty of Rome.

### 3. COMMITTEE ON PEOPLE'S EUROPE

- The report of the Committee on People's Europe contains a good number of specific recommendations on such questions as travellers' allowances, which will be welcome to ordinary people and which we should approve today.

- In broadly endorsing the report I should like to make three points. First, my representative made clear in the Committee that he supported the Committee's view

that there should be a firm deadline for the completion of the single market for goods and services but that he could not specifically endorse the Commission's proposal for a "Europe without frontiers" by 1992. We ought to be able to complete the internal market before 1992. But we cannot have a Europe totally without frontiers (so long as we have real differences in taxation which will not be readily changed and) so long as we have to face the vital issues of drugs, terrorism and illegal immigration. We should not underrate the importance of these points for our people.

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round

- Secondly, it is possible to make progress on the right for professional and other people to establish themselves in other Member States through the approach, in general, of mutual recognition of qualifications. But there will be some exceptions, as the Committee recognise, where for historical reasons training courses and diplomas differ greatly between Member States.

- Finally, I am glad that the Committee has realistically recognised a link between the right of residence and a citizen's resources, so that a citizen wishing to reside in a country other than his own does

not become a burden on the public purse in the host country. On this basis, I can welcome the Committee's report. I hope that my colleagues can do so as well.

Their Objectives

- French may argue that the report does not fly high enough; is not sufficiently radical; and that the original political impetus has been lost.
- Danes may seek to remove underlying, UK-inspired distinction in text between proposals for controls on people at land frontiers and those on people at sea and air ports.

Our Response

- Second report will contain more proposals (eg on youth exchanges) which may be wider-ranging. But real value in these practical measures which we can all agree to act on quickly.
- Sea and air ports different from land frontiers because of high proportion of travellers from third countries.
- (If pressed) UK cannot accept radical relaxation of controls at sea and air ports because UK immigration

rules rely on external frontier controls not internal measures.

4. ECONOMIC AND SOCIAL SITUATION

Arguments to Use

- Lack of progress towards reducing European unemployment reflects entrenched structural problems.  
To create new jobs we must have fewer rigidities and more competition especially in labour markets.
- Contrast with flexible US labour market where over 7 million jobs created since end 1982, two thirds of them in firms employing under 50 people.
- Increased role of public sector inevitably crowds out private sector activity.
- Community governments have major responsibility to create open, market based climate.
- Without firm counter-inflationary commitment, inflation likely to accelerate as in previous cycles and undermine efforts and progress so far.

Regulation

- Nos. in 1982

- Savings

V.A.T. - threshold membership low

- There has probably never been a time when Community Governments closer both in objectives and means of achieving them.

- Reducing unemployment, creating wealth and promoting enterprise major elements in all our policies.

- Believe we should build on excellent report agreed at Dublin by expressing our common determination to take measures in these areas and by encouraging Council and Commission to play their part in backing up and facilitating national measures. This would show Community as a whole tackling issue of unemployment and demonstrate to our people that we were adopting policies that supported and reinforced each other.

#### Their Objectives

- Commission may resist new initiative being wrested from them.

- Commission will seek agreement to greater dialogue with social partners; and

- Commitment to step up public investment in infrastructure projects.

- Pressure on UK and particularly Germany for shift to expansionary fiscal stance.

- Commission may seek greater Community (and therefore Commission) involvement in international financial/monetary discussions because of link with trade issues.

Our Response.

- UK initiative based on existing policies in Annual Economic Report. Consistent with approach set out in useful Dutch paper produced after Dublin European Council.

- See use in social dialogue if it emphasised respective roles. Useful to influence expectations, but could not accept commitment to formal incomes policy for UK.

- Infrastructure investment only benefits economy when justified on rates of return. No backlog of profitable public sector projects in UK.

- Fiscal discipline, within medium term framework,

EUROPEAN COUNCIL CONCLUSIONS: BRUSSELS 29/30 MARCH 1985The creation of wealth and employment in the Community

1. The European Council agreed that the Community must mobilise its efforts to create more wealth and more jobs. It agreed that the Community and individual member states needed to pursue policies that reinforced each other if they were to create the conditions necessary for sustained non-inflationary growth and tackle the problem of unemployment. In accordance with the economic policy guidelines endorsed by the European Council at Dublin in December 1984, this would require action to create the right macro-economic climate, by maintaining firm fiscal and monetary policies, and to promote a liberal and competitive internal market as envisaged in the Treaty of Rome. It would also require supportive measures in specific areas, in particular through the following:

- a. measures to stimulate enterprise and competition
- by reducing the administrative and legislative burdens on businesses;
  - by establishing conditions conducive to the creation and expansion of small and medium-sized enterprises;
  - by increasing competition, particularly in the service sector and in the professions;
  - by increasing the opportunities for private businesses to supply goods and services to the public sector;
  - by firm control of, and wherever possible reduction in, state aids, and by focussing them on the promotion of competitiveness.
- b. measures to create jobs
- by removing obstacles to the mobility of labour;
  - by removing or amending legislation which unnecessarily holds back job creation;



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- by extending and improving the training given to young people and adults;
- by encouraging moderation in the growth of wages and other labour costs;
- by taking steps to ensure that the social protection available to the unemployed does not act as a disincentive to their seeking work.

2. In this context the European Council expressed concern about the existing burden on businesses in terms of direct cost and management time of conforming to national and Community regulation, especially for small and medium-sized enterprises. In order that complementary action might be taken at both national and Community level to reduce the burden, the European Council invited the Commission to consider and report to the next European Council on the burden imposed on businesses by existing Community legislation, and ways to reduce it.

3. The European Council also urged the Commission and the Council to consider proposed Community legislation in the light of its impact on the creation of wealth and productive employment. The impact on business costs, including management time, of new proposals should be identified. The Council should avoid imposing additional burdens on business or increasing rigidities in the labour market except where the expected benefit would clearly outweigh the cost to employment and efficiency - and only after studying alternative measures to the same end.

**Cabinet Office**

21 March 1985

lowers inflation and creates room for manoeuvre.

Prudent budgetary policies in German allowing scope for tax cuts. Hope others will do likewise. Experience suggests expansionary policies not long term solution.

- See no need for Community to have single positions in international financial discussions (IMF etc.)  
Accept their work relevant to trade, but decisions on trade are taken elsewhere, ie in GATT.

5. COMMISSION PAPER ON STRENGTHENING THE TECHNOLOGICAL BASE AND COMPETITIVENESS OF THE COMMUNITY

Arguments

- Stimulating Commission paper. Many important proposals, especially emphasis on:
  - completing internal market;
  - greater links between universities and industry including setting up industrial/academic Centres of Excellence.
- Long argued the need to direct Community activity towards completion of internal market and improving technological and thereby economic base of Community.

Commission paper recognises important role of SME's and greater R & D activity.

- Strategic thrust is right but Commission must concentrate on setting the right climate for new technologies to emerge.

- Not Commission's job to stimulate demand for specific technologies.

- Agree that R & D expenditure should be aimed at strengthening technological base; need to be sure it actually does so.

- Over 3 billion ecu spent on Community R & D since UK joined. Research Council agreed new programme of 1225 mecu in December. Before considering further expansion should have review of past and present spending to show what contribution this has made to improving industrial competitiveness compared with comparable national programmes.

#### Others' Objectives

- Commission, supported by some other Member States, will seek to secure European Council commitments to

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increasing R & D spending to 6% of the Community budget (which is currently less than 3%) and to include telecommunications as a major area of Community of R & D activity.

- Germans, and possibly the French, will share our reservations about a sharp increase in the R & D budget.

Our Response

- Proposal should first be considered by Research Council on basis of suggested review of past and present expenditure. Cannot support idea without evidence of effectiveness.

- Have accepted commitment to gradual increase in proportion of Community budget spent on research and Research Council has adopted new programmes. Should not go beyond at this stage while effectiveness not yet tested and while Community budget tightly constrained.

Telecommunications

- Achieving EC market in telecommunications highly desirable objective.

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- First priority must be to liberalise market by opening up public procurement to competition.

- Increased R & D effort desirable but industry should be encouraged to find funds to finance this. Already evidence of possibilities in recent collaboration by major telecommunications companies.

[If necessary]

- Not persuaded of need for Community contribution.

## 6. ENVIRONMENT

### Arguments

- Commission communication rightly stresses importance of subject and need for action. Major improvements have already been achieved or are in hand.

- In UK rivers are cleaner, urban air healthier. Much due to domestic measures but Community policy also important.

- Successful conclusion of UK initiative on unleaded petrol an important step. So, too, the recent agreement

in principle on vehicle emissions. Negotiations on both have shown importance of balancing need for action on environmental ground with choice of the most cost-effective measures and ensuring compatibility with other Community policies.

- Environmental considerations should be a basic element in economic decision taking, both nationally and in Europe. The environment is receiving greater attention in other areas, industry, energy and - particularly encouraging - agriculture. Community can give lead in this process of integration, and Commission's suggestions are welcomed on this point.

- With increased attention to cross-sectoral problems UK concept of best practicable environmental option offers basis for future Community policy. Not sensible to take action in one area (eg water) if knock-on effect increases pollution elsewhere (eg on land or air).

Their Objectives

Commission: to secure Council endorsement of three guidelines for Community environmental policy:

- (a) integration of environmental protection within other policies;

- (b) the need for coherent action within the Community framework;
- (c) designating 1987 European Year of the Environment.

Germany, along with Denmark and Benelux, likely to endorse uncritically.

France and possibly Italy may support UK in advocating a more balanced presentation.

Our Response

Integration of environment and other policies

- Agree this should be political aim, in Community and capitals.
  
- Good start made by Agriculture Council agreement to UK initiative on conservation measures within CAP, aimed at protecting rural wildlife and preserving the landscape.
  
- Negotiations on vehicle emissions also encouraging in balancing environmental policy and needs of internal market.

- Commission statement that active environmental policy "can help economic growth and job creation". May increase jobs but only marginally without major public expenditure. Over-stringent controls can hinder economic growth and decrease jobs.

Future Actions

- Where need for Community action clearly established agree it should not be piece-meal. Go for best practicable environmental option. Should be realistic in estimating likely effectiveness of proposals.

European Year of the Environment

- Need to avoid this becoming a gimmick but could support if others enthusiastic. Opportunity to evaluate success of first three environmental action programmes. Should not be occasion for ill thought out action.

Air Pollution

- Much action already taken. UK total emission of SO<sub>2</sub> down by 40% since 1970 and 20% since 1980. Draft directive for large combustion plants too expensive (£150m per power station - £2 billion total) and success uncertain. 30% Club commitment in ECE also unacceptable but we aim to reduce SO<sub>2</sub> and NO<sub>x</sub> emissions by 30% by the



end of the 1990s. Community is moving away from arbitrary targets for vehicles emissions. This should offer useful lesson for other air pollution proposals.

#### Marine Pollution

- Existing international agreements adequate. Mediterranean a special case but fully catered for by Barcelona Convention. No need for new EC initiative. Main problem caused by discharges from rivers and estuaries. Half the total pollution of North Sea comes from the Rhine and Meuse. UK will host conference in 1986-87 as follow up to North Sea Conference held at Bremen in November 1984.

#### Dangerous Chemicals

- Community has already taken precautionary action ("Seveso" Directive). Important to use our experience in work with other international bodies, eg UNEP, OECD.

#### Agriculture

- Agree that modern farming can cause damage. UK initiative on conservation step in right direction.

#### Developing Countries

- Essential to work together (and within OECD and UNEP)

to help developing countries. Environmental consequences must be prime consideration in bilateral and multilateral aid.

8. CAP

Arguments

- Should leave Council of Ministers to agree 1985 price fixing on the basis of Commission's proposals and consistent with financial guideline for agriculture.

Their Objectives

- Other Member States may raise the subject in an attempt to encourage the Commission to amend their proposals to make them less stringent.

Our Response

- The Commission have their own responsibilities for ensuring the viability of Community policies. We should do nothing to undermine their resolve.

- Unpicking of Commission proposals would be inconsistent with conclusions of EC Heads of Government on control of EC spending.

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- If any danger of such inconsistency, joint council with Finance Ministers would need to be convened, in accordance with agreed arrangements.

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26 MARCH 1985

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EHG(B) (85)2 Addendum 1

COPY NO

27 March 1985

**1**

EUROPEAN COUNCIL, BRUSSELS

29/30 MARCH 1985

The attached letter from the President of the Council  
should be added to the Steering Brief as Annex B.

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27 MARCH 1985

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Brief 2  
Annex B

TEXT OF THE LETTER FROM THE PRESIDENT OF THE COUNCIL TO THE HEADS OF STATE AND GOVERNMENT OF THE TEN FOR THE EUROPEAN COUNCIL IN BRUSSELS, AND TO THE PRESIDENT OF THE COMMISSION, DATED 26 MARCH 1985

Our proceedings on 29 and 30 March could be a milestone in the direct process of giving substance to the relaunching of the European Community.

In order to attain this objective, the correctness of which we are all convinced and towards which we are therefore all working steadfastly, I feel we must, before the European Council starts, endeavour to identify the points outstanding in the enlargement negotiations to include Spain and Portugal.

Last week our Foreign Ministers and those of the applicant countries made significant progress in bringing our respective positions considerably closer together. The greater part of the distance between us and the conclusion of the enlargement negotiations has thus been covered. I am confident that the special meeting of the General Affairs Council on Thursday will enable solutions to be found to the remaining problems, so that the dates set for the entry of Spain and Portugal to the European Community can be adhered to.

Even if the enlargement chapter is concluded before the European Council - and there is every indication that it will be - a solution for the Integrated Mediterranean Programmes that is acceptable to all sides will still have to be found. I believe that the latest Commission proposals offer a constructive basis for discussion leading to agreement, that I hope will be reached at the meeting of the General Affairs Council. However, if our final approval of the programmes should be required, I think we should deal with the matter at the beginning of our meeting and then, as soon as possible, deal with the subjects of Community development and integration.

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In this context we must pay special attention to the problem of European growth and employment, especially among young people. It would be useful to extend the discussion to factors influencing a balanced recovery. Among those factors I would include the movements of the currency markets.

Similarly, we must take a hard look at new technologies and their manifold implications for development prospects. These are subjects we discussed initially in Dublin and on which the Commission of the European Communities has drawn up proposals. Without wishing to enter into detail, I feel it is important to emphasize both the objective of the single market, to be achieved in stages by 1992, and the need to take a serious look at the competitiveness of our economies.

The effort that other economic partners are making, and I am referring in particular to the United States, should inspire us to reflect upon the inadequacies of present current attempts, not only Community-wide but also in the Member States themselves. The example set on the other side of the Atlantic should spur us on to more appropriate solutions because on the threshold of the year 2000, our continent's technological gap is gradually disappearing and we shall eventually be on a footing with the large industrialised areas.

We must also address ourselves to environmental problems, on which we have agreed there should be a thorough discussion. The documentation that the Commission has prepared on this issue will be particularly useful to us.

In the course of our discussions, we will examine the interim report on the problems of the Citizen's Europe, prepared by the Committee chaired by Mr Adonnino and the final report on institutional problems drawn up by the Committee chaired by Senator Dooge.

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With regard to institutional problems, our discussion must concentrate on the extension of the Community method to sectors not at present covered by the Treaties of Paris and Rome, on the extension of the use of the majority vote in council decisions and on strengthening the powers of the European Parliament.

Possibly all or any of these three points will require further discussion, should that be so, we will have to decide whether to continue using the Dooge Committee, and if so, how. What however seems vital to me is that we must rise above general considerations in our discussion on Friday and Saturday, in order to enable the current Presidency to make adequate preparation for the work of the European Council in Milan on the basis of the guidelines that emerge in Brussels.

The scope and sometimes the urgency of the problems of our time lead us to seek an increasingly visible European presence in the world. I am thinking in particular of the tragedy of the drought in Africa affecting an area in which thirty million people live, and bringing disasters of biblical proportions. I should like, for my part, to refer to the results of the venture we undertook at the European Council in Dublin which was set in train by the Toiseach, Dr Garret Fitzgerald, my predecessor.

As regards current international issues, I think our discussion should concern:

(a) progress in the Geneva talks, which are dealing with problems of particular importance for Europe and, more generally, the prospects opened up in East/West relations with the appointment of the new General Secretary of the Communist Party of the Soviet Union. I feel it would be a good idea for the Ten to reaffirm their intention to step up opportunities for talks with the Eastern bloc countries and to play as active a role as possible in the proceedings of the other major international disarmament bodies.

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(b) the Middle East. In the framework of the principles on which the action of the European Community and the Member States is based, laid down in the Venice Declaration, the present phase of action represented by the agreement between Jordan and the Palestinians, is worthy of special attention. It is in Europe's interest to encourage this development in concrete terms, and it is in keeping with the efforts made over the years to extend the area of consensus and bring peace to this agonised region.

(c) the deterioration in the situation in Lebanon.

(d) the worsening of the Iran/Iraq conflict, which has recently focused the attention of governments and world public opinion on this senseless war.

(e) the situation in South America, characterized by the return to democracy in Argentina, Brazil and Uruguay. However, the continuing state of emergency in Chile and persistent refusal of the Chilean government to negotiate with the political forces on the return of the country to democracy give us all cause for serious concern and are factors that could accentuate existing tensions if a radical change of direction is not effected very soon.

(f) the current scope for developing the dialogue between the Ten, Spain and Portugal and Central America, based on the Contadora draft relating to the pledge we made last September at the meeting in San Jose.

This presentation of topics for discussion in Brussels is simply by way of example. I think the luncheon with which we shall begin our proceedings will provide an opportunity to finalize the details of procedure and decide the order in which we shall take the individual topics. But herewith I would suggest that current international topics should be discussed by the Foreign Affairs

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Ministers, to whom we can properly give the task of preparing the broad lines of the positions which, once we have approved them, will be made public during and after the European Council's proceedings.

Regards,

Bertino Craxi

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EUROPEAN COUNCIL, BRUSSELS

29/30 MARCH 1985

**ENLARGEMENT**

Background Brief by Foreign and Commonwealth Office

References/Annexes: None

1. The specially extended Foreign Affairs Council of 17/20 March made considerable progress in narrowing the ground between the Community and Spain and Portugal on a major package comprising Agriculture, Fisheries and Social Affairs, a tribute to the determination and skills of Andreotti. Agreement foundered principally on French difficulties - a question of political presentation rather than actual substantive problems - on fisheries and wine. A special Foreign Affairs Council will be held on Thursday 28 March to seek to resolve the outstanding issues.

2. The Spaniards are seriously negotiating and have made major concessions, particularly on fisheries.

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Everybody is determined to conclude the negotiations as soon as possible and most are prepared to show some flexibility to achieve this. The Spaniards and most member states believe a determined push on 28 March should bring about agreement.

3. There remains a question mark over French intentions. President Mitterrand has apparently instructed his Ministers to conclude the negotiations by the end of March. On this basis, it seems most likely that the French will fight their corner very hard on 28 March and seek to extract the last few necessary political concessions from the Spaniards (eg on wine) or from other member states (see para 5 below). Given the complexity of the outstanding points, which few would wish to remit to the European Council, it seems most probable that agreement will be finally reached during the course of the night/early hours of 28/29 March. There must, however, remain the possibility that the French will argue that they are being asked to bear all the costs of enlargement and insist on some general discussion at the European Council.

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Outstanding points

4. The following points were left unresolved following the 17/20 March Foreign Affairs Council:

5. Fisheries:

- Duration of Irish Box. 10 years agreed: Irish want progressive phasing out thereafter, Spaniards want immediate access after 10 years. Problem between Ireland and Spain, but Irish will not block agreement on the point. Likely outcome 10 years in context of a an agreed package.
- Number of Spanish vessels on base list. Spaniards want 350, (240 on periodic list). French argue for 250 (and 130 on periodic list) rest of EC can accept 329 (150): problem between France and Spain. French argue that large number of vessels on base list will enable Spaniards to cheat. Spaniards point out (i.e. Gonzalez/Prime Minister) that present fleet in EC waters is 329 vessels reduced from 650 in 1978. vessels. Likely outcome is move in French direction.
- Allocation of the additional 4,500 tonne hake quota between fishing areas VIII (Bay of Biscay) and V-VII (Northern waters). French argued for 500-4,000 tonnes breakdown, we argue for 1,500-3,000. French maintain that they must be able to show to their fishermen that

some Spanish vessels have been transferred from waters adjacent to French fishing grounds to North.

6. Agriculture

- French argue that level set for obligatory distillation of table wines in Spain should be 25 million hectolitres: Spaniards say that reference period chosen was worst drought in Spanish history: Presidency propose 28 million hectolitres: likely outcome will be some satisfaction to French.
- French also have problems on dismantling EC reference price protection against Spain for fruit and vegetables; terms very tough for Spain and French unlikely to allow any alleviation.
- Spaniards continue to reject indefinite derogation for British sherry although they accept 7 years derogation during which term can be phased out. UK and Spanish officials will be looking for solution.

FOREIGN AND COMMONWEALTH OFFICE

25 March 1985

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 EUROPEAN COUNCIL, BRUSSELS  
*C.A.P. 2502 on Tech Products. F.E.O.A.G.A.*  
 29/30 MARCH 1985  
*Must be taken to on birds of from*  
*Structural Funds.*

INTEGRATED MEDITERRANEAN PROGRAMMES

Brief by Foreign and Commonwealth Office

*Can't in addition till these funds still further*  
*to Mediterranean. i. continue that 3*

Reference: A: Commission's proposals for IMPs *funds will*  
 B: March 1984 European Council Conclusions

1. The main features of the Commission's proposals for  
 IMPs are:

*2 per cent - normally*  
*(EU raised in last year)*  
 Greece - £3.2 billion over  
 next five years.

- provision for additional funding of 2 billion  
 ecu over 7 years in a separate budget line;

- additional EIB loans to Mediterranean regions  
 totalling a possible 2.5 becu over 7 years;

- greater concentration of the existing  
 structural funds on Mediterranean regions, though  
 M. Delors had said there will be no distortion in  
 the operation of the Structural Funds.

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- IMPs money would not be divided according to fixed percentages between the three beneficiary states (Italy, Greece and France) but would be called on to supplement existing sources of finance, eg by increasing rates of grant from the regional fund or providing soft credit for EIB loans.
  
- The Commission would be responsible for administering IMPs without detailed control by the Council of Ministers.

2. The Commission have indicated that their new proposal could involve as much as 6.8 becu spending on IMPs although only part of this would be in the form of additional grants. We understand that this total is made up as follows:

becu

- 2.0 new money from latest proposal
- 2.5 new EIB loans
- 0.9 already identified by Commission from within FEOGA Guidance ceiling
- 1.1 envisaged from within Social (50-60 mecu per annum) and Regional Funds (100 mecu per annum)
- 0.36 from FEOGA Guidance in 6th and 7th year.

Position of other Member States

3. The reaction of other Member States to the new proposal, has been as follows:-

(a) Greece has expressed willingness to negotiate on the new proposals but is still aiming to receive the 2.5 becu (38% of 6.6 becu) "promised" for Greece in the original proposal.

(b) Italy is concerned that the new proposal would cut her IMPs benefits disproportionately.

(c) France considers a figure of the order of 2 becu additional funding will be necessary but sympathises with our view that the existing funds should not be tilted to the Mediterranean. The French also agree that the major share of IMPs should go to Greece; and are live to the dangers of Spain and Portugal seeking to qualify.

(d) The Dutch broadly support the proposals and can no longer be considered as an ally on IMPs.

(e) Germany and Denmark have expressed reservations over the scale of the latest proposals and stressed



the need to concentrate IMPs on responding to the Greek Memorandum. Subsidized loans also causes difficulties for the Germans, though they are less exercised about the proposed tilting of the structural funds.

(f) Ireland and Belgium can support the bulk of the commission's proposals but are opposed to any reweighting of the structural funds in favour of Mediterranean.

#### Structural Funds

4. The Commission are suggesting that 2.5 becu for IMPs could be found from within the expected growth of the Structural Funds in real terms. The Commission argue that this is in line with the European Council conclusions that: "the financial resources allocated to aid from the Funds, having regard to the IMPs, will be significantly increased in real terms". We need to clarify the Commission's intentions. If all of the expected increase in real terms under the Regional and Social Fund were devoted to IMPs, the share in the Funds enjoyed by other Member States would diminish (see below). Greece has a rather narrow quota range and can expect to be at the top of it. The problem

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would arise if France and Italy were to move up their quota ranges since this would force everyone else on to their minimum share.

FEOGA Guidance

5. There may be greater scope within FEOGA Guidance. ECOFIN agreed on 11 March on a financial framework for FEOGA Guidance of 5.25 becu, excluding new IMPs money, for the five year period 1985-89. This represents a real terms increase of around 6% compared with the 1980-84 figure of 3.755 becu. The Commission had identified a possible 900 mecu within their original proposal (5.7 becu) that could go towards IMPs, as part of the weighting of the funds towards the Mediterranean. On a pro-rata basis, the Commission are still likely to identify 700-800 mecu for IMPs from within the new figure for FEOGA Guidance. The money would be on two lines: appropriations for specific regional measures and measures for processing and marketing. If all of the 700 or 800 mecu involved were earmarked for the Mediterranean, there would be a loss to the UK of between 100-120 mecu of anticipated receipts. But there could be considerable scope for finding money for Greece within FEOGA Guidance from the 800 mecu identified by the Commission.

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Regional and Social Funds

6. The Commission estimate that the weighting of the Regional and Social Funds in favour of the Mediterranean region could provide a further 1.1 becu spending on IMPs. This would involve 50-60 mecu per year from the Social Fund which would lead to a small cut in UK receipts; and about 100 mecu per year from the Regional Fund through the Commission ensuring that Greece and Italy got substantially more than their minimum quota.

7. The ERDF quota ranges are as follows:

Quota Ranges Agreed in 1984

|              | Minimum      | Maximum       |
|--------------|--------------|---------------|
|              | %            | %             |
| Belgium      | 0.90         | 1.20          |
| Denmark      | 0.51         | 0.67          |
| Germany      | 3.76         | 4.81          |
| Greece       | 12.35        | 15.74         |
| France       | 11.05        | 14.74         |
| Ireland      | 5.64         | 6.83          |
| Italy        | 31.94        | 42.59         |
| Luxembourg   | 0.06         | 0.08          |
| Netherlands  | 1.00         | 1.34          |
| UK           | 21.42        | 28.56         |
| <b>Total</b> | <b>88.63</b> | <b>116.56</b> |

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8. The Fund's 1984 budget was 2240 mecu. The distribution of the 11.37% of the Fund not taken up by Member States' minimum quotas is at the Commission's discretion. We have always recognised that our approach to IMPs - that they should come from the existing structural funds - implied that Greece would be towards the upper end of her quota range.

Expected Greek Receipts from Structural Funds

9. Minimum Greek receipts under the Structural Funds over the next 5 years (1985-89) are expected to be:

|                      |                   |
|----------------------|-------------------|
| ERDF (minimum quota) | 1,555 mecu        |
| ESF (6% take)        | 700 mecu          |
| FEOGA Guidance       | <u>625 mecu</u>   |
|                      | <u>2,875 mecu</u> |

10. If Greece moves to the top of its quota range under the ERDF (probable anyway since the Greek Government have submitted a large number of payments for approval) this would ensure Greece received an extra 80 mecu per annum over next 5 years, ie a total of 400 mecu.

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11. If the Commission went ahead with its proposal (paragraph 5 above) to reweight FEOGA guidance towards the Mediterranean, this could provide around a further 400 mecu for Greece over five years.

Possible level of Community lending

12. Greece and Italy are already major beneficiaries from the Community's lending instruments. Greece is likely to receive 2.0-2.5 becu over the next 5 years. Italy up to 20 becu. The Commission proposal for lending of 2.5 becu for IMPs is in addition to these figures. We could consider further lending of up to 1 becu under a new tranche of the New Community Instrument but we would want most of this to go to Greece. We need to be cautious about putting this forward given our wish to act in concert with the Germans who oppose soft credit terms for Community lending. The Germans could probably accept further NIC lending to Greece but would find it hard to accept that any of the additional money for IMPs should be used to soften NIC credit terms.

Duration

13. The Brussels European Council agreed IMPs should be of "limited duration". Original Commission proposal

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suggested 6 years which we argued was too long. At Dublin we were prepared to agree to 5 years. The latest Commission proposal suggests a duration of 7 years in order to spread the total cost. The danger of agreeing to 7 years is that it makes it more difficult to resist Spanish and Portuguese claims. But we could accept 7 years if this was necessary to clinch final agreement.

EUROPEAN COMMUNITY DEPARTMENT (INTERNAL)

26 March 1985

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Brief 4  
Reference A

INTEGRATED MEDITERRANEAN PROGRAMMES

(Commission Communication to the Council)

COM(85) 06 final

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INTEGRATED MEDITERRANEAN PROGRAMMES

1. At its 1984 meetings, both in Brussels then at Fontainebleau, the European Council stated that it firmly intended to carry out integrated programmes specially designed for Mediterranean regions.

At its plenary sitting on 13 February 1984 the European Parliament repeated how strongly it felt about the importance of these programmes.

Budgetary reasons prevented the European Council's resolution from being given effect at the Dublin meeting, in spite of its being recognized that there was a close link between implementation of the programmes and Community enlargement.

The Commission must therefore re-draft its original proposal as soon as possible, bearing all this in mind.

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2. With a view to reconciling the stringency that the budget situation in all the countries of the Communities imposes and the necessary dynamism that informed the initial proposal, it would be helpful to have a look at the origins of the proposal.

From the time the proposal was first drafted in 1979, the Commission intended to provide here a comprehensive answer to the variety of development problems encountered by the Mediterranean regions.

This meant and still means, taking into account the particular handicaps and advantages of these regions, having regard to the differences in their outlet prospects, demographic situations and economic, social and cultural traditions.

Though the agricultural and rural side of the question certainly has its importance, this is not the only aspect which must be taken into consideration. Building up communications, transport and training infrastructure, developing small and medium-sized industrial or commercial undertakings are also key factors, and they are to receive greater attention.

3. The Fontainebleau European Council session endorsed the method proposed by the Commission, in response to the Mandate of 30 May 1980, for carrying out the programmes: they were to be integrated and implemented through close cooperation between the structural funds.

The experience gained in carrying through Community regional development arrangements, with the results obtained in the Imp pilot projects of 1984 and 1985, make it possible to define more closely what is meant by integration, which will include the following.

(a) The projects to be supported by the Community must form part of regional development programmes which are worked out by the regions themselves and, in the geographical context in question, utilize all the schemes and available resources.

(b) The Community's contribution is to be horizontal in nature. It will draw, at the same time and interrelating them, on all the Community's financial instruments: the three existing structural funds and the Community lending instruments will be used in combination and dovetailed as far as the existing regulations permit.

(c) Lastly, to make the Community's action both flexible and forceful, as it must be, additional budget resources, further to those of the existing Funds, will be made available for the purpose of the Imps. This will make it possible to step up the projects normally covered by the structural funds and to widen their scope, so that they correspond better to each individual region's potential. The extent to which these resources are drawn on will depend on the quality of the programmes, the effort the Member State is prepared to make to support them, the energy of those responsible locally for putting them into operation and the relevance of their aims in relation to Community Imp objectives.

4. The Integrated Mediterranean Programmes are to form a separate Community policy with three objectives: development, adaptation, support.

The context in which the Mediterranean regions are seeking their place in the Community today is not that of rapid urbanization, bent, as was the case in the 60s, on the swift growth of industrial employment.

Now they must play their part in a new economic and social scene, with the complete change it has undergone in modes of production, not only in agriculture but also in industry and the services. As far as they can, with all their own various difficulties, they must seize the opportunities offered by the development of new technologies, the new balance between urban and rural areas and the advent of new ways of life and new services.

Concern for development derives from a concern that the human potential in each region should be realized, more especially, that young people should have access to employment; the will to adapt corresponds to a need to modernize or re-orientate antiquated structures disrupted by enlargement or confrontation with competitors having a solid industrial tradition. Direct employment and income support will however still be necessary, having regard to the limitations of conversion projects in some regions where the population is aging and rural ties especially strong and deep-rooted.

If these objectives are given proper consideration it should be possible for the Community's Integrated Mediterranean Programme policy to meet the development needs of these regions, the temporary difficulties enlargement will cause and the demands of the Greek Memorandum.

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6. The Commission will then request wide-ranging delegated powers from the Council for the management of the Integrated Mediterranean Programmes. To that end it will propose an outline regulation to the Council for adoption.

This regulation will aim at the greatest possible simplicity. Taking advantage of the talks already held between the Commission and Member States concerning the preparation of Imps, its purpose will be to:

- (a) define what is meant by the relevant geographical area;
- (b) lay down criteria for deciding what the size of the Community's contribution should be;
- (c) describe the conditions governing the procurement of resources through the existing instruments, structural funds and loans;
- (d) lay down rules for assessing programmes during the course of their execution, applying a method for accurately determining comparative costs and benefits.

Commitments to recipient member countries by the Community in respect of Imps will take the form of a contract for each programme accepted, drawn up in a form compatible with the budget regulations. The duration of the contracts will allow for the particular characteristics of the region in question. It might be extended to up to 7 years (1985-92), in line with the average length of the transitional phase of enlargement.

Once the Integrated Mediterranean Programmes have been launched, the Commission will send the Council an annual report on their implementation.

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In accordance with the guidelines laid down by the Brussels Council<sup>1</sup>, the Community's contribution to Integrated Mediterranean Programmes will involve participation by the existing structural funds.

In order not to delay the launching of the Programmes, this participation will as far as possible be governed by the regulations currently in force.

- (a) The ERDF will make an increased effort to mobilize resources for the Mediterranean regions, taking advantage of the margin of play afforded by the brackets applied in respect of the shares subject to the quota rule.
- (b) Similarly, in the annual directive which lays down the scope of the EAGGF, Guidance Section, account will be taken of the fact that an additional effort is to be made for the Mediterranean regions in the framework of the Imps.
- (c) Lastly, the recent reform of the European Social Fund, altering the trend of the Fund each year for a period of three years, will make it possible, from 1985, to allow for the emphasis to be placed on action to assist the Mediterranean regions.

8. Re-distribution of sums available under the Budget among the existing Funds would by itself be inadequate to meet minimum Imps needs.

In addition to this re-distribution, a further budgetary effort for the Mediterranean regions in the form of Imps is to be made which could amount to at least 2 thousand million ECU over a period of seven years.

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<sup>1</sup>"... In view of Imp requirements, the resources allocated for Fund operations are to be substantially increased in real terms so far as financing possibilities allow."

The tentative nature of this figure is a reflection of the fact that assistance for programmes presented by Mediterranean regions, to be determined by the Commission, is conditional. On the quality of the programmes, their relevance in relation to development, adaptation and support, will ultimately depend the amount of Community aid.

9. A small part of the budget resources thus made available for Mediterranean regions will serve to subsidize regions' loans from the specialized Community institutions.

Account will be taken of this in the proposals the Commission will be making in the course of 1985 for the renewal of the NCI. The conditions on which the European Investment Bank is generally to be involved in the implementation of Imps will be worked out with the Bank, in accordance with the rules laid down in its Statute.

Such additional loans for Mediterranean regions might amount to some 2.5 m ECU in all over seven years, for infrastructure projects and projects to increase the vitality and innovative capacity of small and medium-sized undertakings.

10. The Commission feels that in this way the Mediterranean regions will receive very substantial encouragement, backing up their own efforts. A highroad will thus open before them which allows for their differences in situation, enables new departures to be made and genuine Community synergy to be achieved.

Lastly, with regard to the management of the structural funds, in line with the approach the Stuttgart European Council wanted to see adopted, what is being proposed makes real coordination a pre-condition for success.

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MARCH 1984 EUROPEAN COUNCIL : CONCLUSIONS ON STRUCTURAL FUNDS

1. The European Council considers that the Structural Funds should become effective Community policy instruments aimed at reducing regional development lags and converting regions in industrial decline; promoting dynamic and competitive agriculture by maintaining and developing effective agricultural structures, in particular in the less-favoured regions; combating unemployment, in particular youth unemployment.

To that end:

- (a) Management of the Funds will be improved having regard to the observations of the Court of Auditors and to the Commission report, in particular by a suitable evaluation of the aid they provide, by concentrating the Funds' activities and the elimination of any duplication, through improved co-operation between the Commission and the Member States.
- (b) An attempt will be made to co-ordinate the activities of the various Funds, for example in the form of integrated programmes.

With this in mind, integrated Mediterranean programmes will be launched in favour of the southern regions of the present Community so as to be operational in 1985. Designed to be of limited-duration, such programmes will have as their aim improvement of the economic structures of those regions to enable them to adjust under the best conditions possible to the new situation created by enlargement. They will also cover problems raised in the Greek Memorandum

- (c) The financial resources allocated to aid from the Funds, having regard to the IMPs, will be significantly increased in real terms within the limits of financing possibilities.

The current discussions initiated on the basis of the Commission's proposals, relating to the revision of the ERDF and the EAGGF Guidance Section, must be concluded before the next meeting of the European Council.

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26 MARCH 1985

EUROPEAN COUNCIL, BRUSSELS

29/30 MARCH 1985

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**BUDGET ISSUES**

Brief by Foreign and Commonwealth Office

References/Annexes

A : UKRep Brussels Telno 1077 to FCO

B : Draft Own Resources Decision 5478/85

1. At the Foreign Affairs Council on 21 March agreement was reached on the text of the new Own Resources Decision, subject to a Greek reserve. Although not explicitly admitted, it is clear that the Greek reserve is an attempt to increase the pressure for a more generous settlement on Integrated Mediterranean Programmes than we, and most other Member States, are prepared to contemplate. They have proposed an amendment which would require a further unanimous decision by the Council before our 1,000 mecu abatement for 1984 could be paid, or new own resources

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more generally become available. It would give Greece a veto over our abatement. This is in contradiction to Fontainebleau and is unacceptable.

2. The agreement reached at the Foreign Affairs Council on 21 March provides for:

- (a) the UK to receive its 1000 mecu as soon as the Own Resources Decision has been ratified;
- (b) new own resources generally to enter into force on 1 January 1986 or on ratification of the Accession Treaty, whichever is the later; and
- (c) a non-reimbursable intergovernmental agreement to cover the 1985 overrun.

3. If the Own Resources Decision is not agreed soon, it would be too late for ratification to be completed this year, and thus too late for our abatement to be received in 1985. We would then need to ensure that our abatement was financed instead through the same intergovernmental agreement as the agricultural overrun rather than through the own resources decision.

4. There may be a move at the European Council to get agreement on the amount of the overrun to be covered by the intergovernmental agreement. We shall resist this

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on the basis:

(a) that the Commission has not justified its figure of 2.1 becu for the overrun; and

(b) that the figure should be set by the Budget Council in the light of detailed examination of the Commission figures and a real search for savings.

FOREIGN AND COMMONWEALTH OFFICE

26 MARCH 1985

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FRAME ECONOMIC  
FM UKREP BRUSSELS 212306Z MAR 85  
TO IMMEDIATE FCC  
TELEGRAM NUMBER 1077 OF 21 MARCH  
INFO ALL E C POSTS (EXCEPT BRUSSELS)  
INFO SAVING BRUSSELS LISBON MADRID.

M I P T : FOREIGN AFFAIRS COUNCIL : 21 MARCH.  
OWN RESOURCES DECISION.

SUMMARY.

1. AGREEMENT ON THE REVISED PRESIDENCY COMPROMISE TEXT (IN MY I F T) SUBJECT TO A GREEK WAITING RESERVE.

DETAIL.

2. ANDREOTTI (PRESIDENCY) INTRODUCED THE REVISED COMPROMISE PACKAGE WHICH WE HAD WORKED OUT BEHIND THE SCENES IN BILATERAL CONSULTATIONS, EMPHASISING THE IMPORTANCE OF REACHING AGREEMENT BEFORE THE EUROPEAN COUNCIL.
3. RUFUS (GERMANY) SAID THAT THE TEXT WAS ACCEPTABLE TO HIS DELEGATION SUBJECT TO THREE POINTS. THE PREAMBLE SHOULD CONTAIN A REFERENCE TO BUDGET DISCIPLINE ; THE AMOUNT TO BE COVERED BY THE IGA SHOULD BE THE MINIMUM NECESSARY AS ESTABLISHED IN THE NORMAL BUDGET PROCEDURE ; AND IF THE WHOLE PACKAGE WERE AGREED TONIGHT, THE GERMANS WOULD DROP THEIR DEMAND FOR RE-IMBURSABILITY.
4. CHRISTOPHERSEN (COMMISSION) SAID THAT HE WOULD RE-LAUNCH THE 1985 BUDGET WITH A RECTIFYING LETTER AS SOON AS THE PRESIDENCY PACKAGE WAS AGREED.
5. I THANKED THE PRESIDENCY FOR THEIR EFFORTS AND SAID THAT I HOPED THE PACKAGE WOULD BE AGREED TONIGHT. WE UNDERSTOOD THAT THE NEW TEXT OF ARTICLE 3.4 WOULD ENABLE THE 1,000 MECU TO BE DEDUCTED IN 1985. IT WOULD BE HELPFUL IF CHRISTOPHERSEN COULD CONFIRM, AND IF THE MINUTES COULD RECORD, THAT THE PROCEDURE TO BE ADOPTED FOR INCORPORATING THE 1,000 MECU IN THE BUDGET WOULD BE THAT SET OUT IN THE LEGAL SERVICES PAPER NUMBER 5479/85. CHRISTOPHERSEN ANSWERED THAT THE DETAIL WOULD HAVE TO BE LOOKED AT BUT THAT IN PRINCIPLE THE PROCEDURE I HAD OUTLINED COULD BE ADOPTED. IN VIEW OF THIS UNSATISFACTORY ASSURANCE, I TOLD STRASSER (COMMISSION SERVICES) THAT THE PROCEDURE WOULD HAVE TO BE AGREED IN COREPER BEFORE THE ORD WAS ADOPTED. STRASSER INDICATED AGREEMENT.
6. TYGESEN (DENMARK) SAID THAT HE WOULD DROP HIS PROPOSED AMENDMENT TO ARTICLE 3.4 PROVIDED WE WOULD CONFIRM THAT WE WOULD NOT MAKE PAYMENT OF OUR SHARE OF THE IGA CONDITIONAL ON PRIOR RATIFICATION OF THE ORD. I REPLIED THAT ON THE ASSUMPTION THAT THE

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/ 1,000 MECU

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1,000 MECU WAS ASSURED BY THE PRESENT TEXT, WE DID NOT INTEND TO WRITE INTO THE 1985 IGA ANY CONDITIONS OF THE KIND WE HAD PUT IN THE 1984 IGA.

7. AT THIS POINT, PANAGALOS (GREECE) WHO CLAIMED TO BE ANNOYED AT NOT BEING CONSULTED BILATERALLY ABOUT THE COMPROMISE PROPOSAL, THREW IN A WRECKING AMENDMENT WHICH WOULD HAVE HAD THE EFFECT OF MAKING PAYMENT OF THE 1,000 MECU DEPENDENT OF A FURTHER DECISION OF THE COUNCIL. GENSCHER (GERMANY) SAID THAT HIS AGREEMENT TO THE PACKAGE DEPENDED ON THE EXISTING WORDING. CHRISTOPHERSEN SAID THAT IF THE PROPOSAL WAS NOT ADOPTED TONIGHT HE COULD NOT PROPOSE THE NEW 1985 BUDGET. UNDER PRESSURE FROM THE PRESIDENCY AND AT MY SUGGESTION PANGALOS AGREED TO CONVERT HIS AMENDMENT INTO A WAITING RESERVE ON THE EXISTING TEXT WHICH HE HOPED TO LIFT BY NOON TOMORROW.

8. TINDEMANS (BELGIUM) SAID THAT HE WAS UNHAPPY AT LINKING THE NEW OWN RESOURCES WITH ENLARGEMENT BUT WOULD NOT OPPOSE THE PACKAGE IF ALL AGREED. AT THIS POINT DELORS BROKE IN WITH A DEMAND THAT THE PRESS SHOULD BE BRIEFED ABOUT IMPS AND THE DISCUSSION ENDED WITHOUT ANY SUMMING-UP BY THE PRESIDENCY.

9. NO DISCUSSION OF MINUTES ENTRIES IN PRESIDENCY COMPROMISE TEXT.

FCO ADVANCE TO:

FCO - RENWICK WALL BLOOMFIELD  
CAS - WILLIAMSON JAY  
TSY - UNWIN FITCHEW MORTIMER PS/ECON SEC

FCO PASS SAVING TO LISBON AND MADRID.

BUTLER

(ADVANCED AS REQUESTED)  
(REPEATED AS REQUESTED)

FRAME ECONOMIC  
ECD(I)

COPIES TO:  
ADVANCE ADDRESSEES

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*Brief 5*

RESPR 10  
FIN 129

NOTE from PRESIDENCY

to: FOREIGN AFFAIRS COUNCIL meeting from 17 to 20 March 1985

Subject: Own resources

Delegations will find attached the elements of the overall compromise drawn up by the Presidency:

- draft Decision on new own resources (Annex I);
- draft intergovernmental Agreement (Annex II);
- the general statements, conclusions on the implementing arrangements and specific statements for entry in the Council's draft minutes (Annex III).

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RESPR 10  
FIN 129  
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Draft Council Decision  
on the Communities' system of own resources

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 201 thereof,

Having regard to the Treaty establishing the European Atomic Energy Community, and in particular Article 173 thereof,

Having regard to the proposal from the Commission <sup>(1)</sup>,

Having regard to the Opinion of the European Parliament <sup>(2)</sup>,

Having regard to the Opinion of the Economic and Social Committee <sup>(3)</sup>,

Whereas the Council Decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources <sup>(4)</sup>, hereinafter referred to as "the Decision of 21 April 1970", introduced a Community system of own resources;

Whereas in order to extend the own resources system while retaining the existing sources of revenue introduced by the Decision of 21 April 1970, the 1% limit to the rate applied to the uniform basis for assessing value added tax should be increased;

- 
- (1) OJ No C 193, 21. 7.1984, p. 5  
(2) OJ No C 315, 26.11.1984, p. 60  
(3) OJ No C 307, 19.11.1984, p. 24  
(4) OJ No L 94, 28.04.1970, p. 19

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Whereas the European Council on 25 and 26 June 1984 in Fontainebleau reached certain conclusions;

Whereas, according to those conclusions, the maximum rate of mobilization of VAT will be 1,4% on 1 January 1986; this maximum rate applies to every Member State and will enter into force as soon as the ratification procedures are completed and by 1 January 1986 at the latest; the maximum rate may be increased to 1,6% on 1 January 1988 by unanimous decision of the Council and after agreement has been given in accordance with national procedures;

Whereas in those same conclusions the European Council considered that expenditure policy is ultimately the essential means of resolving the question of budgetary imbalances;

Whereas, however, the European Council decided that any Member State bearing an excessive budgetary burden in relation to its relative prosperity may benefit at the appropriate time from a correction;

Whereas such a correction must now be applied to the United Kingdom,

HAS LAID DOWN THESE PROVISIONS, WHICH IT RECOMMENDS TO THE MEMBER STATES FOR ADOPTION:

Article 1

The Communities shall be allocated resources of their own in accordance with the following Articles in order to ensure that their budget is in balance.

The budget of the Communities shall, irrespective of other revenue, be financed entirely from the Communities' own resources.

Article 2

Revenue from:

- (a) levies, premiums, additional or compensatory amounts, additional amounts or factors and other duties established or to be established by the institutions of the Communities in respect of trade with non-member countries within the framework of the common agricultural policy, and also contributions and other duties provided for within the framework of the common organization of the markets in sugar;
- (b) Common Customs Tariff duties and other duties established or to be established by the institutions of the Communities in respect of trade with non-member countries,

shall constitute own resources to be entered in the budget of the Communities.

In addition, revenue accruing from other charges introduced within the framework of a common policy in accordance with the provisions of the Treaty establishing the European Economic Community or the Treaty establishing the European Atomic Energy Community shall constitute own resources to be entered in the budget of the Communities, subject to the procedure laid down in Article 201 of the Treaty establishing the European Economic Community or in Article 173 of the Treaty establishing the European Atomic Energy Community having been followed.

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Article 3

1. Own resources shall also include revenue accruing, in accordance with the provisions of this Article, from the application of rates to the assessment basis for value added tax which is determined in a uniform manner for Member States according to Community rules.

2. None of those rates shall exceed 1,4%. The rates shall be fixed, taking into account all other revenue, within the framework of the budgetary procedure.

3. The rates shall be calculated as follows:

(a) a uniform rate shall be determined in relation to the assessment basis referred to in paragraph 1 above;

(b) as regards the rate to be applied to the United Kingdom:

- from the amount payable under the uniform rate a deduction shall be made by:

(i) calculating the difference, in the preceding budgetary year, between the percentage share of the United Kingdom in the value added tax which would have been paid in that year, including adjustments in respect of previous years, had the uniform rate been applied, and the percentage share of the United Kingdom in total allocated expenditure;

(ii) applying the difference thus obtained to total allocated expenditure;

(iii) multiplying the result by 0,66.

The reduced amount shall be divided by the assessment basis of the United Kingdom;

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- 6 -

(c) as regards the rates to be applied to the other Member States:

- a sum equivalent to the deduction referred to in paragraph 3(b) above shall be borne by them. The allocation of this sum shall first be calculated according to their shares in value added tax payments payable under the uniform rate, the United Kingdom being excluded; and shall secondly be adjusted so as to limit the participation of the Federal Republic of Germany to two-thirds of the share produced by that calculation.

The rates to be applied to these Member States shall be obtained by dividing the total obtained by adding together the amounts payable under the uniform rate and their shares in the additional sum by the assessment basis of each Member State;

(d) where paragraph 7 below applies, financial contributions shall be substituted for payments of value added tax in the calculations referred to above for any Member State concerned.

4. On the entry into force of <sup>THE PRESENT PARAGRAPH</sup> ~~this Decision~~, and by way of derogation from the Decision of 21 April 1970, a lump-sum deduction of 1 000 million ECU shall be made from the amount of value added tax payable by the United Kingdom. A sum equivalent to the deduction shall be borne by the other Member States, being allocated in accordance with paragraph 3(c) above.

THE OPERATIONS REFERRED TO IN THE PRECEDING SUB-PARAGRAPH CONSTITUTE MODIFICATIONS TO OWN RESOURCES ACCRUING FROM VAT IN RESPECT OF THE FINANCIAL YEAR 1985. IF NECESSARY, THE CORRESPONDING AMOUNTS SHALL BE ENTERED IN THE ACCOUNTS FOR THE FINANCIAL YEAR 1985 BY THE COMMISSION.

5. The Commission shall carry out the calculation necessary for the application of paragraphs 3 and 4 above.
6. If at the beginning of the financial year the budget has not been adopted, the rates of value added tax previously fixed shall remain applicable until the entry into force of new rates.
7. By way of derogation from paragraph 1 above, if on 1 October 1985 the rules determining the uniform basis for assessing value added tax have not yet been applied in all Member States, the financial contribution to the budget of the Communities to be made by a Member State not yet applying this uniform basis shall be determined according to the proportion of its gross national product to the sum total of the gross national products of the Member States. The balance of the budget shall be covered by revenue accruing from value added tax in accordance with paragraph 1 above, collected by the other Member States. This derogation shall cease to have effect as soon as the rules for determining the uniform basis for assessing value added tax are applied in all Member States.
8. For the purpose of paragraph 7, "gross national product" means gross national product at market prices.

Article 4

1. The revenue referred to in Articles 2 and 3 shall be used without distinction to finance all expenditure entered in the budget of the Communities.

2. Financing from the Communities' own resources of the expenditure connected with research programmes of the European Atomic Energy Community shall not exclude entry in the budget of the Communities of expenditure relating to supplementary programmes or the financing of such expenditure by means of financial contributions from Member States determined according to a special scale fixed pursuant to a decision of the Council acting unanimously.

Article 5

The Communities shall refund to each Member State 10% of the amounts paid in accordance with the first paragraph of Article 2 in order to cover expense incurred in collection.

Article 6

Any surplus of the Communities' own resources over and above the actual expenditure during a financial year shall be carried over to the following financial year.

Article 7

1. The Community resources referred to in Articles 2 and 3 shall be collected by the Member States in accordance with national provisions imposed by law, regulation or administrative action, which shall, where necessary, be amended for that purpose. Member States shall make these resources available to the Commission.

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2. Without prejudice to the auditing of accounts provided for in Article 206a of the Treaty establishing the European Economic Community, or to the inspection arrangements made pursuant to Article 209(c) of that Treaty, the Council shall, acting unanimously on a proposal from the Commission and after consulting the European Parliament, adopt provisions relating to the supervision of collection, the making available to the Commission, and the payment of the revenue referred to in Articles 2 and 3.

Article 8

Member States shall be notified of this Decision by the Secretary-General of the Council of the European Communities; it shall be published in the Official Journal of the European Communities.

Member States shall notify the Secretary-General of the Council of the European Communities without delay of the completion of the procedures for the adoption of this Decision in accordance with their respective constitutional requirements.

THIS DECISION SHALL ENTER INTO FORCE:

- AS REGARDS THE PROVISIONS OF ARTICLE 3(4), ON THE SECOND DAY AFTER RECEIPT OF THE LAST OF THE NOTIFICATIONS REFERRED TO IN THE SECOND PARAGRAPH:

- AS REGARDS ITS OTHER PROVISIONS, ON THE SECOND DAY AFTER RECEIPT OF THE LAST OF THOSE NOTIFICATIONS OR AFTER THE DEPOSIT OF THE LAST OF THE INSTRUMENTS OF RATIFICATION OF THE ACCESSION TREATY BY THE PRESENT MEMBER STATES OF THE COMMUNITIES, WHICHEVER OCCURS LATER, UNLESS THE COUNCIL ACTING UNANIMOUSLY DECIDES OTHERWISE.

WITHOUT PREJUDICE TO ARTICLE 3(4), IT SHALL ENTER INTO EFFECT ON 1 JANUARY 1986 AND THE DECISION OF 21 APRIL 1970 SHALL BE REPEALED ON THE SAME DATE. TO THE EXTENT NECESSARY, ANY REFERENCE TO THE DECISION OF 21 APRIL 1970 SHALL BE UNDERSTOOD AS REFERRING TO THE PRESENT DECISION.

/ 3.

Draft intergovernmental Agreement

1. The Representatives of the Governments of the Member States, meeting within the Council, undertake to pay the following amount to the Community to finance the 1985 budget:

2. This amount is allocated as follows among the Member States:

|       | %   |
|-------|---|
| B     |   |
| DK    |   |
| D     |   |
| GR    |   |
| F     | / VAT scale in the 1985<br>draft budget_7 |
| IRL   |   |
| I     |   |
| L     |   |
| NL    |   |
| UK    |   |
| Total | 100%                                      |

3. The amounts paid by each Member State constitute non-refundable advances.



1. General statements

The Governments of the Member States confirm their determination to pursue the accession negotiations actively so that applicant countries can become members of the Community on 1 January 1986.

In this connection, the X and Y delegations state that they will deposit the instruments of ratification of the Accession Treaty and effect the notifications provided for in the second paragraph of Article 8 of the Decision on own resources simultaneously.

2. Conclusions of the Council on the implementing arrangements

The Council approves the methods for calculating the correction of budgetary imbalances as contained in 5046/85.

3. Specific statements

(a) Re Article 1

The Council agrees that revenue from Community loans <sup>on the capital markets</sup> is not part of "other revenue" within the meaning of Article 1 of this Decision.

3. CONCLUSIONS OF THE COUNCIL ON THE IMPLEMENTING ARRANGEMENTS.  
(ANNEX III, POINT 2 OF DOC. 5478/85).

THE COUNCIL APPROVES THE METHODS FOR CALCULATING THE CORRECTION OF BUDGETARY IMBALANCES AS CONTAINED IN 5046/85, (FOLLOWING UNDERLINED) IT BEING UNDERSTOOD THAT THE EXPENDITURE REFERRED TO IN CHAPTER 42 (FISHERIES AGREEMENTS WITH THIRD COUNTRIES) IS EXCLUDED FROM THE ALLOCATED EXPENDITURE.

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(b) Re Article 3(3), (4) and (5)

The Belgian and Luxembourg delegations reiterated their opposition to the arrangements adopted by the Commission for taking into account and allocating administrative expenditure. However, they stated that they were prepared not to prevent their utilization exclusively for the purposes of this Decision. These delegations requested that when, in accordance with the conclusions of the European Council in Fontainebleau, the Council reviewed the question as a whole "ex novo", it would also re-examine the arrangements to be adopted for taking into account and allocating administrative expenditure, bearing in mind that such expenditure, which is of a special nature, is not incurred in the economic interest of the Member States concerned.

The Commission took note of the statement by the Belgian and Luxembourg delegations and will take it into consideration in the context of the preparation of the report which it has to submit in accordance with the Fontainebleau conclusions (point I.4. of the conclusions).

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COPY NO 1

25 March 1985

EUROPEAN COUNCIL, BRUSSELS

29/30 MARCH 1985

DEVELOPMENT OF THE COMMUNITY/DOOGE

COMMITTEE/PEOPLE'S EUROPE COMMITTEE

Brief by Foreign and Commonwealth Office

BACKGROUND TO STEERING BRIEF

References/Annexes

A : Final Report of Dooge Committee

B : First Report of People's Europe Committee

DOOGE COMMITTEE

Further Work for Committee

1. The Italians (and possibly others) may attempt to keep the Committee in being by making it responsible for further work (eg preparing for a conference). But given that four of the representatives of the Committee have little or no connection with their governments this would be a recipe for confusion. The Dooge Report should now be a matter for inter-governmental

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consultations and the Dooge Committee should be wound up.

2. From a UK point of view main features of report are:

(a) Emphasis on need to create genuine internal market by end of decade;

(b) Retention of all the positive elements in the interim text on political cooperation (including establishment of PoCo Secretariat) and defence;

(c) Endorsement of UK suggestion of a smaller, more effective Commission and a strategic role for European Council;

(d) Reduction of UK reservations from the 5 in the interim report to 3, in contrast with a proliferation of reserves from others.

3. The following are the main issues in the report which are of importance to us, which have caused particular difficulty in negotiation or which other Member States may raise.

"Priority Objectives" (page 4-20)

4. Makes clear that completion of the existing Treaty and the creation of a real internal market "by the end of the decade on the basis of a precise timetable" is a priority (p4). Calls for genuine common market in financial services including insurance (reservation by the Greeks) (p5), increased competitiveness of the European economy (p6) by the removal of all measures distorting competition and through strict control of national state aids (Greek reservation). Economic convergence (p7) listed as another priority (Greek and German reserve for different reasons). Greeks will be arguing that convergence means transfer of money from the rest to Greece. The Germans maintain that convergence should be of economic policies aimed at certain objectives.

5. The call for the creation of a technological Community (p8) also drew a Greek reserve in essence calling for special protection for Greece.

6. On the strengthening of the European Monetary System (p10) Ruhfus initially took a radical line in the Committee but could not carry his Finance Ministry

or Central Bank with him (hence his reservation). From the UK point of view, the text is acceptable in that it does not commit us without conditions to joining ERM. The gradual creation of a "social area" (p14) and "a judicial area" (p15) is to some extent a statement of what is already happening in the Community. Same goes for culture (p16).

8. The passage on "external identity" (p17) reflects UK view on need to strengthen political cooperation. UK, France and Germany presented united front against considerable opposition on passage on security and defence (p20) which makes a good case for the Western Alliance (Irish and Greek reserves).

Institutions (pages 23-32)

9. The passage on majority voting is one of the two where we joined the Danes and Greeks in putting forward an option (p26). The majority text (p25) on voting (drafted by Faure) implies Treaty amendment. It does not mention invocation of a very important national interest and is unlikely to be espoused by French Government. The positions of Member States are not as far apart on this issue as the differences in the Dooge

report imply. In practice, all Member States - even those not prepared to accept wording on the Luxembourg Compromise - accept the underlying principle that no Member State should be voted down on a very important national interest.

10. Our proposal that there should be one Commissioner per Member State (p28) is included (German reserve). Faure tried for a Commission of 9 after enlargement. An unacceptable feature is that the President-Designate of the Commission should be able to propose his own team (UK reserve).

11. On the European Parliament (p30), Mr Rifkind reserved his position on the whole section. It is doubtful whether France and Germany will subscribe to the view of their representatives on the Committee that the Parliament should have "joint decision making with the Council" and be given "responsibility in decisions on revenue as the coping stone of the establishment of a new basic institutional balance" (page 31).

Inter-Governmental Conference (p33)

12. UK, Danish and Greek reserve. The Germans,

Italians and Luxembourgers are likely to push for a conference. Reserve reads as follows:

Mr Papantoniou and Mr Rifkind consider that the recommendations in this report should be the subject of consultations between the Governments before the June European Council, so that decisions can be taken by the Heads of Government at that meeting.

Mr Moller shared their view, but pointed out that according to the Committee's terms of reference it was not its task to put forward recommendations on the conclusions which the European Council might draw from the report.

PEOPLE'S EUROPE COMMITTEE

13. The Committee's first report covers the following areas:

Free Movement of Community Citizens

Recommends that all Member States should take further action to facilitate free movement, but helpfully recognises that seaports and airports are different from common land frontiers.



Specifically, the European Council should agree that:

- (i) Member States should introduce "green" sticker system for cars at road frontiers; examine possibility of combined land frontier control posts; introduce streamlined procedures at seaports and airports;
- (ii) work be put in hand on implications of common policy on entry, circulation and expulsion of foreigners, visa policy, expanded international cooperation on frontier controls etc;
- (iii) Community institutions and Member States should give special attention to tourism issues affecting Community citizens.

Free Movement of Goods

Stresses importance of real common market for goods and services including transport. Makes specific recommendations on measures to ease movement of travellers' goods and related issues.

Border Area Traffic

Stresses need to give special attention to free movement issues in border areas.

Wider Opportunities for Employment and Residence

Recommends removal of taxation problems which impede freedom of movement; mutual recognition of diplomas and other examinations without prior harmonisation; greater transparency of evidence of professional qualifications, including European vocational training pass for craftsmen and skilled workers; agreement on general right of residence for all citizens of the Community (provided that they do not become a financial burden on Member States other than their own).

14. These recommendations touch on a number of areas of sensitivity for the United Kingdom but can be broadly endorsed in the form proposed.

FOREIGN AND COMMONWEALTH OFFICE

25 MARCH 1985

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AD HOC COMMITTEE  
FOR INSTITUTIONAL AFFAIRS

R E P O R T

TO

THE EUROPEAN COUNCIL

Brussels, 29 - 30 March 1985

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Preface <sup>(1)</sup><sup>(2)</sup>

After the Second World War Europe made a very promising start by setting up, firstly with the European Coal and Steel Community (ECSC) and then with the European Economic Community (EEC), an unprecedented construction which could not be compared with any existing legal entity. The Community - based on the principles of pluralist democracy and the respect for human rights which constitute essential elements for membership and one of the constant objectives of its activities throughout the world - answered to the complex and deeply felt needs of all our citizens.

Although the Community had decided to complete this construction as from the Summit in the Hague in 1969 and Paris in 1972, it is now in a state of crisis and suffers from serious deficiencies.

In addition, however, the Member States have become caught up in differences which have obscured the considerable economic and financial advantages which would be obtained from the realization of the Common Market and from Economic and Monetary Union.

Furthermore, after ten years of crisis, Europe, unlike Japan and the United States, has not achieved a growth rate sufficient to reduce the disturbing figure of almost 14 million unemployed.

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<sup>(1)</sup> See Mr MØLLER's comments in Annex A.

<sup>(2)</sup> See Mr PAPANTONIOU's comments in Annex B.

In this state of affairs Europe is faced with ever more important challenges both in the field of increasing industrial and technological competition from outside and in the struggle to maintain the position of political independence which historically it has held in the world.

Faced with these challenges, Europe must recover faith in itself and launch itself on a new common venture - the establishment of a political entity based on clearly defined priority objectives coupled with the means of achieving them.

The Community has not lost sight of the fact that it represents only a part of Europe. Resolved to advance together, the Member States remain aware of the civilization which they share with the other countries of the continent, in the firm belief that any progress in building the Community is in keeping with the interests of Europe as a whole.

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The Committee has placed itself firmly on the political level, and without purporting to draft a new Treaty in legal form, proposes to set out the objectives, policies and institutional reforms which are necessary to restore to Europe the vigour and ambition of its inception. <sup>(1)</sup>

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<sup>(1)</sup> Mr MØLLER felt that the difficulties facing the construction of Europe resulted from a failure to implement the existing Treaties fully and could be remedied by the strict application of the Treaties. He considered that the achievement of European Union, as already foreseen in existing statements, was the objective.

I

A genuine political entity <sup>(1)</sup><sup>(2)</sup>

It is not enough to draw up a simple catalogue of measures to be taken - even if they are precise and concrete - since such exercises have often been attempted in the past without achieving results. We must now make a qualitative leap and present the various proposals in a global manner, thus demonstrating the common political will of the Member States. At the end of the day that will must be expressed by the formulation of a genuine political entity <sup>(1)</sup> among European States: i.e. a European Union

- with the power to take decisions in the name of all citizens, by a democratic process according to their common interest in political and social development, economic progress and security <sup>(3)</sup>, and according to procedures which could vary depending on whether the framework is that of intergovernmental co-operation, the Community Treaties, or new instruments yet to be agreed;
- in keeping with the personality of each of the constituent States.

---

<sup>(1)</sup> Reservation entered by Mr PAPANTONIOU who suggested replacing "a genuine political entity" by "a genuine economic and political entity".

<sup>(2)</sup> Mr MØLLER considered that the expression "a genuine political entity" should be replaced by the expression "European Union".

<sup>(3)</sup> Mr MØLLER considered that the point security should be limited to the political and economic aspects of security.

II

Priority objectives

A. A homogeneous internal economic area

The aim is to create a homogeneous internal economic area, by bringing about the fully integrated internal market envisaged in the Treaty of Rome as an essential step towards the objective of economic and monetary union called for since 1972, thus allowing Europeans to benefit from the dynamic effects of a single market with immense purchasing power. This would mean more jobs, more prosperity and faster growth and would thus make the Community a reality for its citizens.

(a) Through the completion of the Treaty

1. by creating a genuine internal market by the end of the decade on the basis of a precise timetable.

This involves:

- the effective free movement of European citizens (\*);
- a favourable climate for investment and innovation through stable and coherent economic, financial and monetary policies in the Member States and the Community;

(\* ) dealt with by the Committee for a Peoples' Europe.



- pending the adoption of European standards, the immediate mutual recognition of national standards by establishing the simple principle that all goods lawfully produced and marketed in a Member State must be able to circulate without hindrance throughout the Community;
- more rapid and co-ordinated customs procedures, including the introduction as planned of a single administrative document by 1987;
- the early introduction of a common transport policy;
- the creation at an early date of a genuine common market in financial services, including insurance; <sup>(1)</sup>
- the opening up of access to public contracts; <sup>(1)</sup>
- the creation of conditions which will favour co-operation between European undertakings and in particular the elimination of taxation differences that impede the achievement of the Community's objectives;
- the strengthening of European financial integration, inter alia through the free movement of capital and the creation of a European financial market, hand in hand with the strengthening of the European monetary system. <sup>(1)</sup>

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<sup>(1)</sup> Reservation entered by Mr PAPANTONIOU who considered that the introduction of these policies should take account of the particular situation of national economies.

2. through the increased competitiveness of the European economy. <sup>(1)</sup>

European economic life must be made fully competitive through a return to the fundamental principle embodied in the Treaties of promoting efficient producers, involving in particular:

- the removal of all measures distorting competition in the Common Market, notably through an application of national and Community competition rules, adapted to the new industrial situation, and through strict control of national State aids in compliance with the rules of the Treaties; <sup>(2)</sup>
- introduction of the necessary transparency in nationalized industries in order to safeguard the principles laid down in the Treaties.

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<sup>(1)</sup> In addition Mr MØLLER stressed that all the measures in the agricultural area which have in recent years been introduced with the intention of renationalizing the common agricultural policy should be dismantled.

<sup>(2)</sup> Reservation entered by Mr PAPANTONIOU who considered that the application of competition rules of the Treaties should take account of the particular situation of the less developed economies.

3. through the promotion of economic convergence <sup>(1)</sup><sup>(2)</sup>

- the promotion of solidarity amongst the Member States aimed at reducing structural imbalances which prevent the convergence of living standards, through the strengthening of specific Community instruments and a judicious definition of Community policies;
- the effective pursuit of integration and the strengthening of Community institutions that underlies it, require positive action to counter the tendencies to inequality and promote the convergence of living standards. <sup>(3)</sup>

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<sup>(1)</sup> Reservation by Mr PAPANTONIOU who argued that the text should stress more explicitly the need to reinforce the policies aiming at economic convergence, and should give a more comprehensive definition of their scope.

<sup>(2)</sup> Mr RUHFUS entered a reservation. He argues that economic convergence by its very nature is a convergence of economic policies aiming at the objectives set out in Article 104 of the Treaty establishing the European Economic Community. It will thus help to improve living conditions in the individual Member States. On this basis, positive action is required to counter tendencies to inequality and to reduce structural imbalances in the Community.

Mr VAN EEKELEN concurs with the argument of Mr RUHFUS.

<sup>(3)</sup> Reservation by Mr HERMAN who wishes to see the text of the second paragraph replaced by a call for greater coherence between the economic policies of the Member States which is a better guarantee of a reduction in the differences in living standards.

(b) Through the creation of a technological community

The growth capacity of Europe, backed up by this genuine internal market, will have to be based, inter alia, on wholehearted participation in technological innovation, and must result in the creation of a technological community through, among other things, the introduction of faster decision-making procedures. This process must enable European industry to become a powerful competitor internationally in the field of production and application of the advanced technologies.

This means in particular

- that industrial enterprises in the Community must have at their disposal common European standards and suitable procedures for advanced technology products;
- that international co-operation during the development phase must be strengthened;
- that public and semi-public contract procedures in the Community, concerning inter alia, the supply and use of electronic and communications equipment, must be liberalized; <sup>(1)</sup>
- that the exchange of services connected to the use of advanced technology must be liberalized; <sup>(1)</sup>
- that a successful techno-industrial development in the technological community depends upon and must increasingly allow for wider scope for individual creativity and performance;

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<sup>(1)</sup> Reservation entered by Mr PAPANTONIOU who considered that the introduction of these policies should take account of the particular situation of national economies.

and, in addition the following specific activities:

- the development of vocational education and training;
- the encouragement of universities and research institutes to orient their activities more towards the commercial sector and to ensure the transfer of the results of their work;
- the co-ordination of research and development at national and Community level;
- the promotion and support of greater industrial co-operation between European companies including the launching of transnational projects in key sectors;
- the furthering of undistorted international exchange of technology and advanced technological products through an active common commercial policy in conformity with GATT obligations.

(c) by the strengthening of the European Monetary System (EMS)

The European Monetary System, which was created and set up pending restoration of the conditions for the gradual achievement of Economic and Monetary Union, is one of the achievements of the Community during the last decade. It has enabled the unity of the Common Market to be preserved, reasonable exchange rates to be maintained and the foundations for the Community's monetary identity to be laid.

The time has come however, to forge ahead towards monetary integration through

- the closer co-ordination of economic, budgetary and monetary policies with the aim of true convergence of economic performance;
- the liberalization of capital movements and the removal of exchange controls; <sup>(1)</sup>
- the strengthening of the European monetary and financial market to make it attractive and capable of supporting the growth and investment effort;
- the participation of all the Member States both in the EMS and in the exchange rate mechanism, provided that the necessary economic and monetary conditions are met;

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<sup>(1)</sup> Reservation entered by Mr PAPANTONIOU who considered that the introduction of these policies should take account of the particular situation of national economies.

- the increased but non-inflationary use of the ECU in transactions between Central Banks whether they are members of the system or not;
- the elimination consistent with monetary stability of obstacles to the use of the ECU in private transactions;
- the promotion of the ECU as an international reserve currency; the co-ordination of exchange policies with regard to third currencies and in particular the dollar and the strengthening of the role of the European Monetary Co-operation Fund (EMCF) by stages depending on the progress made in the use of the ECU. <sup>(1)</sup>

Through these measures as a whole it will be possible for the EMS to progress towards the second institutional phase envisaged in the decision of the European Council in Bremen in 1978.

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<sup>(1)</sup> Reservation entered by Mr RUHFUS. He emphasized that, for the ECU to become an international reserve currency, some major requisites are still lacking at present. A strengthening of the role of the EMCF is primarily dependent on further progress in the convergence of economic policies and on its consolidation through institutional development.

- (d) through mobilization of the necessary resources <sup>(1)</sup>

Intensifying the efforts already undertaken, framing new policies and delegating new tasks to the Community will often, but not always, entail additional expenditure which will necessitate transfers of resources. Such resources should be made available in the context of a clearly identifiable Community financing system firmly based on the own resource principle. This system, that would come under review at reasonable intervals, should endow the Community with a stable revenue base for a sufficiently long period.

Actual transfers of resources will only be feasible if they are subject to strict budgetary control and if in most cases this is reflected in savings in the Member States.

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<sup>(1)</sup> Mr MØLLER considered that the increase in the VAT ceiling agreed by the European Council at Fontainebleau would scarcely be sufficient for the promotion of new policies.

The size of additional resources must be determined by the need to continue existing common policies and to develop new ones, in particular with regard to research and technology.



B. Promotion of the common values of civilization

The contemplated European Union will not rest on an economic community alone. The logic of integration has already led Member States to co-operate in fields other than economic ones and will continue to lead them still further along that path. The accentuation of this essential process will give a European dimension to all aspects of collective life in our countries.

To that end a number of measures must be undertaken, whenever possible in close co-operation with European countries which are not members of the Community and with the Council of Europe, which makes a valuable contribution especially with regard to the promotion of human rights and the common cultural identity.

These measures are:

1. Measures to protect the environment

Pollution, in most of its forms does not recognize frontiers and poses an increasing danger to the environment and the health of people both within the Community and outside. High priority must be given to the protection of the environment and the improvement of working conditions and safety at work.

## 2. Gradual achievement of a European Social Area

An integrated internal economic area must be based not only on industrial, economic and monetary policies, but also on social policy. In this field, the Union will have to remain true to the objectives which the Community set itself from its inception and will have to have the necessary powers and means to act whenever social policy measures are required at European level.

Progressive introduction of a European social area, as the logical follow-on from an economically integrated, dynamic and competitive Community with the will to achieve full and better employment entails:

- definition of frameworks for action, particularly in the basic fields listed in Article 118 of the Treaty, either by harmonization, by the adoption of joint decisions or by any other appropriate measures;
- pursuance of a social policy that reflects the medium-term social action programme and the changing economic and social needs of the Community;
- development of the dialogue between employers and employees at European level, which could result, where they judge it desirable, in contractual relations between them.

### 3. Gradual establishment of a homogeneous judicial area

This means

- increasing protection of fundamental freedoms and rights as they derive from common basic principles and the European Convention on Human Rights. The Court of Justice has played an essential role in this context and will do so even more in the future;
- increased harmonization or approximation of national laws in all the fields covered by the European Union, insofar as these are consistent with the objectives of the Union;
- envisaging, in certain areas of intergovernmental co-operation, agreements between Member States which would, in cases where unanimous agreement could not be reached, apply among those States having ratified them if the latter constitute a strong majority;
- a campaign against large-scale crime and terrorism by increasing co-operation between Member States;
- further codification of Community law.

.../...

#### 4. The promotion of common cultural values

European culture is one of the strongest links between the states and peoples of Europe. It is part of the European identity. The promotion of the European cultural identity should be a comprehensive expression of the cultural variety and each nation's individual values which form an integral part of it.

The promotion of common cultural values and the European cultural identity requires:

- the safeguarding of the European cultural heritage,
- support for cultural creation,
- measures to overcome language barriers,
- the development of new media in a European-wide context,
- the elimination of obstacles to the free circulation of cultural goods and communication,
- an improvement in the level of knowledge about all the peoples of the Community in all their diversity and their different contributions to European culture, <sup>(1)</sup>
- the intensification of exchange programmes.

The European Foundation and the European University Institut should be associated with these actions. Co-operation with third countries and in the wider international context should also be encouraged. The practical realization of cultural co-operation requires a coherent organizational framework.

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<sup>(1)</sup> Mr FERRI feels that minority cultures should be expressly mentioned here, as their protection is an achievement of democratic pluralism in its modern form.

C. The search for an external identity <sup>(1)</sup>

Europe's external identity can be achieved only gradually within the framework of common action and European Political Co-operation (EPC) in accordance with the rules applicable to each of these. It is increasingly evident that interaction between these two frameworks is both necessary and useful. They must therefore be more closely aligned. The objective of European Political Co-operation must remain the systematic formulation and implementation of a common external policy. <sup>(2)</sup>

Similarly in the case of security, although a fundamental aim of European Union is indeed the cohesiveness and solidarity of the countries of Europe within the larger European and western framework, it will only be possible to achieve that aim by paying special attention to the existing Alliances on the one hand, and the differing individual situations on the other, including the situations of the two nuclear powers which are members and of certain Member States facing specific problems in this field.

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<sup>(1)</sup> Mr MØLLER entered a general reserve on all of this section. He considered that, instead of structural changes, it is necessary to have a new pragmatic development of European political co-operation on the existing base, which has already shown itself to be effective to further this development. Particularly in relation to security, it should be confined to political and economic aspects.

<sup>(2)</sup> Reservation entered by Mr PAPANTONIOU who suggested replacing the last sentence by:  
"The objective of European political co-operation must remain the systematic search for common positions in external affairs".

(a) External policy

It should first of all be noted that common policies, which have an external dimension, are provided for in the Treaties and already exist, along with external policies such as the development policy and the commercial policy.

In particular, Community development policy must be intensified, without prejudice to the traditional actions of the Member States.

On the diplomatic front several measures could be considered initially which might allow progress to be made towards finding a common voice. <sup>(1)</sup>

1. the strengthening of Political Co-operation structures by
  - the creation of a permanent political co-operation secretariat to enable successive Presidencies to ensure greater continuity and cohesiveness of action; the secretariat would to a large extent use the back-up facilities of the Council and should help to strengthen the cohesion between political co-operation and the external policies of the Community;
  - the regular organization of EPC working meetings at the Community's places of work, while meetings of Ministers should also be arranged in the Member States' capitals.

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<sup>(1)</sup> Reservation entered by Mr PAPANTONIOU on points 1, 2, 3 and 4 of the section on external policy. He argued in favour of preserving the informal character of present EPC arrangements and stressed the importance of consensus in the search for common positions.

2. The improvement of Political Co-operation through

- an explicit undertaking by the Member States to promote EPC by agreeing to a formalization of the commitments to a prior consultation procedure;
- seeking a consensus in keeping with the majority opinion with a view to the prompt adoption of common positions and to facilitating joint measures;
- adopting common positions in multilateral and inter-regional relations, particularly at the United Nations.

3. Member States and the Community should examine on a case-by-case basis the desirability of common representation at international institutions, especially in the UN framework and in the countries where only a few Member States are represented.

4. Codification of EPC rules and practices.

(b) Security and defence <sup>(1)</sup>

The aim is to encourage greater awareness on the part of the Member States of the common interests of the future European Union in matters of security. The relevant Member States will make the fullest contribution both to the maintenance of adequate defences and political solidarity, and to the pursuit of security at the lowest possible level of forces through the negotiation of balanced and verifiable measures of arms control and disarmament.

In any event, this question will have to take account of

- (1) the frameworks which already exist (and of which not all partners in the European Community are members) such as the Atlantic Alliance, the framework for and basis of our security, and Western European Union, the strengthening of which, now under way, would enrich the Alliance with its own contribution; <sup>(2)</sup>
- (2) the differing capabilities and responsibilities and the distinctive situations of the Community Member States;

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<sup>(1)</sup> Mr DOOGE did not agree to the inclusion of the section on Security and Defence.

<sup>(2)</sup> Reservation entered by Mr PAPANTONIOU who suggested replacing point 1 by "the frameworks which already exist (and of which not all partners in the European Community are members) such as the Atlantic Alliance and the Western European Union".



(3) the existence of interests and objectives which Member States, while respecting their individual situations as regards defence and security, recognize as common, in particular the need for the Atlantic Alliance to maintain adequate military strength in Europe for effective deterrence and defence, in order to preserve peace and protect democratic values. <sup>(1)</sup>

Accordingly, the following measures are proposed:

(i) Developing and strengthening consultation on security problems as part of political co-operation. Such consultation could involve in particular:

- discussion of the nature of external threats to the security of the Union;
- discussion of the way in which Member States' security interests may be affected by the international context, in particular by developments in weapons technology and strategic doctrines, changes in relations between the great powers and the progress of negotiations on disarmament and arms control;
- an effort to harmonize, whenever possible, the stances to be taken by Member States on the major problems posed by the preservation of peace in Europe.

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<sup>(1)</sup> Reservation entered by Mr PAPANTONIOU who proposed the deletion of "for the Atlantic Alliance".

- (ii) The stepping-up of efforts to draw up and adopt common standards for weapons systems and equipment, taking account of the work being done in the relevant bodies.

Particular attention is to be paid by Member States to:

- rationalizing their military equipment research and development;
- support for production capacity for high-technology equipment which can strengthen Europe's defensive capabilities.

- (iii) A commitment by Member States to design, develop and produce such systems and equipment jointly.

- (iv) The will on the part of the Member States to create the technological and industrial conditions necessary for their security.

III

The means: efficient and democratic institutions <sup>(1)</sup>

European Union - like the Community today - needs Institutions which are entirely at the service of the common interest. Their functioning and behaviour must clearly reflect the original nature of their purpose, within the framework of their specific powers. It is of primary importance that the Institutions should comply with and apply the rules of the Treaties.

The trend towards the European Council's becoming simply another body dealing with the day-to-day business of the Community must be reversed. Heads of State and of Government should play a strategic role and give direction and political impetus to the Community. For this purpose two European Council meetings a year should suffice.

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<sup>(1)</sup> Reservation entered by Mr MØLLER on this chapter. Mr MØLLER considers that the problems faced by the Community are not due to the failure or imperfections of the Institutions of the Community system. On the contrary, it may be said that the gradual deviation and derogations from these fundamental principles together with a lack of political will to take decisions are the root of many of the problems of today. The balance between the Institutions should accordingly be re-established by respecting the distribution of competences between them as laid down in the Treaties.

A. Easier decision-making in the Council,

which means primarily changes in practice and certain adjustments to existing rules:

- less bureaucracy within the Institutions, as national authorities have, through their experts, gained too much ground over the last ten years; in particular, the authority of the Permanent Representatives over the various Working Parties must be strengthened in order to improve the preparation of the Council's decisions and to focus its discussions on the most important matters;
- the growing number of areas of Community activity has led over the years to the Council meeting in a multiplicity of special compositions. The Council must remain a single Institution in which a pre-eminent role of co-ordination and guidance must be preserved for the Ministers with general responsibilities (the "General Affairs" Council);
- the rules and procedures governing the Council should be rigorously applied in the interests of its own efficiency and internal cohesion;

- concerning principles of voting:

- (a) The majority of the Committee favour the adoption of the new general principle that decisions must be taken by a qualified or simple majority. Unanimity will still be required in certain exceptional cases, which will have to be distinctly fewer in number in relation to the present Treaties, the list of such cases being restrictive.

In a spirit of a return to the Treaties, the Presidency must call a vote if the Commission or three Member States so request. The vote must be taken within thirty days. <sup>(1)</sup> <sup>(2)</sup> <sup>(3)</sup>

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<sup>(1)</sup> This proposal is supported by Mr FAURE, Mr FERRI, Mr HERMAN, Mr RIPA DI MEANA, Mr RUHFUS and Mr VAN EEKELEN. Mr DONDELINGER accepted this because he considered that this text distanced itself least from the present situation.

<sup>(2)</sup> Mr DOOGE, though in agreement with the principle underlying this text, felt unable to support the text because, though not excluding the pleading in exceptional circumstances of a vital interest, it did not include any explicit reference to the protection of vital national interests in exceptional circumstances.

<sup>(3)</sup> Mr HERMAN underlines the considerable progress which distinguishes these proposals from the solutions envisaged in the Interim Report of the Committee in the matter of voting and the veto.

(b) The minority of the Committee considered that more use will need to be made, especially in the context of the enlarged Community, of the majority voting provisions laid down in the Treaties. Once a reasonable time has been devoted to the search for consensus, the Presidency should call for a vote.

Where the Treaties require decisions to be taken by unanimity Member States should also make greater use of the possibility of abstention in accordance with Articles 148(3) (EEC), 118 (EAEC) and 28 (ECSC).

When a Member State considers that its very important interests are at stake, the discussion should continue until unanimous agreement is reached. <sup>(1)</sup>

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<sup>(1)</sup> This proposal is supported by Mr MØLLER, Mr PAPANTONIOU and Mr RIFKIND. Mr RIFKIND also considers that, in order to prevent abuse, a member of the Council insisting that discussion should continue in this way should, through a special procedure of the Council, explain fully and formally why his Government considers that a very important interest is at stake.

- in order to ensure the implementation of certain decisions, the use in exceptional circumstances of the method of differentiated Community rules, provided such differentiation is limited in time, is based solely on economic and social considerations and respects the principle of budget unity. <sup>(1)</sup>

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<sup>(1)</sup> Reserve entered by Mr MØLLER.

B. A strengthened Commission

The Commission guarantees autonomous representation of the common interest. Wedded to the general interest whose guarantor it is, the Commission cannot be identified with individual national interests.

If it is to carry out fully the tasks entrusted to it, which make it the lynchpin of the Community, its powers must be increased, in particular through greater delegation of executive responsibility in the context of Community policies.

In the first place, its autonomy must be confirmed so that it can be completely independent in the performance of its duties in accordance with the obligation specifically imposed upon it and on each of its Members individually.

To this end it is proposed that the President of the Commission be designated by the European Council.

The other members of the college shall be appointed by common accord of the Governments of the Member States, acting on a proposal from the President-designate. <sup>(1)</sup>

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<sup>(1)</sup> Mr RIFKIND considers that the other members of the college should be nominated by Member States, after consultation with the President-designate, and appointed by common accord of the Governments of the Member States.



The Commission must not include more than one national from any Member State. <sup>(1)</sup>

At the beginning of its term of office the Commission should receive a vote of investiture on the basis of its programme. <sup>(2)</sup>

Similarly, the Commission must now be acknowledged as an organ with full powers of initiative, implementation and administration.

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<sup>(1)</sup> Mr RUHFUS entered a reservation on this point. He argued that such a change would not improve the supranational character of the Commission and would considerably change the internal balance, which has proved its worth ever since the establishment of the Community.

<sup>(2)</sup> Reservation by Mr PAPANTONIOU who suggested replacing the text of the four preceding paragraphs by the following text:

"To this end it is proposed that the President of the Commission be designated unanimously by the European Council, and be consulted by the Governments of the Member States prior to the nomination of the Commissioners. The Commission should be composed of one member per Member State."

C. The European Parliament as a guarantor of democracy in the European system <sup>(1)</sup>

A Parliament elected by universal suffrage cannot, if the principles of democracy are logically applied, continue to be restricted to a consultative role or to having cognizance of only a minor part of Community expenditure. That dooms it to oblivion or over-statement, and more often than not to both.

An enhanced role will be sought for it in three areas:

- (a) - by effective participation in legislative power, the scope of which will be specifically defined, in the form of joint decision-making with the Council; to this end the Commission proposal will be discussed first of all by the European Parliament; the Council will deliberate on the text adopted by the European Parliament; in the event of disagreement, a conciliation procedure will be initiated on the basis of a proposal of the Commission; the Commission will retain its power of initiative throughout the legislative procedure; <sup>(2)</sup>

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<sup>(1)</sup> Mr RIFKIND entered a reservation on this section. He considers that the European Parliament should be encouraged, within its Treaty powers, to make a more effective contribution to Community decision-making. The Parliament should make more use of its right to put forward proposals for Community action. The Council should follow up resolutions with the Parliament, or explain its reasons for not doing so. There should be improvement and extension of the conciliation procedure, in particular by more effective consultation between the Council and the Parliament at earlier stages of the consideration of proposals.

<sup>(2)</sup> Reservation of Mr PAPANTONIOU. He did not agree with joint decision-making between Parliament and Council in the legislative area and argued in favour of improving the conciliation procedure and extending its field of application.

(b) - by increasing its supervision of the various policies of the Union and its political control over the Commission and over co-operation in the external policy field; the association and accession agreements negotiated by the Union will also be submitted to the European Parliament for approval; <sup>(1)</sup>

(c) - by giving it responsibility in decisions on revenue as the coping-stone of the establishment of a new basic institutional balance;

- conciliation between Parliament and the Council would take place at the moment when the frame of reference on the basis of multiannual planning is defined;

- decisions governing the development of own resources will be taken jointly by the Council and Parliament so that the latter may be able to have a hand in the balancing of expenditure by revenue.

These developments should go hand in hand with increased representativeness of Parliament itself through the standardization of voting procedures to elect its members.

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<sup>(1)</sup> Reservation entered by Mr PAPANTONIOU who suggested deleting the last sentence of (b).

D. Court of Justice

The binding nature of the law of the Union gives the Court of Justice of the European Communities an essential role to play in progress towards European Union. The Court ensures compliance with the rights, obligations and powers laid down in the Treaties. The Court must be consolidated in its role of supreme arbiter in all matters coming under the Treaties, including the protection of the basic rights of individuals guaranteed under the Community legal order. To this end, the Court:

- must be relieved in an appropriate manner of responsibilities incumbent upon it as regards disputes between officials and the Institutions;
- must be given jurisdiction for the interpretation of agreements concluded within the ambit of the Treaties as far as possible by means of a standard clause.

IV

The method (<sup>1</sup>)

The Committee proposes that a Conference of the Representatives of the Governments of the Member States should be convened in the near future to negotiate a draft European Union Treaty based on the "acquis communautaire", the present document and the Stuttgart Solemn Declaration on European Union and guided by the spirit and method of the draft Treaty voted by the European Parliament:

- the parties to the Conference will be the Member States;
- Spain and Portugal will be invited to attend as full members on the assumption that the Treaties of accession have been signed prior to the opening of the Conference;
- the European Commission will participate in the negotiations;
- the European Parliament will be closely associated with the Conference. Its outcome will be submitted to the European Parliament.

The very decision of the Heads of State or of Government to convene such a Conference would have great symbolic value and would represent the initial act of European Union.

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(<sup>1</sup>) Mr PAPANTONIOU and Mr RIFKIND consider that the recommendations in this report should be the subject of consultations between the Governments before the June European Council, so that decisions can be taken by the Heads of Government at that meeting.

Mr MØLLER shared their view, but pointed out that according to the Committee's terms of reference it was not its task to put forward recommendations on the conclusions which the European Council might draw from the report.

Comments by Mr MØLLER

I am not convinced that the overall approach in the report is the right one. I agree that the Community needs a new impetus, but, in my opinion, the following is required.

The decision-making process should be more efficient. The distribution of powers between the Institutions, as laid down in the Treaties, must be respected. The blurring of the powers should stop and be replaced by the clear logic of the Treaties.

The fundamental aim of the Treaty, the bringing about of an efficient production structure, must be re-established, and distorting factors which prevent the attainment of this aim must be rejected. The gradual introduction of quota systems, production thresholds, etc., pose a danger to this principle.

New common policies should be developed to supplement the common agricultural policy. The Community must have further financial means at its disposal for these policies.

Our consultations within the framework of European political co-operation must be intensified and strengthened so that areas of common interest can be identified and agreement can be reached on an increasing number of common positions.

New activities must be developed at European level, and participation in these should not be limited to the present members of the Community.

.../...

Comments by Mr PAPANTONIOU

The report rightly identifies the main challenges facing Europe at present. However, the approach followed, while containing many useful elements, does not pay sufficient attention to some important points. The overall gains from economic integration are not only unevenly distributed, but may also disguise losses for the less prosperous regions. The creation, therefore, of an integrated market and a technological community needs to be supplemented by a very substantial effort to strengthen the Community's cohesion by promoting regional development and the convergence of living standards.

In the external field, the improvement of political co-operation and the promotion of solidarity in security matters should take fully into account the particular situation and problems of each Member State, and the need for consensus in the search for common positions.

Finally, institutional reform should reflect the existence of significant possibilities for improved decision-making within the framework of the Treaties, and recognize the necessity of protecting vital national interests when invoked by Member States.

List of Members of the ad hoc Committee on Institutional Affairs

Mr James DOOGE (Chair)  
Representative of Mr Garret FitzGerald, Prime Minister of Ireland

Mr Jean DONDELINGER  
Representative of Mr Jacques Santer, President of the Government  
of Luxembourg

Mr Maurice FAURE  
Representative of Mr François Mitterrand, President of the  
French Republic

Mr Mauro FERRI  
Representative of Mr Bettino Craxi, President of the Italian Council

Mr Fernand HERMAN  
Representative of Mr Wilfried Martens, Prime Minister of Belgium

Mr Otto MØLLER  
Representative of Mr Poul Schluter, Prime Minister of Denmark

Mr Ioannis PAPANTONIOU  
Representative of Mr Andreas Papandreu, Prime Minister of Greece

Mr Malcolm RIFKIND  
Representative of Mrs Margaret Thatcher, Prime Minister of the  
United Kingdom

Mr Carlo RIPA DI MEANA  
Representative of Mr Jacques Delors, President of the Commission

Mr Jürgen RUHFUS  
Representative of Mr Helmut Kohl, Federal Chancellor of the  
Federal Republic of Germany

Mr Wilhem VAN EEKELEN  
Representative of Mr Ruud Lubbers, Prime Minister of the Netherlands

Secretariat of the Committee:

Katherine MEENAN

Yvon QUINTIN

Alain VAN SOLINGE



Committee on a People's Europe

Report to March European Council

INTRODUCTION

1. This report deals with some important topics relating to the "People's Europe":

- Freedom of movement for Community citizens
- Freedom of movement of goods, including transport services
- Administrative formalities for border-area traffic
- Wider opportunities for employment and residence

In dealing with these topics the Committee has been guided by certain principles which are relevant to its task as a whole.

2. The aim of the Committee is to propose arrangements which will be of direct relevance to Community citizens and which will visibly offer them tangible benefits in their everyday lives. Emphasis is laid on arrangements which have a realistic chance of being implemented in the relatively short term. The goal should be an easing of rules and practices which cause irritation to Community citizens. This is of great importance in making the Community more credible in the eyes of its citizens.

3. Steps forward are not always a question of adopting new rules and regulations. Progress in the view of citizens is often best obtained by implementing decisions already adopted and by their administration in real-life situations. This can be far

more important than formal progress made by the introduction of new uniform rules of little or no consequence for the Community citizen in his everyday life. This consideration is relevant to the institutions of the Community in fulfilling their responsibilities under the Treaties, but also for the Member States themselves by suppressing unnecessary formalities and by taking into account the Community dimension both in their legislation and in their administrative practices.

A EASING OF RULES AND PRACTICES WHICH CAUSE IRRITATION TO COMMUNITY CITIZENS AND UNDERMINE THE CREDIBILITY OF THE COMMUNITY

4. The problems the Committee deals with in this chapter relate essentially to the freedom of movement of citizens and of their personal goods within the Community. The text of the Fontainebleau mandate called for a study of measures which could be taken to bring about "the abolition of all police and customs formalities for people crossing intra-Community frontiers".
5. The European Council should confirm this position at the same time as it takes the decisions on immediate measures which are set out below. This is a necessary corollary of the programme for the completion of the internal market which has received, rightly, the highest priority. With its manifold ramifications, however, this will require time. Abolishing all formalities would presuppose amongst other things some reasonable degree of fiscal harmonisation (especially excise duties), the transfer of taxing points from borders to the interior of each Member State, the gradual application of a common policy on third country citizens and closer co-operation between the police and judicial services of the Member States. For the full and integral implementation of a "Europe without frontiers" ("Europe sans frontières"), Mr Delors, President of

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the European Commission has recently proposed 1992 as the target-year. It is indeed a very complex programme on which work has to continue without delay. But in the meantime the measures which are summarised below could and should be decided upon now.

A.1. FREEDOM OF MOVEMENT FOR COMMUNITY CITIZENS

6. The simplest case concerns land-frontiers between two Member States. The case of seaports and airports, although not different in principle, is often more complicated in practice because it also involves more traffic with third country citizens. Therefore, one should not look for identical solutions on every detail immediately; but all efforts should be undertaken without delay to facilitate frontier traffic for the citizens of Europe, taking into account the special situation of countries without common Community frontiers. Care should be taken that progress already obtained in individual cases should not be set back by the introduction of rules of general application. The European Commission has recently presented a draft directive to the Council covering all different aspects of these questions in a comprehensive way, which the Commission considers should be applied by 1 July 1985.
7. The specific recommendations of the Committee, on freedom of movement for Community citizens, are as follows:

7.1. Immediate action

Without waiting for the adoption of a directive by the Council, the European Council should decide now that Member States should take all possible practical steps on the road towards the more comprehensive solution, such as

- at the land frontiers between two Member States, they should proceed in the three months after the meeting of

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the European Council to the simplification of control of individual citizens of Member States of the European Community on road frontier posts preferably by direct observation of vehicles travelling at low speed and of which the windcreens have been provided, as appropriate, with a green label showing a white E (indicating that the occupants are in conformity with the rules of the border police and the fiscal and currency rules) with the possibility of more thorough investigation at random ("spot checks") or in special situations; (1)

- examination of the possibility and need for gradually combining control posts at land frontiers and controls at them where this has not yet been done;
- at seaports and airports, the Member States should introduce, as soon as and wherever feasible, practical arrangements in control zones enabling a division of police and customs activities for, on the one hand, citizens of Member States of the Community and, on the other hand, citizens of third countries, with a view to facilitating as much as possible the passage of citizens of Member States by simplified controls, and possibly abolishing systematic controls on the departure of Community citizens;
- the uniform European passport, the introduction of which has long been accepted by the European Council, should be a very important means of facilitating remaining frontier controls.

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(1)

Such a system of general application should not be applied where it would set back progress already obtained as stated above (page 3)

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**7.2. Longer-term measures**

President Delors has proposed a "Europe sans frontières" by 1992. In order to achieve this objective the European Council should approve a precise timetable (1) for the completion of the single market and decide to put in hand now work on problems related to the effective co-operation between authorities responsible for the fight against crime, as well as to the definition and gradual application of a common policy concerning the entry, movement and expulsion\* of foreigners, visa policy and the transfer of control of persons to the external frontiers of the Community, and agreements with third countries on expanded co-operation in frontier passage.

**7.3. Tourism**

The European Council should invite the Community institutions and the competent authorities to give special attention to issues relating to tourism, which is of particular importance to the people of the Community, such as:

- extending the efforts towards a more rational staggering of holiday periods across the national borders on the basis of a regional analysis of holiday traffic;
- improved information and protection for tourists, including appropriate procedures for assistance and complaints;
- road safety (1986 has been proclaimed "Road Safety Year");
- encouragement of radio and TV broadcasts of news, weather and tourist information in languages of other Community States.

Where appropriate, these aspects should be dealt with in co-operation with the Council of Europe, its member countries and, possibly, other third countries.

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(\*) Reserve by Mr Kranidiotis who argued that such a policy should be formulated within the framework of and according to Article 235 of the EEC Treaty. At any event this policy should take into account the special circumstances prevailing in each member state.

(1) This matter is also dealt with in the report of the Dooge Committee.

FREEDOM OF MOVEMENT OF GOODS INCLUDING TRANSPORT SERVICES

8. This part of the Committee's work covers a good number of specific rules and practices which have already been the subject of repeated and lengthy discussions but limited action within the Community. These matters may not seem very important in themselves but the combined effect on the citizen both as a traveller for business and traveller for pleasure can be disproportionate to their material importance. Changes for the better should receive a favourable welcome.
9. On these questions, as on others, the Committee considers that the right way forward is by a combination of longer-term objectives and some specific improvements here and now. Achieving a European Community, in which goods and money can be freely moved by the citizen, whether as a trader, professional man, worker or tourist, is a big challenge but should be achievable within a definite time scale.
10. First, we need to widen the understanding of the advantages not just of a common market without tariff barriers but of a smooth-running single market in which the full benefits of lower costs of transport and travel (and associated services such as insurance) can be realised for the benefit of the Community citizen as consumer. The priority lies in those areas where goods or services have an obvious extra-national dimension (e.g. air, road and rail transport and telecommunications). The Committee also draws the attention of the European Council to the importance of removing as soon as possible restrictions on transport services in accordance with Article 75 of the Treaty of Rome, whereby the Council is obliged to implement a free transport market within the Community. Cheaper and improved transport services would both assist economic development and would help to bring the citizens of the Community closer together.
11. Secondly, the individual citizen's situation should be eased by making some immediate and specific improvements.

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12. A common feature is that an individual, having already paid tax on goods purchased in a Member State has difficulty or incurs extra charges on travelling with his goods to another Member State. Hence, an increase in allowances in real terms would be a long-term objective related to progress on fiscal harmonization. The Committee is not proposing changes in duty-free shops or other duty-free arrangements, which are generally popular with travellers. It considers, however, that the treatment and the administrative hassle relating to the movement of tax-paid goods within the Community could be significantly eased, without giving rise to artificial trade flows. To avoid such artificial flows, existing arrangements to distinguish between ordinary travelling and border trade arising from substantial differences in the level of taxation, especially excise duty rates, between Member States will have to be maintained for a certain period.

13. In the light of these general considerations the specific recommendations of the Committee on movement of travellers' goods and related issues are:

Allowances and postal consignments

13.1. the adult traveller's personal allowance for tax-paid items should be increased by 25% to 350 ECU from 1 July 1985, with an increase to 90 ECU for the child's allowance. These new allowances would indeed be similar to the original real value of the allowances as established in the late 1960's. This decision would make it possible to relieve the Council of repeated discussions of these matters on its current agenda; but provision should be made to review these figures at regular intervals, e.g. every two years, preferably by simplified procedure in order to avoid at least a fall in their real value over time. Genuine difficulties arising for particular Member States from their special situations should be met by a derogation (\*) for a certain time, taking account of differences in rates of taxation and excise duty.

13.2. the tax-paid allowance for still wine should be increased by 25% to 5 litres (which would cover a standard case of 6 bottles).

(\*) Greece currently has a transitional derogation.

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- 13.3. the limit for tax exemption on small postal consignments should be increased to 100 ECU from 1 July 1985. A provision should be made to review this figure at regular intervals, e.g. every two years, preferably by simplified procedure, in order at least to maintain its value in real terms. The appropriate authorities in Member States should be invited to remove customs clearance fees levied on the despatch or reception of small parcels.
- 13.4. Administrative hassle, delays and taxes levied on newspapers and books sent to individuals are a strong irritant for citizens, particularly in border areas, and should receive the attention from the Council.

Road transport

In order to alleviate present border controls:

- 13.5. Passenger transport travelling across frontiers within the Community should be taxed for the whole of its journey by reference to its point of departure and the tax rate applicable in that Member State.<sup>(1)</sup> This solution should be adopted as soon as possible.
- 13.6. There should be no additional charge on the fuel in the standard tanks (up to 600 litres) of passenger buses crossing intra-Community frontiers from 1 July 1985. Similar problems would need to be resolved in the future for lorries.

Avoiding double taxation

- 13.7. Practical effect should now be given to the avoidance of double taxation on personal goods in line with the jurisprudence of the Court of Justice of the European Communities.

<sup>(1)</sup> Special provisions will be needed for countries not yet having introduced V.A.T.



- 13.8. The Commission should be invited to submit proposals on the simplification of the administrative arrangements for movements of goods on changes of residence between Member States, and on the temporary import of private motor vehicles.

Currency controls

The formalities of currency controls at the frontiers of those Member States which operate them should be simplified to the maximum.

4. The adoption of the specific measures above should be seen against the longer-term objectives, namely
- greater recognition of the potential benefits for Community citizens of a real and efficiently operating single market for passenger transport and travel;
  - the achievement of freer movement for a citizen's goods and money within the Community in the perspective of the realization of Economic and Monetary Union,
  - priority for achieving sufficient harmonization of national arrangements to reduce or remove problems at intra-Community frontiers for transport services and communications.

A.3 ADMINISTRATIVE FORMALITIES FOR BORDER AREA TRAFFIC

15. By nature of the Community's geographical structure, border areas occupy a large part of its surface area. The problems set out under A.1 and A.2 acquire additional importance when viewed in the context of border area traffic. What for other citizens is an occasional or intermittent nuisance, has the nature of a serious daily problem for the inhabitants of border areas. The European Council should instruct the relevant authorities to have special consideration, when reviewing the implementation of the recommendations

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under A.1 and A.2 above, for the special and urgent aspect of these questions in border areas. Problems deserving to be mentioned specifically are: --

- the number of frontier posts at the disposal of border area residents and their hours of opening, and
- facilities for across-the-border help in case of emergencies and accidents.

B. COMMUNITY CITIZEN'S RIGHTS

B.1 WIDER OPPORTUNITIES FOR EMPLOYMENT AND RESIDENCE

16. Freedom of Movement in Working Life

The main problems in the field of freedom of movement for workers have been dealt with by legal instruments of the European institutions. The questions of the social security of migrant workers and of the inclusion of their families also appear to have in the main been resolved satisfactorily.

17. Certain difficulties still do exist as regards the tax treatment of such employees who reside in one Member State and receive an income as employed workers in another Member State (most of these cases concern workers in border areas). By taxation of these incomes in the State of activity, as is international practice, employees may suffer disadvantages stemming from the fact that most States have different systems for taxing residents and non-residents. These problems have been eased by a number of bilateral agreements and treaties to avoid double taxation. Still there are many cases in which the employees in question complain of disadvantages in taxation.

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18. On a longer time scale, a comprehensive Community solution (the Commission has put forward a proposal which was blocked for a long time but on which discussions have recently been resumed) should be found for the taxation problems set forth above. The Community institutions are requested to intensify their efforts to this end. In the meantime, the European Council should set as the immediate aim the removal of taxation problems which could impede freedom of movement, by way of national legislation or by bilateral agreements between Member States. The Commission should undertake to inform Member States on cases which have been brought to its attention and to advise on appropriate solutions.

Right of establishment

19. In some branches of the liberal professions the mutual recognition of diplomas or other examinations and/or formal requirements for the purpose of establishment and for the freedom to provide services has been reached (e.g. doctors, dentists, veterinary surgeons). In other branches the mutual recognition still encounters considerable difficulties. This depends, on the one hand, on the variety of higher education diplomas (e.g. architects, engineers), and on the other hand also on the variety of branches of training, which have arisen in the individual Member States (e.g. lawyers, chartered accountants, tax consultants). For many years there have been inconclusive discussions on proposals for these branches, which would lead to an equivalence of diplomas in all Member States by way of harmonization of training courses, diplomas and rules for access to professional life.

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20 The Committee considers that although a certain degree of adaptation may be desirable in specific cases, a full-scale harmonization is not a practical way of implementing the objectives of the Treaty of Rome in the field of the right of establishment. The European Council should decide that the general approach (\*) should be based on a mutual recognition of diplomas or other examinations without prior harmonisation. This seems the only possible way of achieving a general system for ensuring the equivalence of diplomas in line with the conclusions of the Fontainebleau European Council. It would facilitate the conclusion of the series of proposals already before the Council for an excessive period of time. Taking into account the fact that the specific levels of training in the Community countries are of high standard, this new approach would introduce the principle of mutual trust and build on the assumption that certificates awarded in the Member States are basically comparable. The Community institutions should fix the objective and introduce successively a scheme leading to a recognition procedure for the various areas. This concept should cover the professional activities of self-employed persons as well as of employees, because numerous occupations, for which a university degree and/or another examination is indispensable may be practised either way.

If particular difficulties were to arise in certain areas owing to major structural differences between training courses, something more may be needed and it should normally suffice for the individual citizen wishing to benefit from freedom of movement for the purpose of establishment to provide evidence of up to 2-3 years professional experience.

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(\*) Reserve by Mr Kranidiotis who argues that this approach does not preclude the possibility of applying the relevant provisions of the EEC Treaty whenever this is advisable.

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Professional Qualifications

21 Problems arise as regards valid employment in other Community countries for those employees whose professional qualifications are recognized in their country of origin but not in the host country. The European Council should invite the Community institutions:

- to intensify their efforts towards greater transparency of evidence of professional qualifications, building on the Commission proposal on the equivalence of professional qualifications already under examination,
- to consider the introduction of a European vocational training pass for craftsmen and workers with special qualifications. This would enable the individual employee to prove his professional qualifications in all Community countries.

Right of Residence

22. The Committee is convinced that the right of a citizen of a Member State of the Community to reside in any other Member State of his free choice is an essential element of the right to freedom of movement. Discussions within the European institutions since 1979 did not lead to final agreement, because in particular the debate on evidence of sufficient resources to live on as a condition for unhindered residence failed to produce a solution. Such evidence seems indispensable to avoid migration motivated only by economic considerations, because in particular the European social security systems have not been harmonized. Citizens wanting to reside in a country other than their own should not become an unreasonable burden on the public purse in the host country. Where it is evident, that such a citizen would incur a certain level of expenditure, it seems reasonable for the host country to take into account, whether he is able to meet such expenditure. The European Council should pave the way for a swift conclusion of the current discussions by taking a political decision of principle on a general right of residence for all citizens of the Community. This right would of course be subject to requirements of public order and security, in conformity with the principles of Article 56, paragraph 1 of the Treaty of Rome. A practical solution to the abovementioned problems should be found by linking admission to exercise the right of residence with the precondition that evidence of adequate resources at the level of social assistance in the host country and of adequate provisions in case of illness is provided.

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Conclusion

23. The Committee on a People's Europe invites the European Council to ensure that the Community institutions and the Member States adopt the measures necessary to implement the recommendations contained in this report. The Committee notes that implementation of many of the proposed provisions depends on decisions to be taken by the Council of Ministers; it is for this reason that the European Council is asked to request the Council to report back for its meeting in Milan on the progress made.

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EHG(B)(85)7

COPY NO

**1**

25 March 1985

EUROPEAN COUNCIL, BRUSSELS

29/30 MARCH 1985

ECONOMIC AND SOCIAL SITUATION

Brief by HM Treasury

BACKGROUND TO STEERING BRIEF

References

A: The Economic And Social Situation in the Community, COM(85)88 final Communication from the Commission to the Council.

1. The last European Council, Dublin in December welcomed the Commission's Annual Economic Report. The Council asked both the Commission and Ecofin to report back on policies to improve growth and unemployment prospects. The Commission's paper which incorporates the outcome of discussion at the recent Ecofin is a response to this request.

2. The paper emphasises employment as a priority but without also mentioning the defeat of inflation. The discussion on improving the operation of markets, particularly for labour is sparse - leaving scope for the UK initiative. The employment gains from tax cuts are not emphasised.

3. Its main themes are:

- the need for greater social dialogue;
- a shift to more expansionary fiscal policies, particularly greater public investment with the emphasis on infrastructure spending;

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- an extension of the Community's borrowing and lending instruments.

4. On the first greater social dialogue can be helped to encourage acceptance of the need for greater flexibility in the labour market and moderation in the growth in real wages. But we could not agree to any suggestion that a formal incomes' policy would be appropriate in UK circumstances; and we should resist any proposal for a Community initiative on work-sharing

5. The more expansionary tone to the macro policy discussion, aimed particularly at the UK and Germany, needs to be countered - by emphasising the importance of fiscal discipline in easing interest rate pressures and encouraging greater private sector activity. Prudent budgetary policy in Germany has allowed income tax cuts planned for 1986 and 1988 of around  $\frac{1}{2}$  per cent of GNP in each year.

6. On the third, any extension of the Community's borrowing/lending capacity would need to be justified on economic grounds. But there are no convincing arguments presented here at least. The issues should be remitted to the ECOFIN Council.

7. Economic prospects for the Community have changed little since the end of 1984. This year output should rise by  $2\frac{1}{2}$  per cent, broadly the same rate as last year. Inflation in aggregate could continue to fall slightly to around 5 per cent in 1985. But Community unemployment is likely to continue rising. The number of jobless rose sharply early this year reaching 13 $\frac{1}{2}$  million, over 5 million being under 25 years old.

8. Prospects for Europe continue to depend in part on US developments. The slight easing of the dollar may be an encouraging feature though it partly reflects problems with Ohio's savings banks. US interest rates have recently edged up again and most forecasters expect some further increase later this year. The emergence of the US as an international debtor (either already or soon) and the failure to make

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significant progress on the President's fiscal 1986 budget proposals underline the uncertain financial prospect. Preliminary estimates (though subject to revision) indicating US growth slowed to 2 per cent (annual rate) in the first quarter makes the Administration's forecast of 4 per cent growth in 1984 as a whole begin to look a little optimistic.

HM Treasury  
25 March 1985

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Brief 7  
Reference A

**COMMISSION OF THE EUROPEAN COMMUNITIES**

COM(85) 88 final

Brussels, 19 March 1985

**THE ECONOMIC AND SOCIAL SITUATION  
IN THE COMMUNITY**

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(Working paper of the Commission to the European Council  
29 and 30 March 1985)

COM (85) 88 final

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Brussels, 19 March 1985

The economic and social situation in the Community

Working paper presented to the European Council

1. Introduction

At its last meeting in Dublin, the European Council underlined the priority given to the problem of unemployment. It considered that the guidelines embodied in the most recent Annual Economic Report should be speedily implemented and asked the Council to take appropriate action.

The European Council asked the Council and the Commission "to report back to its meeting in March on what measures might be appropriate for the Community or may already have been initiated to assure the objective of a progressive increase in the actual and potential growth rate for the Community to the benefit of employment".

Such is the object of this working paper.

2. Trends and prospects

There is at present no evidence that the European or world economic recovery is faltering.

2.1 In the Community inflation rates are falling and becoming more convergent. The current balance of payments situation has improved. GDP is expected to grow by 2.4% in 1984 and 1985. This figure is slightly higher than that assumed in the last annual economic report.

There has been no radical improvement in the employment situation. While 1985 is likely to see a slight increase in employment over the Community as a whole, unemployment is still at a high level and may even be somewhat higher in 1985 (11.2%) than in 1984 (10.9%). The labour market situation therefore remains highly unsatisfactory. With a continuation of recent trends, and without further measures, it is unlikely to become any more acceptable over the next few years.

2.2 At the world level economic recovery is also continuing. The slowdown in growth in the United States is currently proceeding relatively smoothly (1984: 6.8%; forecast for 1985: 3.5%), although budget policy corrections have not yet been made and leading indicators do not provide a clear picture. From the viewpoint of the European economy, the erratic movements and upward trend of the dollar exchange rate provide cause for concern in the short term, since they could lead to an undesirable rise in European interest rates. The dangers inherent in the continuing and increasing budget and balance of payments deficits have in no way diminished. The higher the dollar rises and

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the longer the delay before deficits are cut, the greater could be the eventual adjustment problems. This provides serious cause for concern as to the growth of the world economy and international trade and as to the operation of exchange and capital markets.

### 3. Recent economic policy developments

Since the Community's economic strategy, as adopted by the Council of Ministers in the last annual economic report, is essentially a medium-term strategy, it is not surprising that there have been no major changes in economic policy in recent months. Monetary policy, underpinned by the EMS exchange-rate mechanism, continues to aim for stability, although the anticipated rise in dollar interest rates has interrupted the downward trend in short term rates in Europe. If the dollar continues to appreciate, there may be undesirable repercussions for domestic economies in the form of higher interest rates, as has already happened in the United Kingdom.

Budgetary policy remains one of consolidation, although in some countries budget deficits in 1984 turned out to be somewhat larger than hoped for.

The moderate rise in nominal and real wage costs is likely to continue in most Community countries in 1985.

### 4. Is there any room for an economic policy that would be more beneficial to employment?

The Commission did not propose any adjustment in the economic policy guidelines to the Council of Ministers. This does not mean that it is satisfied with the results achieved.

The task now is to implement the economic strategy rapidly, to develop it further and to emphasize certain features. Further progress must be made on the prices and balance of payments fronts in a number of countries. For the Community as a whole, however, employment has first priority. There is therefore a continued need to achieve higher growth than the forecast rate of just under 2.5% on a healthy and sustainable basis, and in particular to bring about more employment-intensive growth, with a higher rate of job creation for each percentage point of growth.

The conditions for this have improved:

- the smooth functioning of the EMS exchange-rate mechanism has led to a very distinct improvement in the convergence of policies and in the results achieved, notably in terms of inflation and balances of payments;
- moderate wage settlements have improved business profits and strengthened the propensity to invest in many Community countries, even though too many firms still hesitate to make use of their capacity for self-financing because of the weakness of demand;
- the two sides of industry, both employers and unions, seem more open to dialogue. This is at any rate the impression the Commission has gained from the dialogue which it has sought to revive with and between them;

- the awareness has grown among those responsible for economic policy that no Community country can alone solve the problems of employment and employment-intensive growth and at the same time safeguard stability. No Member State can secure a sustainable increase in growth simply by stepping up its exports to other Member States. It should be remembered that 50% of Member States' foreign trade is carried on between them. This underscores the degree of interdependence that exists but also the limits to any plan for underpinning growth in one country by boosting demand in the others. Each country must therefore focus more closely on bolstering its own domestic demand? This therefore is a Community-wide problem.

Use must be made of the economic and political room for manoeuvre created in this way.

- (i) Implementation of the Community's economic strategy will be all the more effective the broader the consensus on which it is based.

Hence the importance of the industrial dialogue between the two sides of industry and of negotiations at all levels (e.g. at company level, at industry level, at national level and at Community level). The fields in which progress would seem possible include the introduction of new technologies, the functioning of labour markets as it affects the distribution of work, and even macroeconomic matters such as reconciling moves to bring costs under control with moves to underpin demand;

- (ii) There is broad agreement between Member States' governments on the need further to improve supply conditions in the economy. Since the policies followed are slow in acting, this may hamper their social acceptance. On the other hand, if economic activity were more buoyant, it would be easier to improve supply conditions. Steps should be taken to add a dynamic element to the necessary policy mix of budgetary consolidation, monetary stability and wage cost moderation. This could be done by aiming for stronger growth in public and private investment. The countries in which the process of consolidating public budgets has already made sufficient headway should make full use of the existing and future room for budgetary manoeuvre as a means of fostering investment. This would be a contribution to economic dynamism and positive adjustment that would be not only in the interests of each individual country but also in the common interest. The Community can itself play a part in the process. For this purpose, consideration could be given to a further development of its borrowing and lending instruments, especially as part of a programme of investment in transport and telecommunications infrastructures commensurate with a large economic area in which internal frontiers have been dismantled. This would contribute to attainment of the key objective of creating a vast internal market.

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5. To sum up, the Commission proposes to the European Council that:

- it should reaffirm the objective of an appreciable reduction in unemployment within a reasonable period, to be achieved with the help of higher and, in particular, more employment-intensive growth that does not jeopardize monetary stability;
- implementation of the Community's economic policy strategy should be helped by reactivating the industrial dialogue at all levels; as part of the dialogue and, where appropriate, with the Commission's support, employers and unions should draw up, in time for the European Council meeting in December 1985, proposals on how they can contribute to attainment of the joint objectives;
- the Member States and the Commission should examine how each country can ensure that control of expenditure and budget deficits is more closely reconciled with economic dynamism; expenditure that helps to underpin activity and to prepare for the future should be identified, together with the reductions in taxation that would do most to boost investment and create jobs;
- the European Council should lend its support to the Commission's intention of examining the extent to which the Community could itself, through its borrowing and lending operations, assist and foster this overall strategy.

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26 March 1985

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EUROPEAN COUNCIL, BRUSSELS

29/30 MARCH 1985

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Reunion Council.  
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STRENGTHENING THE TECHNOLOGICAL BASE OF THE COMMUNITY

Agreed on 5-year programme.

Brief by the Foreign and Commonwealth Office

Limit £25m over  
5 years.

Too soon to gauge L'Esprit  
programme.

BACKGROUND TO STEERING BRIEF

Reference: Commission paper to the European Council

1. In response to a Dutch initiative at the last European Council the Dublin conclusions included a section which urged the Council of Ministers to "adopt further measures to strengthen the technological base of the Community and restore competitiveness"; and added, "to this end, the Commission is asked to submit an appropriate draft action programme to the next

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European Council". The attached paper, which is based to a large extent on a Dutch paper following up their initiatives at Dublin, is the Commission's response to this request.

2. As the steering brief makes clear, most of the paper usefully supports our emphasis on the internal market and on strengthening the Community's competitive base. The most contentious section is the one concerning Community R & D. On a number of different occasions in the last few years the United Kingdom has agreed that the Community's involvement in R&D should grow.

"The European Council agrees on the need to increase the proportion of Community resources devoted to financing priority Community R & D activities." (Brussels European Council conclusions)

"The Commission has suggested that the Community now look at possible programmes in telecommunications and biotechnology. We should examine these and similar proposals carefully to see whether they would be more effective at the

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Community level. In doing so we should give high priority to facilitating collaboration at the industrial level." ("Europe - The Future")

"We want to see greater unity in the development and application of new technology." (Prime Minister's speech at Avignon 30.11.84)

3. Towards the end of 1984, the Research Council agreed that R & D spending should "gradually increase". The Council subsequently agreed to seven new/replacement R & D programmes involving a further 1225 mecu expenditure over the next four to five years. These programmes will ensure a slow but steady increase in R & D spending until 1987/88, thereby maintaining the proportion of the Community budget devoted to R&D at its present level of just under 3%. The Commission now aim to double this by 1989, subject to keeping other Community spending under control. It is questionable whether the Commission could produce sufficient proposals for worthwhile new programmes to take up this proposed increase. Sir Robin Nicholson has advised that the Commission should first be asked to review past and present R&D spending to assess its contribution to industrial competitiveness. We should

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then have a sound basis for estimating future requirements.

4. One area where the Commission are eager to make progress is in Community involvement in telecommunications. The UK has strongly supported Commission efforts to secure more open public procurement policies and common standards for telecommunications equipment and some progress has been achieved on these fronts. The Commission itself now gives top priority to securing agreement to an R & D programme entitled 'RACE' (Research into Advanced Communications in Europe). Having gained generally favourable responses from other Member States and the industry, the Commission is now proposing to embark on an 18 month "definition phase" costing 43 mecu, 23 mecu of which will come from the Community budget, to establish the real needs of the telecommunications industry in Europe. This would lead to firm proposals for a Community programme to be finalised during the latter half of 1986.

5. The Minister of State for Industry and High Technology has written to the Chief Secretary at the Treasury, arguing that the UK should be able to agree

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to the definition phase of RACE but without commitment to an eventual programme. Mr Pattie's view is based on the warm support the proposal has received from the UK industry and telecommunications operators; and his belief that telecommunications is an obvious area for European co-operation due to the fragmentation of the industry in Europe. The Treasury's initial view is inclined towards opposing both a substantive programme and the definition phase arguing that telecommunications is a wealthy industry in which the operators are fully able to co-ordinate research amongst themselves; and that if we agree to the definition phase, it would be more difficult to oppose the RACE programme proper, acceptance of which would run counter to HMG's efforts to keep tight control of Community expenditure.

6. The Commission paper concludes that "the RACE programme will be the first stage in the implementation in the Community of future-generation telecommunication services". While we need not take a definitive view at the European Council, we shall need to avoid specifically endorsing this part of the Commission's report. We should argue that the RACE programme will be discussed in the June Research Council and that the

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European Council cannot be expected to preempt that  
Council's decisions.

FOREIGN AND COMMONWEALTH OFFICE

26 MARCH 1985

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**COMMISSION OF THE EUROPEAN COMMUNITIES**

COM(85) 84 final

Brussels, 19 March 1985

**STRENGTHENING THE TECHNOLOGICAL BASE  
AND COMPETITIVENESS OF COMMUNITY INDUSTRY**

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(Communication from the Commission to the European Council  
29 and 30 March 1985)

COM (85) 84 final

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19 March 1985

COMMUNICATION TO THE EUROPEAN COUNCIL

Strengthening the technological base and competitiveness of  
Community industry

The efforts made by the Member States to restore basic macro-economic balances have helped to improve the growth rate of the Community's economy, which has also been stimulated by the vigorous recovery in the USA.

Even so, economic growth in the Community remains lower than in the United States and in Japan. One of the most striking reasons for this poor performance is the way in which Community industry as a whole has fallen behind those two countries in most high-technology industries. Although it is not fair to speak of an overall loss of competitiveness or technological gap, there are worrying trends in several branches with a high technological intensity.

In information technology, the Community's trade gap and technological dependence is steadily worsening.

In telecommunications, up to now one of the Community's strong points, there is a serious risk that the technological developments and the installation of the infrastructure needed for the high-capacity networks of the turn of the century will not be put in hand in time or in a sufficiently coordinated fashion.

In biotechnology, on which in the long run the future of our fine chemicals, agriculture and food industries will all depend, the inadequacy of the current basic research effort may well leave us very vulnerable in the future, and this will be difficult to remedy.

In new materials (resins, ceramics and special metals) the most important developments are taking place in the United States and Japan.

Our loss of ground in these advanced technologies is likely to delay their use in traditional industries, with the risk of losing markets and destroying jobs. Also, if the European economies fall back on the widespread use of imported equipment they are likely to handicap their own new-technology industries.

(1) It is obvious that no Member State can face up to the challenge of the new technologies on its own: the cost of developing them is too high. What is more, through the effect of standards, technical regulations, aid to industry and public procurement, national policies in support of technology tend to perpetuate the national character of industrial structures and the fragmentation of the common market. Within the narrow

confines of national markets it is impossible for large companies to achieve economies of scale and smaller ones to specialize in specific market slots.

(2) It is unwise to embark without due caution on cooperation with US or Japanese multinationals. Excessive technological dependence could leave us in a critical position should limits be placed on the transfer of technology from the USA. When such transfers are inevitable, they must allow European firms to make up lost ground.

In the Commission's view, two main approaches can be adopted to strengthen the technological base and competitiveness of Community industry:

- firstly, improvement of the environment in which companies operate so as to encourage their industrial innovation capacity and commercial enterprise;
- secondly, better utilization of the Community dimension by states and above all by companies so as to enable firms to develop in a competitive, unified and open market.

On the basis of this diagnosis, the Commission proposes that the European Council select six main objectives:

1. Achieving complete unification of the internal market

The Commission has already expressed its determination to abolish internal frontiers within the Community in 1992 in the interests of the citizens and companies of Europe. This complete unification of the market will be carried out in stages, following a precise timetable. This programme calls for rapid progress - especially for the benefit of the high-technology industries - in the following areas:

- (a) European standardization with a world outlook is essential to put Europeans and their rivals in the outside world on an equal footing and to give users a sufficient degree of security to encourage them to invest in high technology equipment and services: Community rules on industrial property must create a framework guaranteeing investment in information technology and biotechnology and preventing abuse of dominant positions.
- (b) Public contracts account for a major (and often the most innovating) proportion of demand in these sectors. It is therefore essential to open up access to them. Some types of public contracts are particularly well suited to the formation of consortia on a European scale provided

that effective competition between them is guaranteed. There must be specific procedures giving small and medium firms access to them under equivalent conditions.

- (c) Services must also benefit from the unification of the common market, especially when the supply of services contributes to industrial expansion and facilitates industrial operations on a European scale.
- (d) Of the proposals designed to create an infrastructure for Community-wide cooperation, the one on the European Economic Interest Grouping is ready for a rapid Council decision while the proposal on the European company remains the central feature of the Community legal order. : Tax measures along similar lines are being examined by the Council and their adoption should not be further delayed.
- (e) National forms of aid to industry are a crushing burden on government finance, constrained as it is by growing budget difficulties. An eye must be kept on both the volume of and the rules for granting such aid to ensure that it serves first and foremost to strengthen European competitiveness and does not merely help to perpetuate existing national structures or to distort competition within the Community. The Community will therefore step up its surveillance of such aid.

For its part, the European Council should express its determination to start gradually cutting back state aid to industry so as to save an increasing proportion of resources for the development of technological projects which could not otherwise be carried out in the Community.

## 2. Adapting the Community's external commercial policy to its objectives in the way of new technologies

The unification of the internal market must be accompanied by an external commercial policy designed to strengthen the competitiveness of European industry: the Community must create the conditions that will gradually put its industry in a position to fight international competition on its own market on equal terms and to gain effective access to its rivals' market because the Community has a vital interest in keeping world markets open. If these measures are not taken, European companies may well be unable to maintain their market shares in innovating sectors where consumption is growing fast and our companies have excellent prospects of improving their financial position.

## 3. Strengthening and making better use of the Community's scientific and technological potential

Although the Community's scientific base is comparable to that of the USA and Japan it is less efficient and is growing less rapidly. The enormous expansion in the Pentagon's R&D programmes - around USD 40 000 million are



entered in the 1985-86 budget - will help to increase the American superiority. Community research is handicapped by its national isolation, duplication of effort and inadequate thresholds of efficiency.

The Commission requests the European Council to develop and make better use of the Community's scientific and technological potential.

At past meetings the European Council supported the launching of a Community framework programme for research. This programme now needs to be reviewed, adapted and strengthened for the period 1986-89. The efforts being made and still needed to rationalize the budget and keep Community spending under control should allow an increase of from 3% today to 6% in 1989 in the share of own resources earmarked for research. The European Council should support this approach.

For its part the Commission will make proposals in the months ahead to introduce a maximum of flexibility into the Community's plans to encourage research. Increased research spending at Community level does not rule out closer cooperation between Member States interested in certain projects in which others do not wish to participate; the Community must be able to support such ventures, especially as the current prospects for technology indicate that its decentralized use can be envisaged.

#### 4. Making better use of human resources

With its shortage of energy and raw material resources, the Community is obliged to make the best possible use of its human potential, which is its best comparative advantage. Consequently young people and adults at all levels of skills must be better educated and trained, and their training must be continuously adapted to the changing qualifications required to keep up with developments in jobs and techniques.

(a) The Member States must take steps to raise the level of training of its research scientists and improve the efficiency of their work through a community action designed to develop European cooperation, mobility between countries and the links between industry and universities. The plan to stimulate scientific and technical cooperation and exchanges 1985-88 meets these objectives. To strengthen the Community's technological base it is necessary to adapt school systems and further training for adults along similar lines.

(b) A programme designed to promote cooperation between universities and industry so as to improve in both numerical and qualitative terms the training of personnel qualified in the use of new technologies is now being prepared in the Community. The emphasis will be on the need to increase the

mobility of students by facilitating study periods or training in firms in a different Community country.

Recognition as a "Community centre of excellence" for establishments giving additional training or conducting very advanced research in specialized areas would help towards the increased mobility of students and research scientists within the Community. The European Council should express its support for these types of activity which will promote the European identity in the eyes of the economic and social decision-makers of the future in the Community.

5. Promoting innovation, including database networks, and establishing the information market

Putting innovations into application is one of the weak points of European industry. The transition from the laboratory to the factory and from the factory to the market must be encouraged by greater flexibility and transparency of production structures and more effective rewards for good management performances. The Community can contribute to this.

- (a) Innovating firms need a tax policy encouraging risk taking. The Commission intends to propose objectives to be adopted jointly in various areas (company formation, tax arrangements applicable to venture capital, innovation financing (NCI)).
- (b) The dissemination of knowledge is vital to the use of government-financed research results and the stimulation of innovation. The Community must play its part. The dissemination of these results should be improved so that companies throughout the Community can benefit from them. The practices adopted for development of the Esprit programme should be extended to other sectors.
- (c) In the Community information should be a sector producing value added and creating jobs but its great innovation potential will not be exploited to the same extent as in the United States and Japan unless the Community market is unified: there should be complete freedom for the establishment of data bases and the transmission of data across frontiers.

6. Achieving a breakthrough in telecommunications

High-capacity networks will be to the industry and services of tomorrow what the waterways, railways and motorways have been or are to the industry of today. In particular they will be a source of new services (creating jobs), will improve the overall productivity of our economies and will allow better decentralization of production activities over the whole of the Community territory.

Telecommunications can be to the Community what defence and space are to the United States and consumer electronics is to Japan. The Community has here a significant strategic base. It must act rapidly to bring this base up to a level of technological and industrial capacity that will secure its place on the world market.

Success here presupposes a number of coherent and complementary measures concerning the market (policy of common standards), the stimulation of demand (pilot projects such as videocommunications) and the industrial technology needed to establish the future advanced communications networks and services.

Suitable financing is also required for the infrastructure investment that will not show a return for some time and is the nature of a public asset.

The RACE programme will be the first stage in the implementation in the Community of future-generation telecommunications services.

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26 March 1985

EUROPEAN COUNCIL, BRUSSELS

29/30 MARCH 1985

**ENVIRONMENTAL ISSUES**

Brief by Foreign and Commonwealth Office

**BACKGROUND TO STEERING BRIEF**

Reference: Commission paper entitled "A Europe-Wide  
Environmental Policy"

1. The Commission paper calls for urgent action in five  
areas:

- i) Air Pollution;
- ii) Marine Pollution;
- iii) Handling of Dangerous Chemicals
- iv) Dangers of Modern Farming Methods;
- v) Environmental Deterioration in the Third World.

Of these, the first two are likely to provoke  
substantial discussion.

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Air Pollution

2. The Agreement on Vehicle Emissions at the Environment Council on 20 March centred on a compromise in which pollution levels for small and medium range vehicles were cut substantially while allowing for the development of lean burn technology; in return for the tightest possible standards for large cars and the Community's go ahead to the Germans to introduce limited fiscal incentives for low polluting cars. This political agreement will form the framework for negotiation of the standards themselves which should be agreed by the end of June 1985.

3. Within the Community attention is now likely to focus on controls of pollution from large combustion plants. Seven Member States (all except UK, Ireland and Greece) have joined the so-called 30% Club (cut in sulphur emissions by 30% by 1993). Germany and the Netherlands strongly support the Commission's Draft Directive on Large Combustion Plants and France, Belgium and Denmark are willing to support it with some modifications. UK, Italy and Ireland are strongly opposed on grounds of disproportionate implementation costs; the smaller countries (Greece, Luxembourg and again Ireland) are seeking derogations. The UK is

willing to cut both sulphur and nitrogen oxide emissions by 30% by the end of the century.

Marine Pollution

4. There are three main areas in which the UK could come under pressure: dumping in the North Sea, Special Area Status for the North Sea, and our attachment to Environmental Quality Objectives (EQOs).

5. At last year's North Sea Conference, there was strong political pressure led by Germany with support from Netherlands, Denmark, and Norway to implement new measures to control pollution of the North Sea. UK and France argued that existing international agreements were satisfactory and there was no need for a new EC initiative; the main problem was caused by discharges from rivers and estuaries, in particular the Rhine and the River Meuse. The UK is to host the next conference in 1986 or 1987 and will again insist that full account must be given to scientific evidence which we believe demonstrates that dumping at present levels is not harmful.

6. The main effect of granting Special Area Status to the North Sea would be to impose tighter ship cleaning

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regulations. Again there is no scientific basis for such regulations which would in any case be difficult to enforce.

7. The UK approach is based on Environmental Quality Objectives (EQOs) which take as their starting point that pollution controls should be geared to water quality levels. Most Member States and the Commission prefer uniform emission standards which control the volume of pollutants and invariably require costly new equipment to dispose of the excess without any demonstrable benefit in and around the UK.

FOREIGN AND COMMONWEALTH OFFICE

26 MARCH 1985

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(iv) Modern farming methods sometimes cause grave ecological damage, even though agriculture, which has moulded the European landscape over centuries, still offers the best assurance of preserving landscape features.

(v) The scale of environmental deterioration in some parts of the Third World is such that they may well become permanently unable to support life: desertification, tropical deforestation and the loss of wildlife, and hence genetic diversity, are among the worst problems of all.

4. The seriousness of these problems is such that the Commission has given them prominence in the action programme it recently submitted to the European Parliament, in which it states its intention of laying before the Council a number of proposals concerning legislation, scientific and technical research, the orientation of common and national policies and the use of the financial armoury at the Community's disposal.

5. The Commission would like to see decision-making in this area of policy prompted and influenced by policy guidelines from the European Council. Without going into detail, it asks the European Council to endorse three main guidelines for Community environment policy:

(i) protection of the environment is to be treated as an integral part of economic and social policies both overall (at macro-economic level) and by individual sector (agricultural policy, industrial policy, energy policy ...), the point must be made that an active policy for the protection and improvement of the environment can help economic growth and job creation;

Look  
at cost  
level



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- 3 -

- (ii) Member States must recognize the necessity of coherent actions within the Community framework, since piecemeal and isolated action would risk to be ineffective and even harmful to the cohesion and continuity of its policies;
  
- (iii) signal the importance the European Council attaches to Community policy for the protection and improvement of the environment by deciding that the year 1987 will be the European Year of the Environment, and by inviting the Commission and Council to make every effort to ensure that the year is marked by major progress in the Community drive for the protection of the environment in Europe and the world.

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Brief 9  
Reference A

COMMISSION OF THE EUROPEAN COMMUNITIES

me want: for further copying in  
London please.

COM(85) 86 final

Brussels, 19 March 1985

Same plus  
Mr Grouffed-Souss D. Lou.  
Mr Gray MAES FCO

A EUROPE-WIDE ENVIRONMENT POLICY

(Communication from the Commission to the European Council  
on 29 and 30 March 1985)

Broadly acceptable in conclusions.  
Stop from doom about environment.  
1987 - European Year of Environment!!!  
North Sea Conference that year.  
Arid Ravi - in lakes - put in time  
Helsinki - 30% cut.

COM(85) 86 final

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A EUROPE-WIDE ENVIRONMENT POLICY

1. The environment in which the citizens of the Community, and of many other parts of the world, live and work is deteriorating, in town and countryside alike. This is the more regrettable since the natural resources and facilities exist for making life better and more livable. Protection and improvement of the environment therefore must be a top Community priority.

2. The European Council acknowledged this need when it decided at its last meeting in Dublin to devote part of the next session to the subject of environmental protection.

3. Urgent action is imperative on several fronts.

(i) Air pollution from the burning of fossil fuels is causing the destruction of forests, the pollution of lakes, the erosion of buildings and of our architectural heritage, and, sometimes, hazards to human health.

(ii) Marine pollution is reaching alarming proportions in the Mediterranean and some areas of the North Sea. The absorptive capacity of the sea, where pollution discharged to water, air or land finally ends up, could be swamped if action is not taken soon.

(iii) The handling of dangerous chemicals has given rise to serious and tragic accidents in Europe and elsewhere. Though rare, these can be utterly devastating.

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25 MARCH 1985

EUROPEAN COUNCIL, BRUSSELS

29/30 MARCH 1985

COMMON AGRICULTURAL POLICY

Brief by Ministry of Agriculture

BACKGROUND TO STEERING BRIEF

(Paragraphs 1-3 may be drawn on freely)

1. Agriculture Ministers had a first discussion of the Commission's price proposals on 11 March and <sup>a</sup>more detailed intensive session on 25/27 March which may well continue the following week with a view to a settlement being reached before Easter. The European Council may well therefore come immediately before the crucial Council meeting. Only the UK is calling for a more restrictive policy than that proposed by the Commission. All other Member States are calling for a

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more relaxed policy in respect of the products that particularly interest them. In particular, the FRG is opposed to the net reductions in cereals prices (generally 3.6 per cent but 4.5 per cent for rye), proposed by the Commission, which result from the application to the Commission's basic proposal for a 1.5 per cent price increase of the 5 per cent price abatement required under the guarantee threshold agreement for cereals.

2. Commission figures show that under the financial guideline for agriculture, maximum expenditure on the CAP in 1986 would be 20.3 becu using the figure of 19.315 becu for CAP expenditure in 1985 provided in the Preliminary Draft Budget. If the figure of 19.955 becu for 1985 expenditure now estimated by the Commission (and preferred by most Member States) is used, the 1986 guideline figure is 20.7 becu. The Commission currently estimate expenditure in 1986 will, on the basis of present policies, be in the range 19.5 - 20.0 becu and that their proposals for the 1985 price fixing will reduce expenditure in 1986 by 0.034 becu. Thus, on present best estimates, there is "headroom" within the guideline of between 0.3 - 1.2 becu in the Commission's proposals. Each 1% price increase at the

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1985 price fixing adds about 0.26 becu to 1986 costs. Others are therefore likely to argue in the Agriculture Council and elsewhere that there is room for price increases of up to 4% more than have been proposed. Our view is that allowance must be made for adverse developments on world markets and (possibly) for the consequences of the 1986 price fixing; in any event the guideline figure is a maximum not a target.

3. Joint Council of Finance and Agriculture Ministers

Article 7.4 of the Budgetary Discipline Conclusions provides:-

"If in the Commission's opinion the Council of Agriculture Ministers seems likely to take decisions whose cost would exceed that of the original proposals of the Commission, the final decision must be referred to a special Council session attended by both Finance and Agriculture Ministers and can be taken only by that special session."

The sixth entry in the accompanying Council minutes states that any Member State may seek the opinion of

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the Commission on whether the circumstances referred to in the above quotation apply.

(Paragraphs 4 and 5 not for use in Council)

4. The Commission's existing proposals are fairly restrictive. So long as they maintain them the rules are that they can only be amended unanimously by the Council (Article 149).

5. To circumvent what could amount (so long as the Commission maintain their proposals) to a UK veto on greater price increases, some Member States could propose that the European Council adopt a text on the price fixing which would weaken the effectiveness of the financial guideline for agriculture under the budget discipline text or undermine the Commission's resolve to stand by their proposals. This could be done indirectly by, for example, urging them to facilitate a solution by finding a qualified majority. However it were done, it would be likely to be contrary to our interests.

MINISTRY OF AGRICULTURE

**25** MARCH 1985

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COPY NO

**1**

25 March 1985

EUROPEAN COUNCIL, BRUSSELS

29/30 MARCH 1985

MEDITERRANEAN POLICY OF THE ENLARGED COMMUNITY

Background Brief by Foreign and Commonwealth Office

Reference:

- A. Statement made at January 1983 Foreign Affairs Council

Introduction

1. The Germans suggested to us bilaterally that the European Council should agree a short passage for the conclusions emphasising the need for trade access rather than aid in the context of the Community's policy towards the problems of its Mediterranean partners following Enlargement. There may however be a discussion in the Foreign Affairs Council, on 28 March. The issue may not therefore come up at all. Alternatively the European Council may be asked to endorse the Foreign Affairs Council's conclusion.

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Possible text of European Council conclusion

2. Following are elements of a possible text which officials will discuss with German officials in the margins and if appropriate with other partners:

"The European Council acknowledges the importance of the Community's political and economic relationship with its Mediterranean partners and recognises the major part played in that relationship and in the development of their economies by the preferential access given to their agricultural exports to the Community.

The European Council invites the Council, in defining guidelines for the adaptation of its Mediterranean policy to take account of enlargement, \*[to maintain and, where possible,] to improve access to Community markets for the agricultural exports of its Mediterranean partners."

\* Passage in square brackets as fall back.

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Commission Paper

3. At Cheysson's initiative, Commission has prepared a new paper on Mediterranean policy of the enlarged Community which was not in the end introduced or discussed at 17-20 March Foreign Affairs Council. The paper stresses maintenance of trade access during a four year transitional period but is not at all clear about what should happen afterwards. There are hints of help in finding other outlets and of re-structuring aid. Since Spain is receiving little improvement on her trade access until the fifth year of accession, the impact on the Mediterranean countries will only build up gradually thereafter. The Commission proposal therefore misses the main point.

4. Northern Member States would be likely to support the initiative since they have agreed on the importance of maintaining Mediterranean partners' trade access. Italy and Greece will prefer to buy them off with aid rather than prejudice the interests of their own Mediterranean producers. France seems to prefer to emphasise trade access, but their position is not clear.

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5. With accession negotiations in their final stages, there is a real need to reassure Mediterranean partners that their interests have not been overlooked and that Community guidelines will address their real concerns.

6. The most vulnerable countries (Israel, Tunisia, Morocco and Cyprus) have lobbied hard for maintenance of trade flows. The Mediterranean partners have built their trade on assumption of access for agricultural exports to EC markets; there are few alternative outlets. Aid for re-structuring and diversification ignores their comparative advantage and is no substitute for trade access. Mediterranean capacity to buy Community goods and services is closely related to how much they can sell to Community. Not enough just to maintain access during first four year of transition (when no significant impact from Spanish accession on EC fruit and vegetable markets): problem is long term and solution must be sustainable in long term too.

Foreign and Commonwealth Office

26 March 1985

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Brief 11  
Reference A

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MEDITERRANEAN POLICY OF THE ENLARGED COMMUNITY

Statement at Foreign Affairs Council, January 1983

"As regards the cooperation or association agreements which the Community has concluded with certain countries in the Mediterranean area, the exploratory talks will have to be intensified in order to study the possible difficulties which they may have to face as a result of enlargement. These talks will take place in parallel with the enlargement negotiations, to enable the Council, on the basis of specific proposals from the Commission and in consultation with the applicant countries, to have an overall view of the problems encountered and the measures which might be envisaged for remedying them, in order to define - before the end of the accession negotiations - policy guidelines and any decision to adapt cooperation or association agreements which might appear necessary."

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COPY NO

27 March 1985

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EUROPEAN COUNCIL, BRUSSELS

29/30 MARCH 1985

**NEW GATT ROUND**

Brief by Foreign and Commonwealth Office

BACKGROUND TO STEERING BRIEF

Reference A: Text of March Foreign Affairs  
Council declaration

1. 17-20 March Foreign Affairs Council declared readiness to participate in launching of new round, subject to establishment of adequate prior international consensus on objectives, participation and timing.

- Best achievable commitment in circumstances; significant step forward in EC position, including proposal that round be inaugurated in Brussels.

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- Positive language on services, graduation, Japan, trade and finance.

- Reference to agriculture predictably less satisfactory; bound to be a difficult area.

2. US Administration response mixed; but some willingness to acknowledge that Council statement represents progress in Community position.

3. Evidence at this week's OECD senior officials meeting of growing consensus that, irrespective of formal commitments to new round, bandwagon is now beginning to move, even though there is as little precision yet on content as on timing.

4. Need now to:

a) argue for as early a launch as possible; and therefore

b) make urgent progress (with developing countries) towards agreement on content.

TEXT OF FOREIGN AFFAIRS COUNCIL DECLARATION ON PROPOSED NEW GATT  
ROUND, 19 MARCH 1984

Suggestions for a new round of multilateral trade negotiations have been the subject of careful international consideration for the past two years. They received particular attention at the meeting of the OECD Ministers in May 1984, at the London Economic Summit in June 1984 and at the meeting of the contracting parties of the GATT in November 1984. Such multilateral negotiations have been a regular feature of the GATT since its inception.

The Council recalls that a new round, while of the utmost importance to a strengthening of the open multilateral trading system and to the expansion of international trade, will not of itself be sufficient to such purposes. Thus the Community, in the perspective of a new round, and while working to achieve the broad consensus requisite for its launching, will urge that the following separate but related desiderata receive serious parallel consideration. Thus:

- (a) In order to ensure credibility, reaffirmation will be necessary of the international commitments variously accepted at the Williamsburg and London Economic Summits, and at the last meeting of OECD Ministers in Paris and of the GATT contracting parties in Geneva:
- Effectively to halt protectionism and resist continuing protectionist pressures (standstill):
  - To relax and dismantle progressively trade restrictions as economic recovery proceeds (roll-back):
  - To pursue the 1982 GATT work programme as complemented by the decisions of the contracting parties in November 1984.
- (b) Solutions to imbalances whose origin lies in the monetary and financial areas cannot be found in trade negotiations.

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Determined concerted action is required to improve the functioning of the international monetary system and the flow of financial and other resources to developing countries. Results in the monetary and financial areas should be sought in parallel with results in the trade field.

Despite previous trade rounds, Japan's growth of imports of manufactured goods has nowhere near matched her export growth. Like concessions to Japan have not produced like results, and in consequence, an imbalance of benefits currently exists between Japan and her principal partners. It is therefore a pressing political necessity for Japan to bring her import propensity into line with that of other partners, by means of domestic structural and other adjustments as well as by measures at the frontier.

As regards negotiations on agriculture in the new round, the Community is ready to work towards improvements within the existing framework of the rules and disciplines in GATT covering all aspects of trade in agricultural products, both as to imports and as to exports, taking full account of the specific characteristics and problems in agriculture.

The Council is determined that the fundamental objectives and mechanisms both internal and external of the CAP shall not be placed in question.

On possible new topics for negotiation, the Council considers that trade in services seems suitable for inclusion. Problems of counterfeit goods and the defence of intellectual property also deserve consideration. Other possible new items should be examined on their merits.

The Council affirms the need for reciprocity and a better balance of rights and obligations as between all contacting parties. The Council considers that too selective an approach to individual negotiating points should be avoided. A balanced package of topics for negotiations should be agreed in which all participants will find advantages for themselves. In principle

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items should be negotiated and the results implemented in parallel and not in succession.

Against this background, and in the light of the desiderata and other relevant considerations mentioned above, the Council considers that a new round would help to promote world economic recovery and growth and would reinforce the multilateral structures and disciplines of the GATT. Subject to the establishment of an adequate prior international consensus on objectives, participation and timing, the Community declares its readiness to participate in the launching of such a new round. The Community will accordingly now enlist the support of its trading partners, particularly among the developing countries, to this end. The Community further proposes that the new round should be inaugurated in Brussels. The Community recognises that a precise date for the formal launching of a new round cannot be fixed now. A step-by-step approach will best permit solid progress to be made. To initiate the process the Community renews its proposal of last May for an ad hoc GATT meeting, in the coming months, preferably at the level of senior officials from capitals, to intensify consultations about a new round and with the objective that a broad consensus on subject matter and participation should be secured at the earliest possible date.

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COPY NO

28 March 1985

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EUROPEAN COUNCIL

BRUSSELS, 29/30 MARCH

EC/US STEEL

Brief by Foreign and Commonwealth Office

BACKGROUND BRIEF

Reference A: Text of 26 March Industry Council  
declaration.

1. Threat of yet another damaging EC/US  
trade dispute: consultations on EC exports of 17 steel  
products not covered by the 1982 EC/US Carbon Steel  
Arrangement, to be completed by 9 April, are going  
badly.

- US argue that rise in EC share of US market for  
these products from 2.65% in 1981 to 8.29% in  
first 11 months of 1984, and rise in overall  
proportion of total EC steel exports to US from  
6.8% to 22.5% over same period, indicates

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diversion of trade from products subject to quota under Arrangement.

- US demand that deliveries be limited to 1981 levels.

- EC position is that

(a) diversion can only be asserted if it can be shown to be solely the existence of the export restraint Arrangement that has led to increased deliveries in non-Arrangement products

(b) overall EC share of US steel market has only risen from 5.35% to 5.56% over 1981/84 period.

2. US have made clear that they will take unilateral action if no solution reached.

- Too rigid a denial of diversion by EC will strengthen US resolve to do so.

3. Industry Council on 26 March agreed tough declaration (Reference A):

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- EC would react strongly to any unilateral US measures; and
- would ask Commission to examine all possible counter-measures.

Others' Objectives

4. French may raise this at European Council: they are bitter over separate issue (vital to them) of US refusal, under the provisions of the EC/US exchange of letters on pipe and tube exports that specifically cover items in short supply in US, to admit additional 200,000 tonnes of steel pipe for All-American pipeline project.

UK Objectives

5. (Not to be used at Council) UK's major concern:

- BSC have in prospect very substantial exports of semi-finished products (slab) for joint venture in US (Tuscaloosa steel): have told Commission of this in strict confidence.

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- While therefore strongly supporting any moves to head off unilateral US action, UK would not go along with any solution that did not safeguard BSC's interests.

Our Arguments

6. We need not discourage discussion at European Council.

- But would prefer to avoid formal Council declaration:
- Industry Council statement sufficiently firm: statement by European Council, because inevitably attracting wider public comment, might have to pull punches on references to possible retaliation, and risk detracting from Industry Ministers.
- Personal message from President of Commission might be more effective.

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7. If declaration unavoidable:

- It must give as much emphasis to consultation products as to short supply items.
  
- It should also contain references to:
  - a) inconsistency of any unilateral US restrictions with initiative on new GATT round;
  - b) grave implication for EC/US relations if US take precipitate protectionist action.

FOREIGN AND COMMONWEALTH OFFICE

28 March 1985

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FRAME EXTERNAL

DESKBY 270930Z MAR 85

FM UK REP BRUSSELS 262346Z

TO IMMEDIATE FCO

TELEGRAM NUMBER 1141 OF 26 MARCH 85

INFO IMMEDIATE WASHINGTON ROUTINE UK MIS GENEVA.

M.I.P.T.

INDUSTRY COUNCIL 26 MARCH.

EC/US STEEL.

1. FOLLOWING IS THE COUNCIL DECLARATION REFERRED TO IN M.I.P.T.

DECLARATION DU CONSEIL SUR LES RELATIONS AVEC LES ETATS-UNIS DANS LE DOMAINE DE L'ACIER.

LE CONSEIL A PRIS CONNAISSANCE DES INFORMATIONS QUE LUI A FOURNIES LA COMMISSION SUR LES CONSULTATIONS EN COURS AVEC LES ETATS-UNIS CONCERNANT, D'UNE PART, LA CLAUSE DU "SHORT SUPPLY" PREVUE PAR L'ARRANGEMENT REGLANT L'IMPORTATION AUX ETATS-UNIS DE TUBES ET TUYAUX, D'AUTRE PART, LES IMPORTATIONS DE PRODUITS COUVERTS PAR L'ARRANGEMENT ACIERS AU CARBONE D'OCTOBRE 1982 ET NON SOUMISES A RESTRICTIONS QUANTITATIVES.

LE CONSEIL CONSIDERE QUE LES POSITIONS PRISES PAR L'ADMINISTRATION AMERICAINE NE REpondent NI A L'ESPRIT NI A LA LETTRE DES ARRANGEMENTS CONCLUSE ENTRE LA COMMUNAUTE ET LES ETATS-UNIS, ET IL NE PEUT ACCEPTER QUE CES POSITIONS SOIENT PRESENTEES PAR L'ADMINISTRATION AMERICAINE COMME DEFINITIVES ET IMMUABLES.

EN CE QUI CONCERNE LA QUESTION DU "SHORT SUPPLY", LE CONSEIL INVITE LA COMMISSION A REPREDRE IMMEDIATEMENT LES CONSULTATIONS PREVUES A L'ARRANGEMENT.

LE CONSEIL RAPPELLE QUE L'APPLICATION CORRECTE DE LA CLAUSE DU "SHORT SUPPLY" EST UN DES ELEMENTS ESSENTIELS QUI A CONDUIT LA COMMUNAUTE A ACCEPTER L'ARRANGEMENT.

D'AUTRE PART, IL DEMANDE A LA COMMISSION DE POURSUIVRE LES CONTACTS AVEC L'ADMINISTRATION AMERICAINE EN VUE D'ASSURER LE RESPECT INTEGRAL DES ARRANGEMENTS ET D'OBTENIR QUE LES PARTS DE MARCHÉ DE LA SIDERURGIE EUROPEENNE, NOTAMMENT PAR RAPPORT A CELLE DES AUTRES FOURNISSEUR, SOIENT SAUVEGARDEES.

LE CONSEIL SOULIGNE AVEC FERMETÉ QUE LA COMMUNAUTE REAGIRAIT AVEC LA PLUS GRANDE VIGEUR A L'EGARD DE MESURES UNILATERALES QUI LUI SERAIENT IMPOSEES ET DEMANDE A LA COMMISSION DE METTRE IMMEDIATEMENT A L'ETUDE TOUTE CONTRE-MESURE POSSIBLE.

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LE CONSEIL ATTIRE L'ATTENTION SUR LE FAIT QUE LES MESURES DE PLUS EN PLUS CLAIREMENT PROTECTIONNISTES DES ETATS-UNIS SONT EN CONTRADICTION AVEC LES EFFORTS ENTREPRIS EN VUE DE LANCER UN NOUVEAU ROUND DE NEGOCIATIONS COMMERCIALES AU GATT ET QU'ELLES AGGRAVENT LE RISQUE D'UNE DETERIORATION PROFONDE DES RELATIONS ENTRE LA COMMUNAUTE ET LES ETATS-UNIS.

FCO ADVANCE TO:

FCO - SHEPHERD, WARREN.

DTI - MURRAY, MOGG, BRIMELOW, (MM) HUTTON, HEALEY, BESTON (OT2)

R WILLIAMS, LAME, PRYOR, MADELIN (ITP)

MAFF - HADLEY, COCKING.

BUTLER

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EHG(B)(85)13 Revise 1

COPY NO 1

27 March 1985

EUROPEAN COUNCIL, BRUSSELS

29/30 MARCH 1985

— STEERING BRIEF ON POLITICAL COOPERATION SUBJECTS

INTRODUCTION

1. The Agenda items are Middle East (including Arab/Israel and Iran/Iraq), East/West relations and Central America. In addition we have proposed that the Council include a short passage on Mozambique in its conclusions.

2. The Middle East will probably be the major item. We wish to see the Council give cautious support to current moderate Arab initiatives on Arab/Israel as

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well as registering concern and considering joint action on the situation in the Lebanon. We would also welcome any helpful action the Council could take on the Gulf conflict.

3. On East/West relations we would welcome an exchange of views on the implications of Gorbachev's succession and on the prospects for Geneva. It is important that any Council conclusions strike the right balance between Western firmness and willingness to do business with the East.

4. On Central America we will wish to reaffirm our support for an active rôle by the Ten while resisting any mention in the conclusions of a Ministerial follow up meeting to San José.

5. The major South America item will probably be Chile. We will wish to make clear our concern, while persuading partners that overfrequent criticism by the Ten will not influence Pinochet. We will also wish to resist arguments that the survival of Argentine democracy depends on our taking a softer line on the Falklands.

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6. If South Africa is raised we will wish to discourage further Statements by the Ten.

7. On Mozambique we have proposed that the Council conclusions include a short passage reaffirming the Ten's support for Mozambique.

8. Fuller objectives and points to make are as follows:

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A. MIDDLE EAST (ARAB/ISRAEL, LEBANON, IRAN/IRAQ)

Our Objectives

- To give cautious but visible support to current moderate Arab initiatives on Arab/Israel by ensuring that any public Council conclusions should include encouraging reference to them.
  
- Register concern at deteriorating situation in Lebanon, especially the South, and support joint action by Ten; explore possibility of EC démarches in capitals (notably Damascus, Tehran) about British and other European hostages.
  
- On Gulf conflict work for end to attacks on civilian targets and steps towards an early settlement.

Arguments

- The Jordan/PLO agreement and President Mubarak's practical proposals though fragile offer a rare prospect of progress and richly deserve judicious encouragement (without implying sponsorship or distracting attention from prime responsibility of

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parties).

- Gravity of situation in Lebanon calls for public reaction by Ten.

- Recent escalation of Gulf conflict requires signal of Ten's concern and support for action by Security Council and UN Secretary-General.

Their Objectives

- As ours except that Greece (and perhaps France) may seek to minimise, in any text on Arab/Israel, praise of moderate initiatives, citing radical Arab opposition.

- On Lebanon, no divergence. French, Irish and Dutch (who contribute troops) will probably press for reference to UNIFIL.

- On Iran/Iraq, French (pro-Iraqi) may propose one-sided action, eg calling only for immediate general ceasefire (which appeals only to Iraq).

Your Response

- Need to encourage Hussein/Arafat/Mubarak so that they gain wider support; if no acknowledgement for their efforts, this will not be a neutral signal, but imply European indifference and encourage radicals.

- Agree that all parties in Lebanon should be reminded of their obligation to cooperate with UNIFIL. Need to consider carefully UNIFIL's future rôle once Israelis have fully completed their withdrawal.

- Language not acceptable to both Iran and Iraq counter-productive; should call for just and honourable settlement, first step being end to damaging attacks on civilian targets, in line with Security Council statement.

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B. EAST/WEST RELATIONS

Our Objectives

- To exchange views on implications of Gorbachev succession and to counter any tendency to believe that conduct of East/West relations likely to be easier.
- To give British assessment of Geneva prospects. To reaffirm UK policy on SDI and prevent EC/Alliance divergence.
- To ensure that any relevant passage in the conclusions of the Council strikes the right balance between Western unity and willingness to do business.

Arguments to Use

Gorbachev's Character and Position

- Meeting on 13 March confirmed earlier impressions: intelligent debater, able to tailor point of view to audience, charm and presence.
- Has moved quickly and confidently into new post.

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Apparently good relations with Gromyko (who was fulsome about Gorbachev in nomination speech).

- Future indicators of Gorbachev's pre-eminence:

(a) whether he is made President (could happen if Supreme Soviet Plenum called for late April);

(b) what new blood brought into Politburo (now only 10; 13 under Andropov).

- Preparations for 27th Party Congress where new Party programme will be approved and Central Committee re-elected will offer Gorbachev chance to get his men in and to put his stamp on Soviet policy for next decade, if he has sufficient influence.

Internal

- First priority will be economy. Central contradiction of introducing incentives without changing system. Seems to favour making existing system work better rather than radical reform. Doubtful whether enough can be achieved this way in longer term.

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Foreign Policy

- Continuity. Main aim will be to split Alliance and to prevent SDI deployment.
  
- Likely renewed propaganda, playing on public concern in Europe. Image of Gorbachev as more reasonable and flexible figure may be used.
  
- Russians ready to improve political relations with Western Europe. But large element of wedge-driving. Interesting to see how Reagan invitation treated: Gorbachev unlikely to hurry to reply, but probably in Soviet interests for there to be a summit.
  
- Potentially difficult moment for the West. Likely to be strains. Important that we stick together, maintain close consultation, especially with US. Communiqué should reflect this.

Arms Control

- Geneva talks: Russians claim ready for work for agreement involving large-scale, mutually acceptable

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measures. Must now show they mean business. Any attempt to make progress on nuclear issues dependent on getting their way on SDI not acceptable. Danger that they may indicate willingness to reach reasonable agreements on START and INF but make them contingent on US concessions on SDI. If accompanied by some gestures on human rights front over some prominent dissidents could prove a difficult public opinion problem.

Space: Start of Geneva talks and Gorbachev succession offer Russians new opportunities for wedge-driving. Public rifts over SDI would only weaken US negotiating hand. But need to grapple with implications of BMD in public presentation and private discussion. For foreseeable future aim must be to enhance deterrence.

- INF/START: US negotiators have sufficient flexibility to develop 1983 proposals. Key question on INF: will Russians now accept reality of NATO deployments?

Their Objectives

- On East/West, others unlikely to have radically different views. Kohl and Mitterrand both met

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Gorbachev in Moscow. Some eg Irish, Danes may be over-inclined to view Gorbachev as heralding new dawn.

- On space/SDI, objectives of major European Allies broadly similar to our own. French more openly sceptical; concerned about long-term effects of BMD on national deterrent. German primarily concerned to promote consensus. Greece may seek to promote unrealistic Six-Nation Declaration call for ban on space weapons.

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C. CENTRAL AMERICA

Objectives

- To resist efforts to commit the Ten publicly to a Ministerial follow-up meeting to San José.
  
- Specifically, to argue against any passage in the Conclusions going beyond a reaffirmation of the Council's conclusions of 4 December.
  
- To reaffirm within the Council our wholehearted support of an active rôle for the Ten in Central America, and an agreement in principle to a Ministerial follow-up meeting. But to point to the limitations.

Arguments to Use

- No reasonable doubt that Ten are committed to supporting Contadora process. Agree to reference in conclusions reaffirming 4 December Dublin conclusions.
  
- But need to guard against declaratory diplomacy which becomes self-devaluing.

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- Proposal for Ministerial level follow-up to San José acceptable, but only if progress has been made in Contadora. Wrong to make any promise to Central Americans about this meeting before outcome of important Contadora meeting in April is known. To do so would send wrong signal that the Ten are prepared to offer cooperation regardless of progress.

- Urge acceptance of principle that Ten must seek to use leverage afforded by San José and prospects of framework agreement to encourage Central Americans to negotiate seriously.

Their Objectives

- FRG and perhaps others may press for a statement to be included in the conclusions announcing agreement to hold a San José Conference Mark II by the end of the year. They will argue this is needed to display momentum in EC/Central America cooperation.

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D. MOZAMBIQUE

Our Objective

- To persuade partners that Council should issue statement on Mozambique reaffirming support for Nkomati process.

Arguments to Use

- Foreign Ministers' Declaration of 12 February well received. But situation still serious (meetings with Machel on 13 March and Nyerere 20 March). Statement by Council would provide psychological boost to Machel and peace process, and opportunity for Presidency to follow up representations about arms supplies to Renamo.
- Effect on transit routes of land-locked neighbours considerable.

Their Objectives

Some partners may object on grounds that:

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- Council should not devalue Foreign Ministers' Statements by repeating them.
  
- Mozambicans have made formal response to 12 February Declaration, so no further statement necessary.
  
- Nkomati was imposed on Machel by force - failure so far shows South Africa's bad faith, which Ten should not appear to endorse.
  
- No point in backing a policy which failing.

Your Response

- I believe Machel remains committed to Nkomati and he told me he believes in P W Botha's good faith.
  
- At time of difficulty should do more than rather than less to bolster Machel and encourage others to maintain commitment to Nkomati.

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- South Africans taking action - unmasking of smuggling gang, stricter control of border air-space, dismissal of some Renamo supporters in Armed Forces.

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E. SOUTH AFRICA

Our Objectives

- To explain as necessary our response to the Uitenhage shootings.
  
- To discourage further statements or action by the Ten.

Arguments to Use

- Have expressed shock and concern. No doubt that the South African Government deeply embarrassed and shaken by international reaction. Commission of Enquiry now at work. We must keep up pressure on human rights issues. But must not permit shootings to eclipse hopeful moves recently made.
  
- UK's views clearly expressed both nationally and through Presidency statement. Hard to see what further could usefully be said. South Africa is well aware of our position. Further approaches unlikely to add to impact, probably detract.

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- (If necessary) Wrong to take any further steps until report of enquiry available.

- (If sanctions proposed) Do not believe sanctions feasible or effective.

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**F.** SOUTH AMERICA

Our Objectives

- To convince partners that we share their concern at present situation in Chile.
  
- To persuade them that public condemnation and over-frequent démarches will not influence Pinochet.
  
- To resist arguments that the survival of Argentine democracy depends on our taking a softer line on the Falklands.

Arguments to Use

Chile

- Agree present political impasse benefits only hard left.
  
- Sent senior FCO official to Chile in late February to assess situation. Made known our concern at human rights abuses/delayed return to democracy direct to General Pinochet.

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- Have supported EC initiatives on Chile in past, eg Foreign Ministers' statement of 12 November, 5 March démarche on Urzua case.
  
- Also voted for Resolutions critical of Chile in 1984 UNGA and 1985 Commission on human rights.
  
- But scope for influence by outsiders limited. Pinochet sensitive to "foreign interference" in Chilean internal affairs. Democratic opposition parties so far failed to make common cause.
  
- Repeated démarches by Ten on individual cases merely provoke Pinochet to react negatively, need to concentrate on building bridges between opposition and Chilean Government. Terrorism a real problem, although disavowed by democratic opposition.
  
- Important to encourage political contacts between democratic opposition and Western political parties.

Argentina

(- We do not wish to raise this - for defensive points

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see below.)

Their Objectives

Chile

- Our EC partners especially Italians will wish us to subscribe to general, public denunciations of Pinochet. They may also seek to reverse our recent refusal to support further appeal to Pinochet for clemency if Chileans accused of assassinating General Urzua are sentenced to death by War Tribunal.

Falklands/Argentina

Partners may argue that we should show flexibility on sovereignty in order to bolster democracy in Argentina.

Your Response

Chile

- Supported recent EC démarche on Chile urging Chileans to provide full legal safeguards. Chilean Government critical of EC interest in fate of "terrorists".

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Following death of two Chilean bomb disposal experts in hotel explosion, Pinochet even less likely to allow clemency.

- Understand that relations between Italy and Chile are particularly tense at the moment. May make business with Chilean Government through Presidency rather difficult.

- Do not regard assassination as legitimate political activity, even in Chile.

- Will continue to impress on Chilean Government in private contacts need for genuine progress on return to democracy, lifting of state of siege and greater respect for human rights.

- Chile neutral during Falklands conflict. Not soft pedalling on human rights for bilateral reasons. Best chance for Chile lies in resumption of dialogue between Government and moderate opposition. We must work to prevent isolation of either.

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Argentina

- Not prepared to discuss sovereignty. Ruled out by Argentine action in 1982. Stability of Argentine democracy depends principally on restoring their economy. We have taken a constructive attitude in IMF and at Paris Club. If Argentina agrees to reciprocal lifting of trade restrictions this would give immediate boost to her exports.

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27 MARCH 1985

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22 MARCH 1985

EUROPEAN COUNCIL, BRUSSELS

29/30 MARCH 1985

ARAB/ISRAEL

Brief by Foreign and Commonwealth Office

BACKGROUND TO POLITICAL COOPERATION STEERING BRIEF (Section A)

References

- A Jordan/PLO Agreement of 11 February
- B UK report of Middle East Working Group (MEWG) of 20 February
- C Prime Minister's statement to the House on 26 February

1. The Presidency told the MEWG on 20 February that they would be preparing a draft text of conclusions on the Arab/Israel dispute for consideration by the European Council. The consensus view was that this should be brief and include positive references to the Jordan/PLO Agreement

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(Reference A) and President Mubarak's proposals. The Greeks, and the French, were hesitant on the grounds that the moderates' proposals had been rejected by Syria and the radical Arab minority. We and our other partners consider that to ignore major moderate moves would offend our Arab friends and make it even more difficult for them to gather further Arab support. But the wording should be cautious so as not to imply sponsorship by the Ten, which could encourage Arab opposition and lead to unjustified expectations of the role the Ten could play. It should also refer to "Palestinian" representation in future moves, rather than "PLO".

2. The Jordan/PLO Agreement, signed by King Hussein and Arafat on 11 February includes important PLO concessions (territory for peace, confederation with Jordan and a Joint Jordanian/Palestinian delegation at an international conference) albeit (deliberately) in a framework which allows the parties plenty of room for manoeuvre. It is not necessarily in our interests to press for full clarity at this stage; the important thing is to maintain momentum. The agreement enjoys the full support of Egypt, and the tacit approval of other moderate Arab states although the longer it fails to elicit positive US and Israeli responses, the greater the danger of this evaporating. Only Syria, Libya, PDRY and the minority radical Palestinian Groups have rejected it. Israeli reactions have varied from scepticism (Peres) to rejection (Shamir) but overall have been less negative than might have been feared. Despite talks of attempting to rewrite crucial clauses, no mainstream PLO

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leader has repudiated it. King Hussein has accepted two "clarifications" to appease the more hardline PLO opinion (a joint Arab - not Jordanian/Palestinian - delegation and clearer reference to full Israeli withdrawal).

3. . President Mubarak has made additional proposals including US reception of a Jordanian/Palestinian delegation, widening the dialogue to include Israel, and meetings between a Jordanian/Palestinian and an Israeli delegation in Cairo. The first thought was part of King Hussein's strategy, but Mubarak's announcement was not coordinated with him and caused some embarrassment. Peres has welcomed the idea of direct talks, provided that no PLO members were involved; a senior Palestinian, Milhem, rejected the idea. Hussein and Mubarak are now concentrating on securing a meeting between a US and a Jordanian/Palestinian delegation, which Mubarak claimed to the Prime Minister would be sufficient to prompt Palestinian recognition of Israel's right to exist. The US remain sceptical about Mubarak's proposal sending Mr Murphy to the area to see if a US meeting with an acceptable Jordanian/Palestinian delegation could proceed. The Israelis's have dropped their objections to such a meeting.

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22 MARCH 1985

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Reference A  
Brief 14a  
(A/I)

JORDANIAN TRANSLATION OF JORDAN/PLO AGREEMENT

"Emanating from the spirit of the Fez Summit resolutions, approved by Arab States, and from United Nations resolutions relating to the Palestine question, in accordance with international legitimacy, and deriving from a common understanding on the establishment of a special relationship between the Jordanian and Palestinian peoples, the Government of the Hashemite kingdom of Jordan and the Palestine Liberation Organisation have agreed to move together towards the achievement of a peaceful and just settlement of the Middle East crisis and the termination of Israeli occupation of the occupied Arab territories, including Jerusalem, on the basis of the following principles:

1. Total withdrawal from the territories occupied in 1967 for comprehensive peace as established in United Nations and Security Council resolutions.
2. Right of self-determination for the Palestinian people: Palestinians will exercise their inalienable right of self-determination when Jordanians and Palestinians will be able to do so within the context of the formation of the proposed confederated Arab States of Jordan and Palestine.
3. Resolution of the problem of Palestinian refugees in accordance with United Nations resolutions.
4. Resolution of the Palestine question in all its aspects.
5. And on this basis, peace negotiations will be conducted under the auspices of an international conference in which the five permanent members of the Security Council and all the parties to the conflict will participate, including the Palestine Liberation Organisation, the sole legitimate representative of the Palestine people, within a joint delegation (Joint Jordanian Palestinian Delegation)".

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Reference B  
Brief 14a  
(A/I)

MIDDLE EAST WORKING GROUP: ROME: 20 MARCH 1985

Arab/Israel

1. Liotta (Presidency) noted that the Jordan/PLO Agreement remained intact, despite some resistance to it amongst Palestinians. Its fragility was however clear from PLO calls for amendment/clarification of some articles, and Arafat had denied that it included acceptance of SCR 242. President Mubarak's suggestions of direct talks had been too close to a Camp David formula to be acceptable to many Arabs, and even Jordan had evidenced some uncertainty. The subsequent meeting between King Hussein and President Mubarak did not altogether remove the impression that Jordanian and Egyptian views of the way forward differ in some respects. In Israel Mubarak's ideas had refocussed public and official attention on the peace process. His visit to the US appeared not to have brought concrete results.

2. Lucet (France) stressed the differences remaining between the Arabs and within the Israeli coalition. It was good that some taboos appeared to be falling, but the French approach would be cautious in view of the many ambiguities. The idea of accepting "all UNGA and SCR resolutions" in the Jordan/PLO agreement was problematical; the Ten had not voted for all the former. Fatah and the Palestinians in the Occupied Territories had reacted positively; the radicals had perhaps lost ground on the West Bank but there was not yet real Palestinian unanimity of view. Neither Mubarak nor Hussein could seriously contemplate going further without greater Arab consensus. The Americans were right to stress the danger of putting strain on the Israeli coalition; this might unhelpfully strengthen the Likud's position. Nor did events in Lebanon favour progress. Neither Mubarak nor Hussein had sought public European support; discreet encouragement was all that was appropriate.

3. Liotta noted that Mubarak had asked the Presidency for a statement of support for moderate initiatives from the European Council. The key would be to help keep up the momentum without suggesting European "sponsorship". Fiedler (FRG) agreed. The

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situation remained complex with many differences of view amongst Arab countries and even disagreements about the text of the Jordan/PLO agreement. But the attempts to overcome the stagnation of the peace process should nonetheless be welcomed publicly; but not too effusively - this would be the "kiss of death". Gunning (Ireland) agreed that whatever the uncertainties, a signal of general approval would be appropriate; the PLO had made some useful moves and appeared to be committed to a peaceful settlement.

4. Huitzing (Netherlands) emphasised the Palestinian concessions in the Jordan/PLO Accord. Acceptance of SCR 242 was an emotional problem for the Palestinians, but one which might be overcome in time. Moderate Arabs would not easily understand if the Ten failed to acknowledge their efforts. But the process would be long-drawn-out. The US would probably not move until the end of the year, if at all. The Ten should preach patience to the Arabs and seek better Arab definition of their proposals. He doubted whether delay would, as some feared, strengthen the position of the Arab radicals. Liotta noted that public opinion would expect some comment from the European Council.

5. Georgiou (Greece) said that the situation was unclear; there was no prospect of peace negotiations. He was not optimistic that the radicals would remain in the background. The European Council should avoid involvement. Language on the Middle East should be issued, but it should not mention the Jordan/PLO Agreement or Mubarak. Makepeace (UK) said that the Ten should beware of sending the wrong signal. If language was issued on the Middle East which did not specifically mention recent moderate initiatives, that in itself would be seen as significant and a denigration of their efforts. It could encourage their radical opponents. There should be no attempt at detailed analysis of the agreement, but the initiatives should be mentioned and the return to some movement welcomed. Fiedler noted that the moves should be especially welcome as they fitted the Ten's criteria of coming from the area of conflict itself.

6. Huitzing and Fiedler suggested that MEWG should draft suitable language. Liotta resisted this as beyond the group's

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mandate. The Presidency would draft language which would be discussed by Political Directors in parallel to the European Council. This would reflect the consensus view that the text should briefly review recent developments, particularly the Jordan/PLO agreement, and express prudent approval. Liotta went on to sum up; the group had reviewed developments, noted the potential dynamism of moderate moves, and also the fragility of the agreement. These had drawn Israeli and US attention to the question, but Mubarak's visit to Washington had not elicited a clear US commitment to action. The meeting had also, as instructed, considered what attitude the European Council might adopt. Lucet suggested that some way should be found in any Council language of mentioning Syria. The idea was not taken up.

Lebanon

7. Liotta reviewed increasing tension in the South, action in the Security Council and the first fighting since 1980 amongst Christian groups in East Beirut. There was a significant move amongst the Christians for a more democratic leadership and less reliance on Syria. Lucet said that the Christian revolt was not a mere Israeli manoeuvre, but a symptom of a deeper malaise. The struggle was between those, like the President, who still sought national unity, and those seeking to construct a Christian "canton". Segesser (Belgium) agreed. Huitzing saw it more as a struggle for influence and wealth amongst Christian leaders.

8. Gunning raised reports of Israeli intentions to create a buffer zone in the South. This had implications for UNIFIL's mandate, which came up for review in April. He expected attempts to discredit UNIFIL. Huitzing suggested that this was just Israeli tough talking. Israeli public opinion would oblige the government to implement a complete withdrawal. The Cabinet had unanimously approved the 2nd phase of withdrawal (some Likud ministers had opposed the first); evidence of the strength of public feeling. UNIFIL would in all likelihood be left to fulfil its mandate. Lucet agreed in general, but hesitated to be so optimistic about UNIFIL.

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9. There followed some discussion of what, if anything, the European Council might say about Lebanon. Georgiou recommended following the lines of the February demarche. Fiedler favoured references to territorial integrity, regret for all violence in all parts of the country and a positive mention for UNIFIL. Lucet suggested reference to the Naqoura talks. Liotta summed up; the group had reviewed recent developments. Any reference by the European Council should be short, deplore suffering of civilians, call for full Israeli withdrawal and non-violence by all parties and restoration of national sovereignty and integrity. The role of UNIFIL should also be recognised.

Iran/Iraq

10. Liotta noted the aggravation of the situation: renewed fighting on land and attacks on Tehran and Baghdad. An EC demarche to the parties was carried out on 16 March in Baghdad and 17 March in Tehran. A further demarche took place, as instructed by foreign ministers, on the 18th and 19th. The Iranian reaction had been polemical. The Iraqis had concentrated on the overall need for peace, rather than responding to the call to end attacks on civilian targets. The Iranians had also warned the Italians that they could take no responsibility for the safety of foreign citizens in Iraq. He was not clear whether this was meant bilaterally or was passed to Italy in its Presidency capacity. He inquired whether anyone else had received such a message from the Iranians. No one was aware of any such approach. Huitzing suggested that this was psychological warfare by the Iranians.

11. It emerged from further discussion that several member states had received requests from the Iranians to treat alleged victims of Iraqi chemical warfare. These were being considered in a favourable light. It was noted that any mention of the conflict between Iran and Iraq by the European Council would have to take account of the latest developments at that point and be careful to maintain the Ten's strictly neutral stance. There was considerable discussion between Netherlands, maintaining that this neutrality precluded a call for an early overall peace settlement (which would be

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unacceptable to the Iranians) and France, supported by Greece and Italy, which argued that the Ten should state clearly the desire for peace. Liotta summed up, suggesting that draft Presidency language should be in 2 sections, one calling for a halt to attacks on civilians and other concrete measures, and another on the need for a general peace settlement. The wording would be considered with great care to avoid any suggestion of partiality.

40 Years After the Defeat of Nazi Germany (Israeli Celebrations)

12. Huitzing raised the subject and asked how the partners would respond to requests for messages from Heads of State, representation at the event, contribution of a military band and membership of the sponsorship committee. Netherlands would send a message, be represented by their Ambassador without a band and was considering the sponsorship committee idea. A swift "tour de table" elicited the information that Italy and Luxembourg were not briefed, Belgium and Greece would probably send messages, Denmark would reluctantly send a message, UK had sent a message, would be represented by the Ambassador, had declined to send a band and had not been approached about the sponsorship committee. France would send a Presidential message and a Minister would attend and be on the sponsorship committee, but without a band.

Commission Invitation to visit Tanouf

13. Makepeace raised the proposal by the Commission to send its deputy representative in Algiers to visit refugee camps at Tanouf, at the invitation of the SADR. A technical visit of this kind could be useful, but SADR demands that the visitor should apply for a SADR visa to visit an area in Algerian territory were a political matter and should be resisted. Bistolfi (Commission) said that the visit would be purely technical and arranged so that it would not be susceptible to political interpretations.

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PRIME MINISTER'S WASHINGTON VISIT

MANARD

EXTRACT

26/2/85

Reference C  
Brief 14a  
(A/I)

On the middle east, the President and I both felt that the time was propitious for fresh efforts to arrive at a solution of the Arab-Israel problem. We both expressed our support for King Hussein's endeavours to arrive at a common position among moderate Arab Governments and I welcomed the result of King Fahd's recent visit to Washington. The President confirmed that his proposals of September 1982 remained on the table and that the Administration were ready to pursue them with the parties.

Mr. Dennis Walters (Westbury): When discussing the middle east with the President, was my right hon. Friend able to persuade him of the urgent need to launch a major initiative now which responds positively to the appeals of King Hussein and which is prepared to deal firmly, if necessary, with Israeli intransigence?

The Prime Minister: I have made it clear that President Reagan said that his speech of 1982 and the plan that it laid out is still on the table, but fresh efforts will be made to try to further the approach that he indicated then. It is important that we should know exactly how far the Palestinian Council and the Palestinian people accept some of the proposals put forward by King Hussein. The position on that is not yet fully clear.

Mr. Greville Janner (Leicester, West): When the Prime Minister refers to the President's speech in 1982 as still standing and being welcome, is she aware that it was welcomed by one side only? If there is to be peace in that area there must be consent on both sides. While Israel is only one nation among many, it is the only democratic nation in that area, and it is one side of the argument. Its interests, which the Prime Minister did not mention, are entitled to be recognised.

The Prime Minister: As the hon. and learned Gentleman will be aware, that speech fully recognised, as have other statements since and all statements from this Government, the right to security of all states in the area. that has never been in doubt. That speech also set out a course of action for the future under which the West Bank may become a part of a federated Jordan. I hope that the hon. and learned Gentleman will welcome a settlement of the problems in that area which fully recognises not just Israel's right to exist, but to exist behind secure borders.

Mr. David Crouch (Canterbury): Is my right hon. Friend aware that there will be a widespread welcome for the emphasis given to the middle east question? She has twice referred to the President's speech in 1982, which was then an initiative. Does she agree that what we want now is not an old initiative but a new one, and would she consider stressing that point in further talks with the President?

The Prime Minister: Probably one of the most important things to try to establish is whether the Palestinian people will accept security council resolution 242 as modified by resolution 338. If it is acceptable to the Palestinian people as a whole, that opens the way to further negotiations through the most excellent offices of King Hussein.

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22 March 1985

EUROPEAN COUNCIL, BRUSSELS

29/30 MARCH 1985

IRAN/IRAQ

Brief by Foreign and Commonwealth Office

BACKGROUND TO POLITICAL COOPERATION STEERING BRIEF (Section A)

References/Annexes

A: Coreu No CPE/PRES/ROM 243

Recent Developments

1. The recent escalation in activity in the Gulf conflict dates back to 4 March when the Iraqis attacked the Iranian cities of Ahvaz and Bushehr. Since then attacks on cities in both countries have continued, including Baghdad and Tehran.

2. On 11 March the Iranians launched a medium-sized land offensive across the Hawizah Marches, north of Basra. Iranian forces reached the Tigris but were subsequently pushed back by a successful Iraqi counter-attack. The fighting has now died down.

3. Attacks on shipping have continued. Two Iraqi attacks on 17 March were followed by Iranian retaliation on the Liberian tanker Caribbean Breeze. The British Master, David McCaffrey, was injured in the attack, and is now in hospital in Qatar recuperating. We have previously protested to both Iran and Iraq about attacks which led to the loss of British lives or damage to British-owned vessels.

Diplomatic Activity

4. On 11 March the UN Secretary-General appealed to both sides to cease their attacks on civilian targets. The UN Security Council issued a statement on 15 March calling for a restoration of the June 1984 moratorium on attacks on civilian areas and stressing the need to bring about a just and honourable settlement to the conflict. The UK fully supported these measures, and subsequently participated in EC demarches twice in both Tehran and Baghdad which urged Iran and Iraq to respond to the UN appeals. Our representative in New York is keeping in close touch with the Secretary-General and with other members of the Security Council in an attempt to find some common ground between Iran and Iraq.

5. In addition the Prime Minister of India, in his capacity as Chairman of the Non-Aligned Movement, has sent envoys to Baghdad and Tehran urging both sides to seek to end the conflict, exchange prisoners of war and refrain from attacking civilian targets. The Gulf Cooperation Council states and the Islamic Conference Organisation are also appealing for an end to hostilities. We are keeping in touch with these efforts.

Iraqi Warning to Civil Aviation

6. With effect from 1700 GMT on 19 March the Iraqis declared Iranian airspace to be an exclusion zone. The Department of Transport have advised all British airline operators to avoid both Iranian and Iraqi airspaces and BA flights to Baghdad and Tehran have been cancelled. The air travel situation is being kept under close review. We have made clear to the Iraqis that we regard their action as contrary to international law. We are investigating reports that Iran has issued a similar declaration for Iraqi airspace.

Foreign and Commonwealth Office

22 March 1985

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Reference A  
Briefly a.  
(I/I)

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FM FROM COREU  
TO ALL COREU PRIORITE

CPE/PRES/ROM 243  
20.3.1985 HRS 1440

DIFFUSION RESTREINTE  
DISTRIBUTION GENERALE

OBJET: IRAH-IRAQ: ATTACKS ON CIVILIAN TARGETS.

REF.: CPE/PRES/ROM 212

THE PRESIDENCY INFORMS ITS PARTERS THAT A DEMARCHE CONCERNING  
ATTACKS ON CIVILIAN TARGETS (REF.: CPE/PRES/ROM 212 - 9 MARCH  
1985) HAS BEEN MADE ON BEHALF OF THE TEN BY THE ITALIAN AMBASSADOR  
IN BAGDAD, ON 16TH MARCH WITH THE FOREIGN UNDER SECRETARY ZAHAWI  
AND BY THE ITALIAN AMBASSADOR IN TEHERAN , ON 17TH MARCH, WITH THE  
DEPUTY FOREIGN MINISTER SHEIKOESLAM.

FOLLOWING A DECISION TAKEN ON THE OCCASION OF THE COUNCIL OF THE  
FOREIGN MINISTERS ON 17TH MARCH, A SECOND DEMARCHE HAS BEEN MADE  
BY THE PRESIDENCY ON BEHALF OF THE TEN IN BAGHDAD ON THE 18TH AND  
IN TEHERAN ON THE 19TH MARCH, URGING ONCE AGAIN BOTH PARTIES TO  
PUT AN END TO ATTACKS ON CIVILIAN TARGETS AND STRESSING THE NEED  
TO BRING ABOUT A NEGOTIATED SOLUTION TO THE CONFLICT, JUST AND  
HONOURABLE FOR BOTH SIDES.

CPE/ROM  
FIN DE TEXTE

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ECD (E)

MR DEREK THOMAS  
MR FERGUSSON  
MR EGERTON  
MR RENWICK.

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22 MARCH 1985

EUROPEAN COUNCIL, BRUSSELS

29/30 MARCH 1985

LEBANON

Brief by Foreign and Commonwealth Office

BACKGROUND TO POLITICAL COOPERATION STEERING BRIEF (Section A)

References

- A Speech on 7 March by British representative during Security Council debate on South Lebanon
  - B Extract from Hansard, 20 March: Mr Luce's statement on the kidnapping of two British subjects
1. We should aim for the inclusion of the following elements in any public statement:

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(a) reiterate commitment to Lebanon's independence and unity, and our support for the Lebanese government's efforts to promote national reconciliation;

(b) deplore appalling violence in Lebanon and urge restraint on all concerned;

(c) reiterate call for withdrawal of all foreign forces whose presence is not authorised by the Lebanese government;

(d) need for complete Israeli withdrawal with minimum delay to break cycle of violence in South;

(e) remind all concerned of obligation to cooperate with UNIFIL;

(f) condemn kidnappings in West Beirut and call on all parties to work for early release of victims.

2. (For free use) Since the Israeli withdrawal from the Sidon area on 16 February, there has been an increasing wave of violence and reprisals between Israeli Forces and Lebanese groups. A Lebanese draft Security Council resolution was vetoed by the US on 12 March; Britain and the Netherlands abstained, France voted in favour. The cycle of violence can only be broken by complete Israeli withdrawal. Israeli retention of a border strip (as advocated by some Israelis) would (a) not prevent attacks on Israel proper, (b) evoke more hostility and violence and (c) be unacceptable to the international community. The French and Irish UNIFIL contingents have clashed with Israeli forces and the Israeli-sponsored South Lebanese Army. The UNIFIL mandate is due for renewal on 19 April.

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3. A split in the Christian community has blocked Syrian-led efforts to promote agreement on new power-sharing arrangements in Lebanon. Elements of the Lebanese Forces are insisting that President Gemayel should not make major concessions to the Muslims and should resist Syrian pressure. Christian militia units have clashed with the Lebanese Army and Muslim groups in the Sidon area. This is a serious challenge to President Gemayel's authority.

4. Two Britons, Geoffrey Nash and Brian Levick, were kidnapped in West Beirut on 14 and 15 March respectively; a US journalist was abducted on 16 March. An anonymous caller claimed responsibility in the name of Islamic Jihad on 17 March. Our Ambassador in Tehran has been instructed to make a bilateral approach; this follows action already taken by our Ambassadors in Beirut and Damascus. On 21 and 22 March a French vice-consul, a French attaché and his wife and an Italian UN officer were kidnapped. The EC troika made demarches on behalf of 5 US hostages (one has since escaped) in early February.

FOREIGN AND COMMONWEALTH OFFICE

22 MARCH 1985

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HINNEY H

Brief (14-a)  
(L)

1. FOLLOWING IS TEXT OF MAXEY'S SPEECH IN THE SECURITY COUNCIL ON 7 MARCH:

MY DELEGATION LISTENED WITH DISMAY TO THE EXCHANGE OF ACCUSATIONS BETWEEN THE PARTIES IN THE COUNCIL LAST THURSDAY. IT WAS EVIDENCE OF YET ANOTHER SAD AND VIOLENT CHAPTER IN THE CONTINUING TRAGEDY OF LEBANON.

OUR DISMAY, MR PRESIDENT, WAS COMPOUNDED BECAUSE ALL THIS HAD LONG BEEN PREDICTED AND RESPONSIBLE PEOPLE HAD MADE A CONSIDERABLE EFFORT TO AVERT IT. IN HIS REPORT OF 9 OCTOBER 1964 THE SECRETARY-GENERAL WARNED EVERYONE OF THE NEED TO ACT EXPEDITIOUSLY TO TAKE ADVANTAGE OF WHAT THEN APPEARED TO BE A RELATIVELY FAVOURABLE SITUATION FOR SECURING THE WITHDRAWAL OF ISRAELI FORCES FROM SOUTHERN LEBANON. HE SAID AND I QUOTE "IF THIS OPPORTUNITY IS MISSED, I FEAR THAT OTHER FACTORS WILL COME INTO PLAY WHICH WILL ONCE AGAIN INHIBIT PROGRESS AND THAT ANOTHER OPPORTUNITY MAY NOT PRESENT ITSELF AGAIN SOON. THIS IN TURN WILL CAUSE A FURTHER DETERIORATION IN THE SITUATION IN SOUTHERN LEBANON, WITH DISASTROUS CONSEQUENCES FOR THE INHABITANTS OF THE REGION AND ALSO IN ALL PROBABILITY, FOR THE LONG-TERM PROSPECTS FOR PEACE IN THE AREA."

THIS WARNING HAS NOW PROVED ALL TOO REGRETTABLY CORRECT. INSTEAD OF AGREED ARRANGEMENTS FOR A PEACEFUL AND ORDERLY ISRAELI WITHDRAWAL WE NOW SEE INCREASING VIOLENCE AND BLOODSHED. ONE ACT OF VIOLENCE LEADS TO ANOTHER. AS ALWAYS, IT IS THE CIVILIAN POPULATION WHO SUFFER. MY GOVERNMENT WISHES TO REITERATE ITS DEEP CONCERN FOR THAT POPULATION. THEY HAVE SUFFERED GRIEVOUSLY FROM CONTINUAL VIOLENCE OVER MANY YEARS AND THEIR LONGING FOR A RETURN TO PEACE AND NORMALITY DESERVES THE FULL SYMPATHY OF THIS COUNCIL.

THE SECRETARY-GENERAL IN HIS PRESS STATEMENT OF 27 FEBRUARY DREW ATTENTION TO THE NEW SITUATION WHICH HAD DEVELOPED IN SOUTHERN LEBANON SINCE EARLY FEBRUARY. HE SAID THAT APART FROM THE RESTRICTIONS IMPOSED UPON THE CIVILIAN POPULATION BY THE ISRAELI OCCUPATION, THE INCREASING NUMBER OF ATTACKS ON THE ISRAELI FORCES BY LEBANESE RESISTANCE GROUPS HAD LED TO A SERIES OF STRONG ISRAELI COUNTER-MEASURES, INCLUDING CORDON AND SEARCH OPERATIONS. THE COMMANDER OF UNIFIL HAD REPORTED NINE SUCH IDF OPERATIONS IN THE UNIFIL AREA SINCE 6 FEBRUARY.

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THE DISTINGUISHED REPRESENTATIVE OF LEBANON IN HIS STATEMENTS AND LETTERS TO THE COUNCIL HAS CHARGED THAT ISRAELI FORCES HAVE LAID SEIGE TO INDIVIDUAL TOWNS AND VILLAGES INFLECTING CASUALTIES AND CONSIDERABLE SUFFERING ON THE INHABITANTS AND DESTRUCTION TO PROPERTY. THE DISTINGUISHED REPRESENTATIVE OF ISRAEL, IN HIS RESPONSE, HAS NOT DENIED THAT SUCH OPERATIONS HAVE TAKEN PLACE, BUT HAS SOUGHT TO JUSTIFY THEM BY REFERENCE TO THE NEED TO PROTECT ISRAEL'S WITHDRAWING SOLDIERS. THE FULL FACTS ARE NOT YET KNOWN, BUT WE CANNOT BUT EXPRESS OUR DEEP CONCERN OVER THIS NEW TWIST TO THE CYCLE OF VIOLENCE IN SOUTHERN LEBANON. WE BELIEVE THAT SUCH ACTIONS WILL ONLY SERVE FURTHER TO INFLAME THE SITUATION AND ARE AGAINST ISRAEL'S OWN LONG TERM INTERESTS OF ACHIEVING PEACE AND SECURITY FOR ITS NORTHERN BORDER.

MY GOVERNMENT'S VIEWS ON THE QUESTION OF SOUTHERN LEBANON ARE CLEAR. WE CONDEMNED ISRAEL'S INVASION OF LEBANON IN JUNE 1982. WE HAVE CALLED FOR THE EARLY, COMPLETE AND ORDERLY WITHDRAWAL OF ALL ISRAELI FORCES TO THE SOUTH OF LEBANON'S INTERNATIONAL BORDER. WE HAVE CALLED FOR THE EARLY WITHDRAWAL OF ALL FOREIGN FORCES FROM LEBANON EXCEPT THOSE PRESENT AT THE REQUEST OF THE GOVERNMENT OF LEBANON. THE SOVEREIGNTY, UNITY, INDEPENDENCE AND TERRITORIAL INTEGRITY OF LEBANON WITHIN ITS INTERNATIONALLY RECOGNISED BOUNDARIES MUST BE STRICTLY RESPECTED. AS WE TOLD THE COUNCIL LAST SEPTEMBER, IT IS IMPERATIVE THAT THE ISRAELI OCCUPYING FORCES SCRUPULOUSLY RESPECT THE INTERNATIONAL CONVENTIONS ON HUMANITARIAN LAW APPLICABLE TO ARMED CONFLICTS. IN PARTICULAR THEY MUST RESPECT ALL THE PROVISIONS OF THE FOURTH GENEVA CONVENTION OF 1949 RELATIVE TO THE PROTECTION OF CIVILIAN PERSONS IN TIME OF WAR. SUCH SECURITY MEASURES AS ISRAEL MAY FIND IT NECESSARY TO INSTITUTE MUST BE DESIGNED TO HAVE THE MINIMUM EFFECT ON THE LIVES OF LOCAL INHABITANTS AND MUST BE STRICTLY WITHIN THE FRAMEWORK OF THE FOURTH GENEVA CONVENTION.

IT IS INCUMBENT ON ISRAEL, AND ALL OTHERS CONCERNED ALSO TO SHOW FULL RESPECT FOR UNIFIL AND TO COOPERATE WITH THE FORCE. WE SHARE THE SECRETARY-GENERAL'S CONCERN IN THIS RESPECT AND HIS VIEWS THAT UNIFIL MUST CONTINUE TO PERFORM ITS PRESENT FUNCTIONS. WE HAVE NOTED WITH MUCH REGRET THE RECENT REPORTS OF INCIDENTS AFFECTING THE FRENCH CONTINGENT IN UNIFIL. WE SHOULD LIKE TO EXPRESS OUR APPRECIATION OF THE STEADFAST EFFORTS MADE BY THE FRENCH CONTINGENT AND THE OTHER OFFICERS AND MEN OF UNIFIL TO PREVENT VIOLENCE AND PROTECT CIVILIANS UNDER DIFFICULT CIRCUMSTANCES. THEY AND THEIR GOVERNMENTS DESERVE THE THANKS AND SUPPORT OF US ALL.

2

( MR. PRESIDENT

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MR PRESIDENT

I SHOULD LIKE TO RECALL THE EFFORTS WHICH WERE MADE BY THE SECRETARY-GENERAL LAST YEAR WITH THE SUPPORT OF MY GOVERNMENT - AND THAT OF OTHER GOVERNMENTS - TO FIND A MECHANISM TO AVERT THE PRESENT VIOLENT SITUATION IN SOUTHERN LEBANON. WE CONTINUE TO BELIEVE THAT GIVEN THE NECESSARY WILL AND DETERMINATION ON ALL SIDES A DIPLOMATIC SOLUTION CAN STILL BE FOUND TO THE PROBLEMS OF THAT AREA. THE GOVERNMENTS CONCERNED SHOULD COOPERATE WITH THE SECRETARY-GENERAL TO THIS END. THE NAQOURA TALKS SHOULD BE RECONVENED WITHOUT DELAY AND EVERY EFFORT MADE TO ATTAIN AS SOON AS POSSIBLE THE OBJECTIVES SET OUT BY THE SECRETARY-GENERAL IN HIS OCTOBER REPORT OF ISRAELI WITHDRAWAL, PEACE AND SECURITY IN THE REGION, AND THE RESTORATION OF LEBANESE AUTHORITY AND SOVEREIGNTY UP TO THE INTERNATIONALLY RECOGNISED BOUNDARY. EVERYTHING POSSIBLE SHOULD BE DONE TO ENSURE THAT THE WITHDRAWAL OF THE REMAINING ISRAELI FORCES IS ORDERLY AND COORDINATED. THE MACHINERY OF THE UNITED NATIONS, INCLUDING UNIFIL, CAN PLAY AN IMPORTANT ROLE IN ASSISTING THIS PROCESS. IN THE MEANTIME ALL CONCERNED NEED TO EXERCISE MAXIMUM RESTRAINT SO AS NOT TO IMPEDE COMPLETE ISRAELI WITHDRAWAL.

MR PRESIDENT

I BELIEVE THAT THERE IS WIDESPREAD SUPPORT FOR SUCH AN APPROACH IN THE COUNCIL. WE SHOULD USE THIS DEBATE TO ADVANCE THIS PROCESS, NOT TO STOKE THE FIRES OF VIOLENCE IN SOUTHERN LEBANON. A DIPLOMATIC SOLUTION IS STILL BOTH RIGHT AND POSSIBLE. WE SHOULD ENCOURAGE THE PARTIES TO STRIVE FOR IT.

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extremism by the individual Islamic groups? What does the hon. Gentleman intend to do about that? Does he intend to refer that conversation to the American President and to ask for action on that?

**Mr. Luce:** I am not sure whether the hon. Gentleman is talking about Israel's actions in the Lebanon or about the occupied territories. But if he is talking about the occupied territories, I must repeat that the British Government take a very strong view in condemning the existence of settlements in the occupied territories. Indeed, we are deeply concerned by the evidence of the economic conditions of those who live in the occupied territories. We have now stepped up the amount of bilateral aid that we are prepared to give to Palestinians living in the occupied territories. We believe that the conditions there and the existence of the settlements are not conducive to peace.

**Mr. Hayes:** Among the many important issues that my hon. Friend raised with President Mubarak, did he mention the question of the kidnapping of certain people in Beirut? If so, can he tell us what progress is being made on the possible release of the British national involved, as some information can then be given to his family?

**Mr. Luce:** Of course we discussed the question of the Lebanon. My hon. Friend will know that on the serious matter of the kidnapping of two British subjects. Mr. Nash and Mr. Levick—about which there is great concern—the Islamic Jihad has claimed responsibility. The British ambassador and the British Government are pursuing the issue most vigorously through all possible channels in order to identify where they are and to seek their release. We are also approaching other Governments who we think may be able to help. We take the kidnappings very seriously. As my hon. Friend knows, the British ambassador has made it plain that we do not feel that British subjects living in west Beirut—numbering about 70—would be wise to stay there in present conditions.

**Mr. Anderson:** Does the Minister accept that it would have been a serious blow to the peace initiative if President Mubarak had returned home just with a mild rebuke from Washington, and that the Prime Minister's positive response is, therefore, most welcome? Is there any serious prospect of us engaging our EEC partners and possibly building on the Venice declaration in respect of the middle east, as that would certainly be welcome to several Arab countries?

**Mr. Luce:** I am grateful to the hon. Gentleman for his earlier remarks. I reaffirm that we are strongly committed to the two principles of the Venice declaration, because we do not believe that there can be any peace unless the principle of the right of Israel to exist within secure boundaries and the principle of the right of self-determination of the Palestinians are recognised. We are in very close touch with our European partners in the Community. We regard the point made by the hon. Gentleman as a matter of importance, because we think that collectively we can bring some influence to bear.

**Mr. Mark Robinson:** Does my hon. Friend agree that President Mubarak represents a significant factor in further progress towards peace in the middle east? Will he confirm that during the recent talks the Government encouraged President Mubarak to continue with his endeavours?

**Mr. Luce:** We have listened with great interest to the practical ideas that President Mubarak has put forward, which I believe are designed to mesh in with the proposals that King Hussein and Mr. Arafat launched on 11 February. We have already made it plain that we will do everything that we can to encourage that process. We note that President Mubarak and King Hussein are working very closely together, and, indeed, met this week.

#### Geneva Arms Talks

4. **Mr. Stephen Ross** asked the Secretary of State for Foreign and Commonwealth Affairs what representations Her Majesty's Government made to the United States Government prior to the resumption of the Geneva arms talks.

**The Secretary of State for Foreign and Commonwealth Affairs (Sir Geoffrey Howe):** Both before and since the beginning of the Geneva talks on 12 March, we have maintained close contact with the United States. My right hon. Friend the Prime Minister and I had discussions with President Reagan and Secretary of State Shultz in December and February. Those talks covered all aspects of the issues which will be the subject of the Geneva negotiations.

**Mr. Ross:** Given Mr. Richard Perle's criticisms of the Foreign Secretary's speech, reported in the newspapers today, will the Foreign Secretary tell us exactly where we now stand on the star wars issue? Did he make any representations about the extra 21 multi-warheaded MX missiles? Is it not time that we called for a freeze on both sides to give the talks a chance to succeed?

**Sir Geoffrey Howe:** A freeze would not be a useful contribution to the prospect of conclusions on balanced arms control, because it would immobilise the imbalance that currently exists, not least in intermediate range nuclear weapons.

As my right hon. Friend the Prime Minister said yesterday,

"The policy"  
—on star wars—

"was, and remains, in the four points set out at Camp David and reaffirmed when I was in Washington. My right hon. and learned Friend the Foreign Secretary was speaking in pursuance of that policy."—[Official Report, 19 March 1985; Vol. 75, c. 779.]

The 21 MX missiles are part of the programme of modernisation to which the United States is committed. That is one aspect of the search being undertaken at Geneva for an effective agreement on arms control, including a reduction in nuclear weapons on all sides.

**Sir Peter Blaker:** Will my right hon. and learned Friend confirm that in his speech last week he supported the American research on the strategic defence initiative, as the Prime Minister has done? Is that not the right course for our Government to take, given that the Soviet Union itself is widely known to be conducting research?

**Sir Geoffrey Howe:** I entirely agree with my right hon. Friend. That is one of the points that I have made clear not only in that speech but on many other occasions, including discussions with representatives of the Soviet Union and her allies. The Soviet Union has for many years been engaged in research in that field, and has moved further towards deployment within the limits of the 1972 treaty. It is essential for the West to match that research and the way in which it is being carried out.

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22 MARCH 1985

EUROPEAN COUNCIL, BRUSSELS

29/30 MARCH 1985

EAST/WEST RELATIONS

Brief by Foreign and Commonwealth Office

BACKGROUND TO POLITICAL COOPERATION STEERING BRIEF (Section B)

Annexes

A: THE CAMP DAVID FOUR POINTS

B: CONCLUSIONS ON EAST/WEST RELATIONS OF EUROPEAN  
COUNCIL, DUBLIN, 3/4 DECEMBER

1. Tenth Anniversary of Helsinki Final Act, 30 July - 1 August:  
Genscher may be pushing Kohl to promote attendance at Head of Government level at Helsinki celebrations. UK view that attendance should be at Foreign Minister level or below.

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2. Geneva Talks: Little substantive discussion so far between US and Soviet Union. US mildly encouraged by procedural agreement that three negotiating groups should meet separately from 25 March. First round to end 23 April: next to begin 30 May. Shultz/Gromyko meeting scheduled for Vienna 15 May.

FOREIGN AND COMMONWEALTH OFFICE

22 MARCH 1985

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| pg 27/12    |  |

Annex A  
Brief 14b

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 UNCLASSIFIED  
 FM WASHINGTON 222140Z DEC 84  
 TO IMMEDIATE FCO  
 TELNO 3902 OF 22 DEC  
 INFO IMMEDIATE MODUK, UKDEL NATO, BIS NEW YORK,  
 PRIORITY BONN, PARIS, MOSCOW, ROUTINE OTHER NATO AND EC POSTS,  
 UKNIS GENEVA, UKNIS NEW YORK, UKDEL VIENNA, TOKYO  
 INFO SAYING OTHER US POSTS.

156

NY TELNO 3894 (NOT TO ALL): S D I.

FOLLOWING IS TEXT OF PRIME MINISTER'S SPEAKING NOTE ON S D I,  
 USED IN FULL AT HER ON THE RECORD PRESS CONFERENCE AT ANDREWS  
 AIRBASE AT 221930Z, AND AGREED IN ADVANCE WITH THE PRESIDENT,  
 VICE-PRESIDENT, SHULTZ AND MACFARLANE DURING HER TALKS AT CAMP  
 DAVID ON 22 DECEMBER.

2. BEGINS

QUOTE PRESIDENT REAGAN AND I HAVE HAD A VERY THOROUGH AND EXTENSIVE  
 DISCUSSION OF THE PROSPECTS FOR ARMS CONTROL NEGOTIATIONS, IN THE  
 COURSE OF WHICH WE ALSO NATURALLY TOUCHED ON THE STRATEGIC DEFENCE  
 INITIATIVE (SDI).

I WAS NOT SURPRISED TO DISCOVER THAT WE SEE MATTERS IN VERY MUCH THE  
 SAME LIGHT. I TOLD THE PRESIDENT THAT I HAD MADE IT ABSOLUTELY  
 CLEAR TO MR GORBACHEV THAT THERE WAS NO QUESTION OF THE SOVIET UNION  
 BEING ABLE TO DIVIDE THE UNITED KINGDOM FROM THE UNITED STATES ON  
 THESE MATTERS. WEDGE-DRIVING IS JUST NOT ON.

I TOLD THE PRESIDENT OF MY FIRM CONVICTION THAT THE SDI RESEARCH  
 PROGRAMME SHOULD GO AHEAD. RESEARCH IS OF COURSE PERMITTED UNDER  
 EXISTING US-SOVIET TREATIES: AND WE OF COURSE KNOW THAT THE RUSSIANS  
 ALREADY HAVE THEIR RESEARCH PROGRAMME, AND, IN THE US VIEW, HAVE  
 ALREADY GONE BEYOND RESEARCH.

/WE

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WE AGREED ON FOUR SPECIFIC POINTS:

- 1) THE US, AND WESTERN, AIM WAS NOT TO ACHIEVE SUPERIORITY, BUT TO MAINTAIN BALANCE, TAKING ACCOUNT OF SOVIET DEVELOPMENTS:
  - 2) SDI-RELATED DEPLOYMENT WOULD, IN VIEW OF TREATY OBLIGATIONS, HAVE TO BE A MATTER FOR NEGOTIATION:
  - 3) THE OVERALL AIM IS TO ENHANCE, NOT UNDERCUT, DETERRENCE:
  - 4) EAST-WEST NEGOTIATION SHOULD AIM TO ACHIEVE SECURITY WITH REDUCED LEVELS OF OFFENSIVE SYSTEMS ON BOTH SIDES. THIS WILL BE THE PURPOSE OF THE RESUMED US-SOVIET NEGOTIATIONS ON ARMS CONTROL, WHICH I WARMLY WELCOME.
- UNQUOTE

ENDS

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**99**  
*JM*  
**Annex B**  
**Brief 14b**

TELEGRAM NUMBER 723 OF 4 DECEMBER 1984

INFO IMMEDIATE UKDEL STOCKHOLM

INFO ROUTINE ALL OTHER EC POSTS, MOSCOW, WASHINGTON, UKREP BRUSSELS, UKDEL NATO, UKMIS NEW YORK, OSLO, WARSAW, PRAGUE, BUDAPEST, BELGRADE, BUCHAREST, SOFIA, EAST BERLIN, HELSINKI.

INFO SAVING UKDEL STRASBOURG, ANKARA, LISBON, MADRID, TOKYO, WELLINGTON, OTTAWA, MEXICO CITY, BERNE AND VIENNA.

EUROPEAN COUNCIL, DUBLIN, 3/4 DECEMBER

EAST/WEST RELATIONS

ESCO 21/17

1. THE FOLLOWING WERE THE CONCLUSIONS PUBLISHED TODAY BY THE EUROPEAN COUNCIL ON EAST/WEST RELATIONS:

2. THE TEN HAVE SOUGHT, DURING A DIFFICULT PERIOD IN EAST-WEST RELATIONS, TO KEEP OPEN ALL CHANNELS OF DIALOGUE AND TO WORK FOR MORE CO-OPERATIVE AND MORE STABLE RELATIONS BETWEEN EAST AND WEST. THEY WILL CONTINUE TO SEEK CONSTRUCTIVE, COMPREHENSIVE, AND REALISTIC DIALOGUE WITH THE SOVIET UNION AND THE COUNTRIES OF EASTERN AND CENTRAL EUROPE AND, WHEREVER POSSIBLE, TO DEVELOP FURTHER EXISTING CO-OPERATION WITH THEM. THEY LOOK FOR A SIMILAR POSITIVE RESPONSE. THEY BELIEVE THAT THE WAY TO ACHIEVE A LASTING IMPROVEMENT IN INTERNATIONAL SECURITY IS TO BUILD A BROADER UNDERSTANDING BETWEEN EAST AND WEST.

3. THE TEN ATTACH THE HIGHEST IMPORTANCE TO THE ACHIEVEMENT OF EFFECTIVE ARMS CONTROL AND DISARMAMENT AGREEMENTS ON BOTH NUCLEAR AND CONVENTIONAL WEAPONS, AS WELL AS A CONVENTION TO OUTLAW CHEMICAL WEAPONS. THE HEADS OF STATE OR GOVERNMENT THEREFORE WELCOME THE RECENTLY-ANNOUNCED U.S.-SOVIET AGREEMENT TO ENTER INTO NEW NEGOTIATIONS WITH THE OBJECTIVE OF REACHING MUTUALLY ACCEPTABLE AGREEMENTS ON THE WHOLE RANGE OF QUESTIONS CONCERNING NUCLEAR AND OUTER SPACE ARMS. THEY HOPE THAT THE MEETING DUE TO TAKE PLACE ON 7 AND 8 JANUARY 1985 BETWEEN U. S. SECRETARY OF STATE SHULTZ AND SOVIET FOREIGN MINISTER GROMYKO WILL BE FOLLOWED BY EARLY SUBSTANTIVE NEGOTIATIONS DESIGNED TO BRING ABOUT BALANCED REDUCTIONS OF INTERCONTINENTAL STRATEGIC NUCLEAR WEAPONS AND INTERMEDIATE NUCLEAR FORCES TO THE LOWEST POSSIBLE LEVEL, AND TO AVERT EFFECTIVELY THE DANGER OF AN ARMS RACE IN OUTER SPACE.

4. IN EXPRESSING THEIR STRONG SUPPORT FOR SUCH TALKS, THE TEN HEADS OF STATE OR GOVERNMENT REAFFIRM THEIR OWN DETERMINATION TO DO EVERYTHING POSSIBLE TO ENSURE PROGRESS IN THE NEGOTIATIONS IN WHICH THE TEN ARE TAKING PART, NOTABLY THE CONFERENCE IN STOCKHOLM ON CONFIDENCE-AND SECURITY-BUILDING MEASURES AND DISARMAMENT IN EUROPE. THE AGREEMENT RECENTLY ARRIVED AT ON A WORKING STRUCTURE FOR THE CONFERENCE IS A WELCOME DEVELOPMENT WHICH THEY HOPE WILL PERMIT SUBSTANTIVE NEGOTIATIONS TO GET UNDER WAY AT STOCKHOLM ON CONCRETE MEASURES DESIGNED TO LEAD TO A REAL INCREASE IN CONFIDENCE AND SECURITY IN EUROPE.

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5. THE TENTH ANNIVERSARY OF THE SIGNATURE OF THE HELSINKI FINAL ACT IN 1985 WILL SERVE TO UNDERLINE THE CONTINUING CENTRAL ROLE WHICH THE CSCE PROCESS PLAYS IN EAST/WEST RELATIONS. "THE TEN HAVE ALREADY INDICATED THAT THEY WILL BE READY TO BE REPRESENTED AT HIGH LEVEL AT THE ANNIVERSARY COMMEMORATION ON THE ASSUMPTION THAT THE INTERNATIONAL CLIMATE WILL MAKE THIS APPROPRIATE." THE TEN WILL CONTINUE TO SEEK THROUGH THE CSCE PROCESS MORE SECURE AND MORE CO-OPERATIVE RELATIONS BETWEEN THE PARTICIPATING STATES, AND GREATER CONTACT BETWEEN THEIR PEOPLES. IN WORKING TO FULFILL THE HELSINKI FINAL ACT OBJECTIVE OF PROMOTING BETTER RELATIONS AMONG THE CSCE PARTICIPATING STATES AND ENSURING CONDITIONS IN WHICH THEIR PEOPLE CAN LIVE IN TRUE AND LASTING PEACE FREE FROM ANY THREAT TO OR ATTEMPT AGAINST THEIR SECURITY, THE TEN WILL CONTINUE TO EMPHASISE THE IMPORTANCE WHICH THEY ATTACH TO THE FULL IMPLEMENTATION OF ALL THE PROVISIONS THE FINAL ACT, INCLUDING THOSE RELATED TO HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS.

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22 MARCH 1985

EUROPEAN COUNCIL, BRUSSELS  
29/30 MARCH 1985

CENTRAL AMERICA

Brief by Foreign and Commonwealth Office

BACKGROUND TO POLITICAL COOPERATION STEERING BRIEF (Section C)

References/Annexes

A: Conclusion on Central America of 4 December.

1. Following the San José meeting in September 1984 of the 21 European and regional Foreign Ministers, the Commission are preparing a draft negotiating mandate for the proposed EC/Central America economic cooperation framework agreement. The delay in the mandate's preparation is disappointing, but the agreement may nonetheless be ready for signature in the summer. A separate aid element is expected to provide for a substantial rise in EC aid to Central America (perhaps from the current 45 mecu per annum to 60 mecu).

2. The FRG continue to press for further measures designed to display the Ten's active interest in Central America. These include a San Jose' Conference Mark II at the end of the year in Europe, and a preparatory meeting of senior officials by July. We have agreed in principle

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- 2 -

to both. The Germans are also keen on a Troika mission of senior officials to the region: we can see no point in this. The FRG and others may press for a reference in the Conclusions to San José Mark II, and perhaps other measures: we regard this as premature. The meeting of the five Central American states under Contadora auspices on 11/12 April, the first since September, will reveal how seriously they are prepared to negotiate. We wish to make European cooperation effectively conditional on progress in the negotiations: to announce measures in advance of the Contadora meeting's outcome is to give a hostage to fortune, as well as to reduce the participants' motivation to negotiation in earnest.

Foreign and Commonwealth Office

22 March 1985

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Reference A  
Brief 14c

The following were the conclusions published on 4 December in Dublin by the European Council on Central America.

CONCLUSIONS

CENTRAL AMERICA

The Heads of State or Government note with satisfaction the inauguration of a new structure of political and economic dialogue between Europe and Central America at the Conference held at San José, Costa Rica, on 28/29 September 1984 between the Ministers of the European Community, Portugal and Spain, the Central American countries and the Contadora Group.

The Heads of State and Government reiterate the statement on Central America which they made on 19 June 1983 at Stuttgart. In particular they reaffirm their conviction that the problems of the region cannot be solved by armed force but only by a political solution springing from the region itself and respecting the principles of non-interference and inviolability of frontiers.

The Ten remain convinced that the Contadora process is the best opportunity to achieve a political solution to the crisis in the region. They hope that the efforts being made to reach agreement on the final text of the Contadora Act will come to early fruition and they urge all those concerned to work towards this end. They reaffirm the willingness which they expressed at San José to support, within their capabilities and if requested, the efforts of those States to which it falls to implement the provisions of any agreement.

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29/30 MARCH 1985

MOZAMBIQUE

Brief by Foreign and Commonwealth Office

BACKGROUND TO POLITICAL COOPERATION STEERING BRIEF (Section D)

References

- A: EC Declaration of 12 February
- B: Mozambican Reply of 9 March
- C: Suggested text for Council statement

1. President Machel told the Prime Minister and Foreign Secretary in Moscow on 13 March that security situation had deteriorated since Nkomati and blamed outside interference, especially South Africa (though exculpating P W Botha). Other recent indications that Machel fallen back on military solution and looking to Africa and Soviet bloc for increased help. However, remains committed to Nkomati and seeking increased Western assistance too. South Africans recently taken number of steps to demonstrate commitment to Accord and effort to control Renamo.

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EC Statement

2. The 12 February Declaration was largely instigated by the UK, as a means of providing support to Machel and the Nkomati process. Some partners' reservations meant that it could not refer specifically to the Nkomati Accord. The Declaration has been communicated to all African Governments and Portugal by the Presidency. We are therefore following up bilaterally.

3. Initial soundings suggest some partners not enthusiastic about further statement but experience of 12 February Declaration suggests they will not maintain their reservations. Suggested text attached. This has been circulated to partners.

Foreign and Commonwealth Office

22 March 1985

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Reference A.  
Brief 14d.  
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DECLARATION IN SUPPORT OF MOZAMBIQUE BY FOREIGN MINISTERS OF THE TEN  
12 FEBRUARY 1985

The Ministers for Foreign Affairs of the Ten, recalling the statement which they made in Paris on 27 February 1984 on the subject of Southern Africa, confirmed the need for the understandings reached between Mozambique and South Africa to be respected as part of the efforts which are being undertaken to bring about increased security and stability in the region. They expressed considerable regret that, a year after these understandings were reached, the continued fighting in Mozambique and continuing external interference have prevented that country from reaping the economic, security and other benefits which should follow from implementation of the agreements reached. They firmly emphasised the importance of the promotion of peace and reconciliation in Mozambique by all governments and of the prevention by the latter of unauthorised arms deliveries. The Ministers also reaffirmed their commitment to Mozambique's economic development and warmly welcomed the accession of that country to the Lome Convention.

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Reference B.  
Brief 14d.

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FM MAPUTO 151136Z MAR 85  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 131 OF 15 MARCH  
INFO ROUTINE WASHINGTON AND CAPETOWN

MIPT: MESSAGES.

1. FOLLOWING IS TEXT OF LETTER DATED 9 MARCH 1985 FROM MINISTER OF FOREIGN AFFAIRS, JOAQUIM CHISSANO TO THE ITALIAN AMBASSADOR: BEGINS

I WISH TO CONVEY TO ALL MEMBER STATES OF THE EEC THROUGH YOUR EXCELLENCY OUR APPRECIATION AND OUR WELCOME FOR THE EFFORT DIRECTED IN SUPPORT OF THE ACTIONS OF THE PEOPLES REPUBLIC OF MOZAMBIQUE TO PROMOTE PEACE AND STABILITY IN SOUTHERN AFRICA. WE WELCOME IN PARTICULAR THE INTEREST MANIFESTED IN THE NECESSITY TO COMPLY WITH THE NKOMATI ACCORD AND BY THE DENUNCIATIONS OF CONTINUED EXTERNAL INTERFERENCE IN THE PEOPLES REPUBLIC OF MOZAMBIQUE.

AS YOUR EXCELLENCY KNOWS, THE SITUATION IN SOUTHERN AFRICA IS EXTREMELY TENSE DUE TO THE EXISTENCE OF APARTHEID AND TO THE NON IMPLEMENTATION OF THE NKOMATI ACCORD BY SOUTH AFRICA. WE CONSIDER THAT THE EEC AND ITS MEMBER STATES CAN PLAY A POSITIVE ROLE IN ORDER THAT A CLIMATE OF PEACE, FAVOURABLE TO THE ECONOMIC AND SOCIAL DEVELOPMENT OF THE REGION, MIGHT BE CREATED IN THE ZONE.

THE PEOPLES REPUBLIC OF MOZAMBIQUE, AT THE SAME TIME AS (SHE) APPEALS FOR GREATER INTERNATIONAL SUPPORT IN THE DEFENCE OF HER SOVEREIGNTY AND TERRITORIAL INTEGRITY, REAFFIRMS HER DETERMINATION TO COMPLY WITH HER INTERNATIONAL COMMITMENTS.

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I WOULD LIKE ALSO TO TRANSMIT OUR APPRECIATION FOR THE SUPPORT RECEIVED FROM THE EEC AND BILATERALLY FROM THE MEMBER STATES FOR THE ECONOMIC DEVELOPMENT EFFORT OF THE PEOPLES REPUBLIC OF MOZAMBIQUE AND FOR THE EMERGENCY SITUATION IN MOZAMBIQUE. WE HOPE THAT THIS SUPPORT MIGHT BE REINFORCED AFTER THE PEOPLES REPUBLIC OF MOZAMBIQUES JOINING THE LOME CONVENTION AND IN PARTICULAR IN THE CONTEXT OF THE EMERGENCY ACTION WHICH IS BEING UNDERTAKEN BY THE INTERNATIONAL COMMUNITY AND BILATERALLY TO SUPPORT AFRICA, ASSAILED BY DROUGHT AND OTHER NATURAL DISASTERS.

POLITE ENDING. ENDS.

2. AN IDENTICAL LETTER WAS SENT TO THE PRESIDENT OF THE COMMISSION.

GUY

LIMITED  
CAFD  
SAFD  
ECOLE)  
MR DEREK THOMAS  
MR FERGUSSON  
MR JOHNSON

- 2 -  
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Reference C  
Brief 14d.

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SUGGESTED TEXT FOR COUNCIL STATEMENT

"Heads of State and Government expressed regret that a year after undertakings reached between Mozambique and South Africa the fighting in Mozambique and external interference continued, with serious consequences not only for Mozambique but also its landlocked neighbours. They called upon all Governments to do their utmost to promote peace and reconciliation in Mozambique and prevent the unauthorised delivery of arms. They also warmly welcomed Mozambique's accession to Lome III."

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27 March 1985.

EUROPEAN COUNCIL, BRUSSELS

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29/30 MARCH 1985

SOUTH AFRICA

Brief by Foreign and Commonwealth Office

BACKGROUND TO POLITICAL CO-OPERATION STEERING BRIEF (Section E)

References

- A Statement by Foreign Secretary on 22 March
- B Presidency statement of 25 March (unofficial British translation)
- C Prime Minister's statement in Parliament on 26 March

1. Following the shootings at Uitenhage on 21 March, in which 19 Blacks are known to have died and many more were injured, the Foreign Secretary issued a statement on 22 March condemning this event. On the same day Mr Luce summoned the South African Ambassador to express the Government's shock and concern and to call for a full enquiry. (The South Africans have since announced the appointment of a one-man Judicial Commission of Enquiry, which is now sitting. It is likely to complete its work and report quickly).

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2. The Presidency, on their own initiative, issued a statement on 25 March, agreed by all partners, condemning the shootings. The statement has been drawn to the attention of the South African Government.

3. The shootings at Uitenhage were the worst confrontation between police and Blacks during the present unrest in South Africa which began last year. This has been marked by school boycotts, strikes, protests at black local government structures, and other manifestations of discontent with black living conditions. Underlying this wave of protest is a deep sense of frustration and alienation, emphasised by the introduction last September of the new South African constitution which explicitly excludes Blacks from the new Parliamentary structures. Blacks have also been hit hardest by South Africa's current economic difficulties which have sharply increased Black unemployment.

4. At the same time, President Botha has shown signs of wishing to bridge the gap between the government and the Black community, and expressed his readiness for a wider dialogue with Black leaders. His Government has announced a number of reforms benefitting Blacks, including the extension of property rights to Blacks in the Cape area, the suspension of most forced removals pending a review of policy, and the development of the Crossroads squatter camp as a permanent Black residential area.

Foreign and Commonwealth Office

March 1985

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STATEMENT MADE AT FCO PRESS CONFERENCE ON 22 MARCH 1985  
IN THE NAME OF THE FOREIGN SECRETARY, SIR GEOFFREY HOWE QC MP

The shootings which took place in South Africa yesterday are a matter of the gravest concern. I join with others in condemning this indefensible action by the South African Police, and extend to the families of the victims my deepest sympathy.

Yesterday's events demonstrate yet again the evil of apartheid. It is a tragedy that the shootings are likely to reinforce existing divisions and to over-shadow the more hopeful developments of recent weeks.

On my instructions, Mr Richard Luce, the Minister of State, summoned the South African Ambassador this morning and expressed the Government's views to him, covering among other things the need for the fullest possible investigation.

REF B

PRESIDENCY STATEMENT OF 25 MARCH (UNOFFICIAL BRITISH TRANSLATION)

'The Ten member states of the European Community express their deep concern about the tension developing in South Africa as a result of the actions of indiscriminate repression carried out against the black population.

In particular they firmly condemn the behaviour of units of the security forces during the events of 21 March at Uitenhage, which caused the death of numerous black residents.

The Ten, recalling the Ministerial declaration of 11 September 1984, reaffirm their call for the end of the system of apartheid and for a process of dialogue which could lead to substantial reforms with a view to responding to the legitimate aspirations of the black population.'

## PRIME MINISTER'S QUESTIONS : TUESDAY 26 MARCH 1985

Q. Following the massacre in South Africa at the weekend, will the Prime Minister agree that 25 years on from Sharpville all the cosmetic improvements in that country do not hide the fundamental evil and injustice of apartheid, and apart from lecturing the South African Ambassador, what proposals has she got to help end the systematic oppression of the majority of the population there?

A. My Rt Hon friend the Foreign Secretary did both issue a statement and call in the Ambassador of South Africa to make it clear that we were gravely concerned at the events on the anniversary of Sharpville and that of course, as the Rt Hon gentleman knows, to reaffirm once again that you cannot distinguish between people on the basis of colour. We support the United Nations resolutions and uphold them. I think it particularly sad and deplorable that this event came just at a time when other things seemed to be moving. For example it had only been a few days before that we had heard that the policy which we totally deplored of forced removals had in fact been suspended and that was good news and therefore we were particularly deeply concerned about the shooting.



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SOUTH AMERICA

Brief by Foreign and Commonwealth Office

BACKGROUND TO POLITICAL COOPERATION STEERING BRIEF

(Section F)

References/Annexes

- A: EC Démarche on Urzua Case
- B: Santiago telno 48: Report of Sir W Harding's visit to Chile.

FCLACY

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CHILE

Political Developments

1 In November 1984 Pinochet responded to the rising level of terrorism in Chile by introducing a state of siege. Extended for a further 3 months in February.

2 President Pinochet remains in full control of the country. Prospects for a political dialogue between Democratic opposition and the government are poor. There are no signs that Pinochet has any intention of introducing political reforms in the very near future.

The European Community

3 We have supported an EC demarche urging the Chilean authorities to use formal judicial procedures in the trial of those alleged of killing General Urzua (former Military Governor in Santiago). The Chilean Government reacted defensively and expressed surprise at concern by western governments for terrorists. Trial by War Tribunal now started, defendents may be sentenced to death. Belgians have proposed a second EC appeal to Pinochet urging clemency, if death sentences passed. We have informed partners we cannot agree.

The Italians

4 Italian Government are strongly opposed to Pinochet's regime and would like members of the European Community to be more critical. The Italian Prime Minister made private and public comments critical of Chile during a recent visit to the United States. In Washington on 6 March, Sr Craxi criticised Latin American dictators and referred to the need to support "unconditionally" the Chilean peoples' "request for freedom". The Chilean Government has reacted sharply and at one stage, even considered breaking off diplomatic relations.

Argentina

5 Our partners repeatedly emphasise the importance of giving support to democracy in Argentina. President Alfonsin's popularity remains high. But his handling of the military, and in particular of the economic situation, could threaten his position. Some partners argue that agreement by Britain to discuss sovereignty would bolster Alfonsin's position.

6 We have briefed our partners on the proposals we sent to the Argentines in January about the normalisation of trade relations and the impossible visit by Argentine next-of-kin to the Falkland Islands. We await a firm

Argentine reply. But the Argentine Foreign Minister and President Alfonsin during his recent visits to Washington and Mexico City, have reiterated Argentine insistences that there can be no discussion of practical measures to normalise bilateral relations unless we agree also to discuss sovereignty.

Return to democracy in South America

7 Transition to democracy in Uruguay has proceeded smoothly. Main political parties are cooperating well together; all political prisoners have been released. Uruguay's main problem is the severe reduction in the market for her agricultural exports, which are now in competition with subsidised EC surpluses. After a bright start, transition process in Brazil slowed by illness of President-elect Tancredo Neves. His economic team already appointed - stressing austerity, particularly by State corporations. Vice-President Sarney in control but lacks prestige of Tancredo - maybe unable to obtain political majority over longer period. Current uncertainty may delay negotiation of new agreement with IMF.

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Latin American Debt

8 Latin American calls for debtor/creditor summit and political dialogue reiterated in Santo Domingo, 7/8 February 1985; but with recognition that IMF/IBRD Spring meetings are next important step. UK does not believe political summit would be of practical help: favours case by case approach, within framework of existing financial institutions. Cartagena Group primarily concerned with Summit Seven, of whom: FRG and France share our line, but Italy supports (Argentine) calls for political dialogue. With reference to Cheysson's attempts to seek a Commission role: the handling of debt is a sensitive issue, and in our view is not a matter of community competence.

South America Department

27 March 1985

REF A

## EC DEMARCHE ON URZUA CASE (UNOFFICIAL BRITISH TRANSLATION)

'The Ten member states of the European Community are concerned by the growth of violence in Chile. They are nevertheless following with growing concern the trial in Santiago of Jorge Palma Donoso, Ugo Marchant Moya and Carlos Araneda Miranda charged with the killing of General Urzua.

They have learned that on the 29 January last the Supreme Court of Chile rejected the appeal which had been made on the basis of the non constitutionality of the decree introducing the war tribunals sitting as if in time of war. Being informed that the procedure intended for use in time of war permits no appeal either through the Court of Appeal or of Cassation, they express the hope that the three accused be judged in just and equitable conditions according to a procedure which respects the rights of the defence according to normal judicial rules and not by an exceptional procedure.'

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FM SANTIAGO 011255Z MAR 85

TO IMMEDIATE FCO

TELEGRAM NUMBER 048 OF 01 MARCH 1985

INFO IMMEDIATE MONTEVIDEO (DESKBY 011400Z) (FOR PS LADY YOUNG)

INFO IMMEDIATE WASHINGTON AND BONN

AL 026/3

FOLLOWING FOR PRIVATE SECRETARY FROM SIR W HARDING  
MY VISIT TO CHILE (26-28 FEBRUARY)

RJ 7/3

SUMMARY

1. COMPREHENSIVE RANGE OF CONTACTS IN GOVERNMENT, CHURCH OPPOSITION AND HUMAN RIGHTS GROUPS. OUTLOOK GLOOMY BOTH ON THE POLITICAL AND ECONOMIC SCENE. PINOCHET IN FULL CONTROL OF GOVERNMENT, WHO ARE THE ONLY PARTY CONTENT WITH PRESENT SITUATION. NO SUBSTANTIVE COMMENT MADE TO THE PRESS.

TEXT

2. IN THE SPACE OF TWO AND A HALF DAYS IN SANTIAGO I HAVE TALKED INDIVIDUALLY TO OVER 50 LEADING CHILEAN PERSONALITIES. ON THE GOVERNMENT SIDE, I SAW PINOCHET (OUR TEL NO 47), THE NEW MINISTERS OF INTERIOR AND FINANCE, THE ACTING FOREIGN MINISTER AND SENIOR OFFICIALS. ON THE CIVILIAN SIDE, CALLS COVERED THE DEMOCRATIC OPPOSITION FROM THE RIGHT TO THE DEMOCRATIC SOCIALISTS AND TRADE UNIONISTS, AS WELL AS THE ARCHBISHOP, THE VICARIA AND THE CHILE COMMISSION ON HUMAN RIGHTS.

THE POLITICAL SCENE

3. THE POLITICAL CENTRE HERE APPEARS TO BE MORE OR LESS VACANT AND THE MODERATE PARTIES DIVIDED. THE STATE OF SIEGE IS MAKING A DIFFICULT SITUATION MORE TENSE. IT IS FURTHER WORSENING THE SUFFERING IN THE SLUM AREAS WHERE AN ALREADY LOW STANDARD OF LIVING IS BEING STILL MORE COMPRESSED. IN THESE AREAS PEOPLE ARE LOSING FAITH IN MODERATE CIVILIAN LEADERS. THEY ARE NOW A FERTILE BREEDING GROUND FOR TERRORISM AND SEDITION.

4. THE REGIME SHOWS NO SIGN OF ANY DISPOSITION TO MOVE FURTHER OR FASTER TOWARDS DEMOCRATIC GOVERNMENT. NOR IS IT DISPOSED TO PAY MUCH ATTENTION TO INTERNATIONAL PRESSURE REGARDING HUMAN RIGHTS OR FOR A MORE RAPID DEMOCRATISATION. PINOCHET IS IN FULL CONTROL OF THE APPARATUS OF GOVERNMENT: HIS WORD IS LAW. HE LOOKS IN GOOD HEALTH AND HEART. HE PROJECTS CHARM AND MENACE BY TURNS.

5. DESPITE OUTWARD CALM AND ORDERLY ASPECT OF LIFE THERE ARE BUMBLES UNDER THE SURFACE. MODERATE OPPOSITION GROUPS AND THE CHURCH FEAR THAT EXTREMISTS OF THE LEFT WILL SOON RESORT AGAIN TO WIDESPREAD VIOLENCE, HOPING TO ACCELERATE A POLARISATION WHICH IS ALREADY APPARENT. SOME OF THE MODERATES, EG, THE RADICAL PARTY, ARE THINKING OF USING NON-VIOLENT MASS PROTEST TO PUT PRESSURE ON THE GOVERNMENT TO YIELD MORE GROUND AND ARE PREPARED TO DO THIS EVEN IF IT RESULTS IN FURTHER REPRESSION.

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THE ECONOMY

TOP SECRET

THE ECONOMIC SCENE

6. THE OUTLOOK FOR THE ECONOMY IS SOMBRE. THE FINANCE MINISTER TOLD ME THAT HE EXPECTED THERE WOULD BE SEVERAL YEARS OF LITTLE GROWTH. INCREASED EMPHASIS WOULD BE GIVEN TO EXPORTS AND INTERNAL SAVINGS, WITH DETRIMENTAL CONSEQUENCES TO INTERNAL CONSUMPTION. ANOTHER TURN OF THE SCREW ON THE POOR WILL ADD TO THE PENT-UP SOCIAL PRESSURE.

CONCLUSION

7. I WOULD NOT WISH TO HAZARD DEFINATE CONCLUSIONS ABOUT THIS VISIT UNTIL I HAVE HAD A CHANCE TO DISCUSS ITS IMPLICATIONS WITH THOSE CONCERNED IN LONDON. BUT AS OF NOW IT IS CLEAR THAT IT WAS WELL TIMED SO FAR AS THE OPPOSITION WERE CONCERNED. THEIR WELCOME FOR WHAT THEY INTERPRET AS A GESTURE OF SUPPORT HAS BEEN VERY APPARENT, ALL THE MORE SO IN CONTRAST TO THEIR DISMAY AT THE IMPRESSION UNINTENTIONALLY CREATED BY MOTLEY OF ENCOURAGEMENT FOR PINOCHET. FOR THEIR PART, THE GOVERNMENT HAVE DONE ALL THEY CAN TO PRESENT THE VISIT IN A LIGHT AS FAVOURABLE TO THEM AS POSSIBLE. BUT I HAVE BEEN PARTICULARLY CAPEFUL - EVEN BEFORE RECEIPT OF YOUR TEL NO 66 -NOT TO MAKE ANY SUBSTANTIVE DECLARATIONS FOLLOWING MY MEETINGS, DESPITE CONSIDERABLE HARRYING FROM THE PRESS. ON DEPARTURE AT THE AIRPORT I WILL CONFINE MYSELF TO A SHORT NON-CONTROVERSIAL STATEMENT COVERING HUMAN PIGHTS AND THE NEED TO MOVE TOWARDS DEMOCRACY.

HICKMAN

LIMITED  
HO/SAMD

PS

PS/MR RENTON

PS/PUS

MR D C THOMAS

MR HOUSTON

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27 March 1985

EUROPEAN COUNCIL, BRUSSELS

29/30 MARCH 1985

**FAMINE IN AFRICA**

Brief by the Foreign and Commonwealth Office

1. Introduction

Signor Craxi will brief the Council on follow-up to commitment made at Dublin European Council to supply 1.2 million tonnes of grain to drought affected countries before next harvest. Some Member States may argue that situation in Africa requires further contributions.

2. Our Objective

- To limit the outcome to a reaffirmation of the Dublin commitment together with a statement of what the Community and Member States have achieved.

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Background

- Reference A: Signor Craxi's letter to the Prime Minister of 26 March 1985 (extract)
- B: Conclusions of European Council in Dublin 3-4 December
- C: Possible UK draft of conclusions for Brussels European Council

Follow-up to Dublin commitment

1. In terms of allocations this target has been met. Community has made firm plans to allocate over 1.2 million tonnes to the eight most seriously affected countries; over 1.5 million tonnes to sub-Saharan Africa altogether. Possible text for conclusions of European Council to indicate progress on commitment (at Reference C).

2. But we believe deliveries could be speeded up. In Ethiopia the picture is relatively satisfactory but in Sudan the Community's performance has been criticised by Mr Raison and Sir Anthony Kershaw following their visits in February. Signor Craxi has not proposed further commitments in his letter to the Prime Minister (Reference A) but he or Commission may do so.

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3. Arguments

Community Contribution

- Congratulate Commission on speed with which Dublin target has been met.
- Community response in Ethiopia rapid, substantial and effective. But deliveries could be speeded up especially to Sudan. Important that full use be made of emergency food aid procedures.

UK Contribution

- Other Member States have undertaken impressive national programmes, as has UK.
- Since April 1984 UK has spent over £100 million on drought relief in Africa, including our share of EC aid and the RAF air lift in Ethiopia.
- In 1984 we supplied 92,000 tonnes grain to sub-Saharan Africa.
- In 1985 our bilateral contribution to Dublin commitment will be 110,000 tonnes. Of this amount:
  - 25,000 tonnes delivered already to Ethiopia and Sudan;
  - over 35,000 tonnes for Sudan will be shipped in April.

- For 1985/86 we have promised at least £30 million bilateral relief aid (including cost of 110,000 tonnes of grain). Also expect to pay further £30 million at least via Community.
- Additionally nearly £125 million bilateral development aid will be spent in African countries identified by UN as facing food shortages.
- UK private contributions to drought relief more than £50 million.

Ethiopia

- In two years to October 1984 UK spent £15.5 million. £14 million spent bilaterally since then. 82,400 tonnes of food aid provided over last three years. RAF detachment provided since 1 November at cost of £7 million so far.

Sudan

- UK has provided over £3 million for refugees and 62,000 tonnes of cereals since November. Total cost of bilateral aid nearly £14 million.

*No African Community  
Doubt is likely to be spent*

4. Their Objectives

- Unclear: but Presidency or Commission may argue that situation in Africa requires further contribution from Community and Member States.



3. Our argument that further commitments should come from existing 1985 food aid programme could lead Commission to suggest that we are "robbing the hungry to feed the starving". But we consider much of existing food aid programme of limited developmental value and would be better concentrated where there is a real need.

4. At UN Conference in Geneva on 11 March Mr Raison announced UK contribution in 1985/86 would be at least £30 million in bilateral aid plus further £30 million as share of EC programmes. The Italian representative pledged US\$ 1 billion over next 18 months.

UK Aid

5. UK expenditure on food aid worldwide in 1984 was about £116 million (10% of total overseas aid): this includes £91 million share of EC food aid programmes.

6. Christopher Jackson (EDG MEP, who chairs European Parliament's Development Committee) urging Pflimlin to write to Craxi seeking new Council statement on famine in Africa. He wants the Community:

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- a) to help with fuel supplies in Sudan.

UK response: UK are paying World Food Programme \$275,000 to buy fuel to distribute UK food aid: other Member States and Community should do the same (latter from within existing unallocated

- b) to use emergency food aid allocation procedures more often.

We agree;

- c) to promote greater coordination of Member States responses to famine.

We are content with continuation of existing ad hoc meetings every 6/8 weeks;

- d) to join Americans in putting pressure on Ethiopia to allow safe passage for relief supplies to rebel-held areas in northern Ethiopia.

We supported Presidency proposal to make a low key approach "in course of normal contacts" urging Ethiopia to ensure that aid gets through. This has now been done. But US/Ethiopia relations difficult. We and other donors narrowly averted head on confrontation

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between Americans and Ethiopians at the UN Conference on famine in Geneva on 11 March. There is a danger that if pressure is applied too openly or forcefully existing relief operations could be jeopardised and the Ethiopians might erect further political barriers to the West.

Development Commissioner, Natali, is visiting Ethiopia 10-14 April: we are urging him to use negotiations on new aid programmes under sixth European Development Fund to promote economic and agricultural policy reforms in Ethiopia.

FOREIGN AND COMMONWEALTH OFFICE

27 March 1985

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REFERENCE A

EXTRACT FROM A LETTER OF 26 MARCH 1985  
FROM PRESIDENT OF THE COUNCIL

The scope and sometimes the urgency of the problems of our time lead us to seek an increasingly visible European presence in the world. I am thinking in particular of the tragedy of the drought in Africa affecting an area in which thirty million people live, and bringing disasters of biblical proportions. I should like, for my part, to refer to the results of the venture we undertook at the European Council in Dublin which was set in train by the Taoiseach, Dr Garret Fitzgerald, my predecessor.

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REFERENCE B

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TO IMMEDIATE FCO  
TELEGRAM NUMBER 723 OF 4 DECEMBER 19  
AND TO IMMEDIATE UKREP BRUSSELS DESK  
AND TO ROUTINE PARIS BONN ROME  
AND TO SAVING OTHER EC POSTS

EUROPEAN COUNCIL, DUBLIN, 3/4 DECEMBER

FOLLOWING IS TEXT OF EUROPEAN COUNCIL CONCLUSIONS.  
ECONOMIC AND SOCIAL SITUATION

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THE EUROPEAN COUNCIL WELCOMED THE PRIORITY GIVEN TO THE PROBLEM OF UNEMPLOYMENT IN THE COMMISSION'S RECENTLY PUBLISHED ANNUAL ECONOMIC REPORT. IT, THEREFORE, SUPPORTS THE BALANCED GUIDELINES IN THE REPORT, WHICH EMBODIES A CONSISTENT ECONOMIC POLICY FRAMEWORK FOR IMPROVING SUPPLY AND DEMAND CONDITIONS SEMI-COLON AND IT CONSIDERS THAT THESE GUIDELINES SHOULD BE SPEEDILY IMPLEMENTED. IN PARTICULAR IT AGREED THAT THE COUNCIL, IN ITS APPROPRIATE FORMATIONS:

- SHOULD INITIATE A REVIEW OF MANPOWER POLICY TO REORIENTATE TRAINING TOWARDS SECTORS WHERE LABOUR WILL BE NEEDED, TAKE STEPS TO ENCOURAGE JOB MOBILITY AND FOSTER ENTERPRISE, ESPECIALLY AMONGST THE YOUNG

- SHOULD TAKE STEPS TO COMPLETE THE INTERNAL MARKET, INCLUDING IMPLEMENTATION OF EUROPEAN STANDARDS

- SHOULD PURSUE AND ACCELERATE ITS CONSIDERATION OF MEASURES TO ACHIEVE A GREATER ROLE FOR THE ECU AND DEVELOP AND STRENGTHEN THE EUROPEAN MONETARY SYSTEM, ON THE BASIS OF THE RELEVANT COMMISSION COMMUNICATIONS

- SHOULD IMPLEMENT WITHOUT DELAY THE FIRM POLITICAL COMMITMENTS AGREED BY THE EUROPEAN COUNCIL AT ITS MEETINGS OF BRUSSELS AND FONTAINEBLEAU IN THE FIELD OF TRANSPORT POLICY

- SHOULD ADOPT FURTHER MEASURES TO STRENGTHEN THE TECHNOLOGICAL BASE OF THE COMMUNITY AND RESTORE COMPETITIVENESS SEMI-COLON TO THIS END, -THE COMMISSION IS ASKED TO SUBMIT AN APPROPRIATE DRAFT ACTION PROGRAMME TO THE NEXT EUROPEAN COUNCIL.

THE EUROPEAN COUNCIL AGREED THAT THE COMMUNITY AND THE MEMBER STATES SHOULD TAKE MEASURES, INCLUDING CONCERTATION OF ECONOMIC POLICIES, DESIGNED, IN THE WORDS OF THE PREAMBLE TO THE ROME TREATY TO REDUCE THE DIFFERENCES EXISTING BETWEEN THE VARIOUS REGIONS AND THE BACKWARDNESS OF THE LESS FAVOURED REGIONS.

IN REGARD TO ANY POSSIBLE FALTERING OF THE EUROPEAN AND WORLD RECOVERY OF OUTPUT AND EMPLOYMENT, THE EUROPEAN COUNCIL ALSO **ASKED**

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ASKED THE ECO/FIN AND THE COMMISSION TO KEEP EXTERNAL DEVELOPMENTS UNDER CONTINUOUS REVIEW. IT REQUESTED THEM TO REPORT BACK TO ITS MEETING IN MARCH ON WHAT MEASURES MIGHT BE APPROPRIATE FOR THE COMMUNITY OR MAY ALREADY HAVE BEEN INITIATED TO ASSURE THE OBJECTIVE OF A PROGRESSIVE INCREASE IN THE ACTUAL AND POTENTIAL GROWTH FOR THE COMMUNITY TO THE BENEFIT OF UNEMPLOYMENT.

#### ENVIRONMENT

THE EUROPEAN COUNCIL ASKED ENVIRONMENT MINISTERS AT THEIR COUNCIL MEETING ON 6 DECEMBER TO MAKE EVERY EFFORT TO REACH AGREEMENT ON THE GUIDELINES FOR A COMMUNITY POLICY ON THE REDUCTION OF LEAD IN PETROL AND VEHICLE EMISSIONS.

THE COUNCIL AGREED TO HAVE A SUBSTANTIVE DISCUSSION ON ENVIRONMENTAL ISSUES AT THEIR NEXT MEETING IN MARCH 1985.

#### AD HOC COMMITTEE ON INSTITUTIONAL AFFAIRS

THE EUROPEAN COUNCIL HAS TAKEN NOTE OF THE INTERIM REPORT BY THE AD HOC COMMITTEE ON INSTITUTIONAL AFFAIRS. IT RECOGNISED ITS GREAT QUALITY AND THE NEED FOR THE COMMITTEE TO CONTINUE ITS WORK WITH A VIEW TO SECURING THE MAXIMUM DEGREE OF AGREEMENT. THE COUNCIL AGREED THAT THE INTERIM REPORT SHOULD BE PUBLISHED.

THE EUROPEAN COUNCIL, FOR ITS NEXT MEETING IN MARCH 1985, HAS ASKED THE COMMITTEE TO COMPLETE ITS WORK AND SUBMIT A REPORT WHICH, AFTER PRELIMINARY CONSIDERATION AT THAT MEETING, WILL BE THE MAIN SUBJECT OF THE EUROPEAN COUNCIL IN JUNE, 1985.

#### AD HOC COMMITTEE ON A PEOPLE'S EUROPE

THE EUROPEAN COUNCIL NOTED WITH INTEREST THE INTERIM REPORT OF THIS COMMITTEE AND REQUESTED THE COMMITTEE TO MAKE A FURTHER REPORT TO THE EUROPEAN COUNCIL NEXT MARCH.

#### COUNCIL REPORT ON EUROPEAN UNION

THE EUROPEAN COUNCIL APPROVED THE ANNUAL REPORT ON EUROPEAN UNION. THIS REPORT WILL BE FORWARDED TO THE EUROPEAN PARLIAMENT AS PROVIDED FOR IN THE SOLEMN DECLARATION ON EUROPEAN UNION.

#### FAMINE IN AFRICA

IN THE FACE OF THE SERIOUS DIFFICULTIES CURRENTLY BEING EXPERIENCED BY MANY COUNTRIES OF AFRICA, ESPECIALLY THOSE, LIKE ETHIOPIA OR THE SAHEL COUNTRIES, WHICH ARE SUFFERING THE EFFECTS OF AN UNPRECEDENTED DROUGHT AND THE RAVAGES OF MALNUTRITION AND FAMINE, THE EUROPEAN COUNCIL STRESSES THE URGENCY OF TAKING CONCERTED INTERNATIONAL ACTION.

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THE EUROPEAN COUNCIL BELIEVES THAT THE TOTAL TO BE PROVIDED BY THE COMMUNITY AND ITS MEMBER STATES BETWEEN NOW AND THE NEXT HARVEST SHOULD BE 1.2 MILLION TONNES.

THE COMMISSION, AFTER CONSULTATION WITH MEMBER STATES TO ESTABLISH THE AMOUNT OF GRAIN THAT WILL BE PROVIDED BY MEMBER STATES, WILL MAKE A PROPOSAL TO THE COUNCIL WITH RESPECT TO ANY ADDITIONAL COMMUNITY EFFORT THAT MAY BE NEEDED TO ATTAIN THE FIGURE OF 1.2 MILLION TONNES AND THE EUROPEAN COUNCIL INVITES THE COUNCIL OF MINISTERS TO TAKE ANY NECESSARY DECISIONS ON THE BASIS OF SUCH A COMMISSION PROPOSAL IN ORDER TO SECURE THE ACHIEVEMENT OF THE 1.2 MILLION TOTAL. THE EUROPEAN COUNCIL APPEALS TO OTHER DONOR COUNTRIES TO MATCH THIS EFFORT BY THE COMMUNITY AND ITS MEMBER STATES IN ORDER THAT THE TOTAL NEED OF THESE STATES, CURRENTLY ESTIMATED AT 2 MILLION TONNES, WILL BE MET.

IT STRESSES THE NEED FOR URGENT ACTION TO AVOID THREATENED SHORTFALL IN THE MONTHS IMMEDIATELY AHEAD.

IT NOTES THE NEED FOR IMPROVED CO-ORDINATION BETWEEN THE COMMUNITY, ITS MEMBER STATES, OTHER DONORS, AND NON-GOVERNMENTAL ORGANISATIONS, IN ORDER TO INCREASE THE EFFICIENCY AND PACE OF IMPLEMENTATION OF EMERGENCY AID MEASURES AND INVITES THE COMMISSION TO INITIATE ACTION IN THIS REGARD.

THE EUROPEAN COUNCIL ACKNOWLEDGES THE NEED TO UNDERTAKE URGENT ACTION TO SPEED UP AND SUPPORT THE RECOVERY AND REHABILITATION PROCESS IN AFRICAN COUNTRIES AND TO PROVIDE THE COMMUNITY'S ACTIVE SUPPORT FOR THEIR EFFORTS TO ACHIEVE SELF-SUFFICIENCY AND SECURITY IN FOOD: ALSO IN IMPLEMENTING LONG-TERM OPERATIONS TO COMBAT DROUGHT AND DESERTIFICATION.

THE EUROPEAN COUNCIL EMPHASISES THE WILL OF THE TEN, IN ALL INTERNATIONAL NEGOTIATIONS TO SUPPORT INITIATIVES TO STRENGTHEN SOLIDARITY BETWEEN THE INDUSTRIALISED COUNTRIES AND THE COUNTRIES OF THE THIRD WORLD AND THUS TO FOSTER DEVELOPMENT.

IT WELCOMES THE DECLARATION ON THE CRITICAL ECONOMIC SITUATION IN AFRICA JUST ADOPTED BY THE U.N. GENERAL ASSEMBLY.

IT NOTES WITH SATISFACTION THE SUCCESSFUL CONCLUSION OF THE NEGOTIATIONS FOR THE RENEWAL OF THE LOME CONVENTION WHICH LINKS

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THE EUROPEAN COMMUNITY, ITS MEMBER STATES, AND THE AFRICAN  
CARIBBEAN AND PACIFIC STATES. THE FACT THAT THE PROGRESS ACHIEVED  
SO FAR HAS BEEN CONSOLIDATED BEARS WITNESS TO THE STRENGTH AND  
VITALITY OF THIS CO-OPERATION.

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Reference C

Following is suggested text for Council conclusion:

The European Council remains deeply concerned at the continuing famine in Ethiopia, Sudan and the Sahel countries. The European Council recalls its undertaking at Dublin to supply 1.2 million tonnes of grain to the worst affected countries before the next harvest and notes that allocations by the Community and Member States have fully met this target. The European Council asks the Commission to ensure as a matter of the highest priority that relief supplies are delivered as quickly as possible.

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Besoins/engagements  
en vue de livraisons pendant la campagne actuelle

(équivalent céréales)

au 20.3.1985

|                           | Ethiopie       | Soudan                   | Mozambique             | Mali           | Niger          | Mauritanie    | Tchad          | Angola        | TOTAL              |
|---------------------------|----------------|--------------------------|------------------------|----------------|----------------|---------------|----------------|---------------|--------------------|
| Période de référence      | JAN - DEC      | NOV - OCT                | MARS - DEC             | NOV - OCT      | OCT - SEPT     | NOV - OCT     | NOV - OCT      | AVR - DEC     |                    |
| <b>Besoins estim. CEE</b> |                |                          |                        |                |                |               |                |               |                    |
| hypothèse forte           | 1.350.000      | 1.420.000 <sup>(1)</sup> | 420.000 <sup>(2)</sup> | 210.000        | 350.000        | 155.000       | 280.000        | 80.000        | 4.265.000          |
| hypothèse faible          | 1.200.000      | 1.200.000                | 420.000                | 200.000        | 350.000        | 155.000       | 280.000        | 80.000        | 3.885.000          |
| <b>ENGAGEMENTS</b>        |                |                          |                        |                |                |               |                |               |                    |
| <b>I. Hors Dublin</b>     |                |                          |                        |                |                |               |                |               |                    |
| CEE (aide aliment.)       | 71.600         | 20.500                   | 10.000                 | 8.000          | 17.400         | 8.000         | 16.200         | -             | 151.700            |
| CEE (aide urgence)        | -              | -                        | -                      | 5.500          | 6.450          | -             | 9.840          | -             | 21.790             |
| Etats Membres             | 18.500         | 29.280                   | 46.830                 | 18.250         | 23.300         | 12.000        | 8.880          | -             | 157.040            |
| <b>SOUS-TOTAL I</b>       | <b>90.100</b>  | <b>49.780</b>            | <b>56.830</b>          | <b>31.750</b>  | <b>47.150</b>  | <b>20.000</b> | <b>34.920</b>  | <b>-</b>      | <b>330.530</b>     |
| <b>II. Dublin</b>         |                |                          |                        |                |                |               |                |               |                    |
| CEE (aide aliment.)       | 91.500         | 41.400                   | 52.200                 | 15.400         | 26.100         | 21.080        | 16.000         | 21.500        | 285.180            |
| CEE (aide urgence)        | 106.180        | 52.860                   | 9.500                  | 19.360         | 18.520         | 1.430         | 15.900         | 4.940         | 228.690            |
| Etats Membres             | 107.250        | 104.930                  | 56.600                 | 48.190         | 41.700         | 39.770        | 43.880         | 18.870        | 461.190            |
| <b>SOUS-TOTAL II</b>      | <b>304.930</b> | <b>199.190</b>           | <b>118.300</b>         | <b>82.950</b>  | <b>86.320</b>  | <b>62.280</b> | <b>75.780</b>  | <b>45.310</b> | <b>975.060 (3)</b> |
| <b>TOTAL CEE - EM</b>     | <b>395.030</b> | <b>248.970</b>           | <b>175.130</b>         | <b>114.700</b> | <b>133.470</b> | <b>82.280</b> | <b>110.700</b> | <b>45.310</b> | <b>1.305.590</b>   |

(1) estimation FAO

(2) estimation gouvernement

(3) Plus une réserve de 200.000 T d'équivalent céréales de la Communauté (80 MECUs), une réserve de 119.000 T des Etats membres, soit un total de 1.294.000 T

|                              | Ethiopie       | Soudan    | Mozambique | Mali      | Niger      | Mauritanie | Tchad     | Angola    | TOTAL     |
|------------------------------|----------------|-----------|------------|-----------|------------|------------|-----------|-----------|-----------|
| Période de référence         | JAN - DEC      | NOV - OCT | MARS - DEC | NOV - OCT | OCT - SEPT | NOV - OCT  | NOV - OCT | AVR - DEC |           |
| <u>III. Autres donateurs</u> |                |           |            |           |            |            |           |           |           |
| Etats-Unis                   | (1)<br>406.230 | 770.030   | 137.880    | 102.800   | 114.070    | 57.360     | 74.540    | 7.200     | 1.670.110 |
| Canada                       | 43.000         | 26.400    | -          | 17.000    | 8.000      | 1.300      | -         | -         | 95.700    |
| Japon                        | 10.430         | 39.000    | 20.650     | 8.120     | 19.140     | 9.280      | 20.300    | -         | 126.920   |
| Chine                        | 5.000          | 29.000    | 5.000      | 1.000     | 2.000      | 5.000      | -         | 1.000     | 48.000    |
| Australie                    | 22.000         | -         | 7.830      | -         | -          | -          | -         | -         | 29.830    |
| Divers                       | 115.600        | 9.100     | 8.700      | 20.010    | 2.000      | 9.500      | 6.200     | 200       | 171.310   |
| PAM                          | 107.300        | 56.090    | 9.000      | 13.200    | 6.000      | 6.180      | 34.000    | 11.600    | 243.370   |
| <u>SOUS-TOTAL III</u>        | 709.560        | 929.620   | 189.060    | 162.130   | 151.210    | 88.620     | 135.040   | 20.000    | 2.385.240 |
| <u>TOTAL GENERAL</u>         | 1.104.590      | 1.178.590 | 364.190    | 276.830   | 284.680    | 170.900    | 245.740   | 65.310    | 3.690.830 |

(1) plus 114.250 tonnes destinées aux réfugiés éthiopiens