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INDEX

FILE

EUROPEAN COUNCIL: MILAN: 28/9 JUNE 1985

A. FIRST SESSION 28 JUNE

11.15 1. Craxi (Italy) did not discuss the agenda of the Council, on  
1 2 which the Presidency had already circulated a letter.  
Instead, after briefly welcoming the new Spanish and  
Portuguese observers, he immediately introduced a discussion  
on the institutions.

Institutions

2. Craxi said that, from the Presidency's many contacts, it was  
clear that there were differences of opinion but a  
constructive spirit which raised the hope that an agreement  
could be reached. Everyone agreed on the need for more  
efficient decision making.

(i) Luxembourg Compromise

Without questioning the principle of recourse to  
national interests, he thought that everyone  
wanted to shelter the Community from the  
excessive use of the veto. The enlargement of  
the Community required a different system, and it  
should not be too difficult to reach a consensus  
on this.

(ii) European Parliament

The Parliament wanted to see a redefinition of  
its powers and functions. Its members were  
profoundly frustrated. On 27 June the President  
of the Parliament had spoken again of their  
"demands". Various proposals had been made which  
needed to be examined.

(iii) Commission

There was also the problem of the Commission's  
competences and the possible reinforcement of its  
role. There had been discussion of extending the  
scope of the Community to areas which were not  
strictly economic. The progressive development  
of the European ideal required a broader view of  
European collaboration.

(iv) Political Co-operation

The structure of political co-operation needed to  
be reinforced. Drafts had been circulated which  
offered "important insights" into how to do this.

3. Craxi commented that the degree of disagreement in the Community had been exaggerated. Negotiation at the political level could produce agreement. He did not exclude Treaty amendment. The option also existed of organising a conference, which could take the form of the European Council itself. He concluded "we need balanced reasonable conclusions based on compromise".
4. Kohl (Germany) said that the Council had decided in Brussels to try to get Europe out of its rut. The Dooge Report provided the basis for this. Earlier meetings had focussed on whether to hold a conference or not. That should be considered at the end when it would be clear whether there was a mandate for such a conference. He could agree to a conference provided that it had a clear mandate.

(i) Decision Taking

He favoured majority voting as provided for in the Treaty. He would also be prepared to amend the Treaty in specific ways for specific objectives. The main need was to find common ground. He acknowledged that Germany had invoked the Luxembourg compromise. It had done so because others had done so. If the instrument had not existed, Germany's behaviour would have been different. But he would prefer to go further and was ready for detailed discussion of Treaty amendment.

(ii) European Parliament

Europe could not afford to enter the next elections without doing something about the Parliament's powers. In 9 cases out of 10, the Council took no notice of the Parliament's views. Kohl then spoke to a German note circulated on the Parliament's powers. This drew a distinction between:

- (a) Areas where the Parliament should be consulted as at present. This should cover all themes which were not included in (b) and (c).
- (b) Areas where the Council would decide on the basis of a text approved by the Parliament. A new conciliation procedure would be established but the Council would have the final say. This category would include decisions on the internal market and harmonisation of law as well as the key decisions on common

policies, including new policies.

- (c) Here the Council and Parliament would act by co-decision. This would apply to decisions on new accessions and associations and on modification of Treaties.

(iii) Commission

He favoured an examination of the Commission's powers and greater delegation of power to the Commission.

5. Kohl concluded that he was ready for major changes but ready also to compromise. Above all we needed a timetable and check list for an IGC. (The Secretary of State commented in his notes that Kohl had done no more than roam around the agenda).
6. Speaking to a paper circulated after the Benelux co-ordination meeting that morning, Martens (Belgium) said:

(i) Decision Taking

Better decision taking was necessary to achieve a genuine internal market which in turn was necessary for a technological Community. This required two things: to do away with the paralysis which arose from the Luxembourg compromise; and to reduce the areas where unanimity was required.

(ii) European Parliament

The present position was a standing reproach to the Community. The Parliament should be given investigative powers over the Commission; should be allowed to ratify treaties; its powers over non-obligatory expenditure should be extended to obligatory expenditure; and eventually it should have revenue-raising powers.

(iii) Commission

Belgium agreed with the Dooge proposals.

(iv) Political Co-operation

He had not had time to examine the Franco-German text but was in favour of the UK draft Treaty, subject to minor technical amendments.

(v) IGC

He was convinced that the targets of an internal market and a technological Community made it necessary to amend the Treaty. He thought the Presidency's paper on this was excellent. He proposed that the Council should agree the heads of agreement for an IGC.

7. Schluter (Denmark) said that one should not under-estimate what the Community had achieved: budget discipline, the own resources decision, enlargement and IMPs. Denmark was happy with a Commission that took initiatives; he supported Delors' active approach. The Milan Council was well placed to take important decisions, including those on technology and the internal market.

(i) Political Co-operation

He could accept the UK draft. Foreign Ministers should be asked to take it forward between now and the December Council.

(ii) Decision Taking

This would be improved if Member States applied the existing Treaty. There was no need for amendment. The Luxembourg compromise had to be accepted as a political reality; he favoured the UK proposal for an explanation whenever it was invoked.

(iii) IGC

The Council should reach decisions now: there was no need to wait for an IGC.

(iv) European Parliament

It was not realistic to extend the EP's powers at the expense of national Parliaments, the Council or the Commission. Co-decision would mean no decision. The British proposals were very attractive.

8. FitzGerald (Ireland).

(i) Decision Taking

The way in which the Luxembourg compromise had worked was very damaging. Proposals were left hanging for 20 years. The arrangement must be

modified. He did feel however that there should be some room for invoking genuine national interests. He favoured a special procedure involving the FAC.

(ii) Commission

He agreed with Kohl that the Commission's powers should be restored and, in the right areas, increased. He approved the arrangement on IMPs. The appointment of the President should be approved by Parliament and the President should have a say in selecting his colleagues.

(iii) European Parliament

The Community would not achieve its aims without extending the role of Parliament. He favoured co-decision on constitutional matters. Proposals of the Commission should go through Parliament to the Council, subject to strict time limits and a process of conciliation. The last word must rest with the Council.

(iv) Political Co-operation

He had only glanced at the Franco-German text, but paragraphs 8.1 and 8.2 were broadly acceptable. The Council needed to consider how to link POCO with existing procedures.

(v) IGC

If agreement could not be reached at Milan, he was ready to agree to a conference, provided that it had clear terms of reference.

9. In a parenthesis, FitzGerald criticised the Commission's proposals for tax harmonisation. Tax policy had a major impact on social policy. Harmonisation would involve the loss of one third of Ireland's tax revenue. It would also lead to a huge increase in consumption of alcohol and tobacco. Ireland could not face the 14% increase in food prices which would result.
10. Papandreou (Greece) spoke mainly about economic and social problems facing the Community and the need for convergence. The Community needed a re-distributive mechanism in parallel with the creation of the internal market. Federal States devoted 3 to 4% of their GDP to removing regional imbalance. But the Community's structural funds involved only .1%. They needed to be substantially increased. And any moves to a technological Community should ensure that all Member

States participated and benefitted. (While he was speaking, Kohl and Genscher ostentatiously took out their wallets and put them on the table).

(i) Decision Taking

The problem was not one of structures but of lack of will. He favoured greater majority voting under the Treaty; more use of abstention under Article 148; and the Luxembourg Compromise as it was, without qualifications.

(ii) European Parliament

Its influence, but not its powers, should be increased by means of better conciliation.

(iii) Political Co-operation

Greece thought that this had been very effective. There was no need for further Secretarial support which would reduce the role of the Presidency. He could agree to the extension of Peco to security provided that the Ten took account of the needs of countries such as Greece, which were in a special position.

(iv) IGC

He saw no need for Treaty amendment or, by implication, for a conference.

11. The Prime Minister said that the Community had shown its capacity to take decisions over the last year. The Milan Council was the occasion to strengthen its unity internally through completion of the Common Market and improved decision taking and externally through the strengthening of political co-operation. The internal market was now a priority objective. The Commission's White Paper was a major contribution to this. The Council should establish the priorities, which should then be worked on by ECOFIN, and the Internal Market and other Councils. There should be a progress report to each European Council which would set the priorities. These were the removal of obstacles to free movement of goods; the creation of a free market in financial and other services; full freedom of establishment; and a liberalised transport market. These were feasible near-term priorities compared with tax approximation, which would pose enormous difficulties for all Member States, and the abolition of frontier controls, where action had to be reconciled with the need for protection against terrorism, drugs and illegal immigration.

(i) Political Co-operation

The Franco-German draft was based pretty well verbatim on the UK proposals. Article 5 omitted the provision committing Member States not to vote directly against one another at the UN. We could not talk of progress towards a common foreign policy while at the same time weakening that commitment. In addition, Article 8 weakened the UK draft on security co-operation. The UK would, however, accept the Franco-German version of Article 8 if that would enable the Irish to go along with it. There was no need for another Secretary-General; the Council already had a very good one in Ersboell, who should assist the European Council as at present. The UK favoured a small POCO unit to assist the Presidency, alongside the Council Secretariat in Brussels.

(ii) Decision Taking

The Prime Minister introduced and re-circulated the UK's 4 proposals, commenting that President Mitterrand's latest ideas were almost identical to them. In addition, the European Council was not being used to full advantage. It should give strategic direction by setting the Community's priorities each year. There was no need to amend the Treaty.

(iii) Commission

The UK still favoured a Commission of 12, as endorsed in the Dooge Report. What did the President of the Commission think about that?

(iv) European Parliament

In the Community one body had to be responsible for decisions. It was not feasible to give the Parliament powers of co-decision. But the UK had suggested ways of enabling the Parliament to make a positive and responsible contribution through closer association with decision taking within the existing Treaty powers.

(v) IGC

The issues before Milan had been studied for

months. The Council should now take the decisions which could be taken. There was no point in remitting to a IGC issues which could not be settled by the Council. It should instead take positive decisions and give clear guidance for any necessary follow-up work.

12. Lubbers (Netherlands)

(i) Decision Taking

The Treaty should be applied as it was. If that were agreed, he could agree that national interests could be evoked in exceptional cases. He was prepared to go further and accept Treaty amendment, but first the Council would need to agree precisely what was necessary.

(ii) Commission

He agreed with the Dooge report.

(iii) European Parliament

He agreed that co-decision was an ambiguous concept. He therefore favoured the approach of Kohl and Martens, which permitted co-decision on particular issues, such as Enlargement. Since the Community had a Parliament, it must give it something to do.

(iv) Political Co-operation

He agreed with the UK approach: the Council should agree that Foreign Ministers should work on that basis. He did not agree that Pöhl should be put under the rubric of European Union, that would be a delusion. And, while he favoured co-ordination, he feared that the appointment of a Secretary-General would create a new institutional rivalry.

15.45 13. Santer (Luxembourg)

(i) Political Co-operation

He congratulated the UK on its draft. He had not had time to study the Franco-German text.

(ii) Decision Taking

The veto as such was anathema to the ethos of the Community. It should be possible to safeguard

national interest without blocking all progress. One option was for the country affected to opt out of the decision. The Presidency's paper was broadly acceptable.

(iii) European Parliament

It would be intolerable for Member States to go on treating the Parliament as a consultative assembly. Obviously it could not be given as much power as a national Parliament but it should be given a legislative role in some areas. The Council should, however, retain the last word.

(iv) IGC

An IGC should take place provided that it was on specific issues and with a specific mandate.

14. Mitterrand (France) in a long and unfocused intervention (without notes) said that all Member States were responsible for the vices which had crept into the application of the Treaty. They had abused unanimity, ignored the Parliament and constrained the Commission.

(i) Decision Taking

The Community should first apply the Treaty it has. France was ready to reduce the number of issues which had to be decided unanimously.

(ii) European Parliament

Should become involved in particular areas (he mentioned 9 from his memorandum) without being able to block the process.

(iii) Political Co-operation

He favoured a Political Secretariat but stressed that France had never thought of turning this into a separate institution.

(iv) IGC

The Council should, above all, avoid calling for the moon and courting failure. Decisions could, if necessary, be taken at the next Council. He was content for the Italian Presidency to settle whether the decision should be taken by an IGC or the Council. But a IGC, if it was called, would have to be a success.

15. He concluded with a long general statement about the need to move Europe towards greater unity, including a military and security aspect. Those who wished to participate should do so. If this was not possible within the Treaty, fewer than 12 might go ahead outside it. He favoured a maximal outcome, including Treaty amendment, but would be ready to accept less.
16. Andreotti (Italy) said that the Community did not need to adapt because it was a Community of 12, but because it was currently not making a success of its work. The institutional arrangements were simply not right. The difficulties over the Frontier Directive which followed from the first Adonnino Report illustrated this.

(i) Decision Taking

The existence of the Luxembourg compromise was an obstacle which should be eliminated.

(ii) European Parliament

Parliament was frustrated. Conciliation did not work. The Community of course needed a centre for decision taking but Parliament would not inhibit that. Co-decision making should be introduced gradually, but a start should be made now.

(iii) Political Co-operation

He favoured the formalisation of POCO but would be disappointed if that was the only achievement of Milan. At the least, he would want to see the addition of a preamble about European union.

17. Delors said that he looked to the Council today to endorse his proposals on the internal market. But to achieve that would require a better decision making process. He had disappointed the Parliament by telling them that it was possible to secure the Community's aims without amending the Treaty. But in fact he thought it would be difficult to make progress without Treaty amendment. A major cause of paralysis was that the Council failed to vote by majority even when this was foreseen. Out of every 100 decisions gathering dust on the Commission's shelves, only 45 required unanimity; 55 were held up because of the insidious effect of the Luxembourg compromise. The Community could not afford a process which took account of every national reason for delay. The Architects' Directive had taken 17 years. The directive on company mergers had been around for 12 years and never reached Ministers. The use of unanimity should be strictly limited and with a time limit (the

Commission told us privately that Delors envisaged 30 days). But it would also be necessary to do away with unanimity on Articles 57.2, 99 and 100. Unanimity should apply only to questions about the scope of the Treaty, amendments and derogations.

(i) European Parliament

None of the proposals put forward would work. A "shuttle system" would double the time taken. Conciliation would not work. The Treaty had to be changed. He proposed a two stage plan.

(a) Partial modification of the Treaty to reconcile efficiency and democracy. On all matters relating to the internal market, the Council should proceed by majority voting whenever the Parliament agreed on a proposal.

(b) An IGC should take up the other issues raised in the Dooge Report.

18. On the question of differentiation, Delors distinguished between its negative form (when one country wanted to hold back) and its positive form (when 5 or 6 wanted to go ahead). He had no quarrel with the latter.
19. Gonzales (Spain) said that he spoke with diffidence as a new boy. He emphasised the need to apply the Treaty as it was and to limit the area of application of the Luxembourg compromise. The European Parliament suffered from the contradiction between its direct election and its lack of power. The Commission should be the motor of the Community but was not allowed to function as such. He favoured political co-operation but not a separate institution.
20. Soares (Portugal) spoke in favour of the internal market, a technological Community and a new impulse to POCO. He was basically open-minded about institutions.
21. Craxi said that although different views had been expressed they were not irreconcilable. Everyone wanted more majority voting but without overriding vital national interests. Everyone agreed that the Council should have the final say. There was a close relationship between decision taking and the internal market. He believed the Treaty had to be revised: no Treaty could be changeless. There was a need for a deeper understanding in the Council. It would require a miracle to get decisions at Milan. But Foreign Ministers should discuss and that evening the Council would consider institutional subjects again the following morning.

People's Europe

22. Craxi proposed that the PAC should report on progress on the interim report to the Luxembourg Council and on the final report to the Brussels Council. Slow progress on the interim report had caused him some anxiety. Andreotti noted that, despite agreement in the Council, people were now placing reservations on the Frontier Controls Directive. Delors complained that the Council should not endorse these reports on the nod. They contained too many proposals to be implemented in a year. Craxi clearly wanted to defer any further discussion until the next European Council. But Andreotti objected. The report had been produced by the representatives of Heads of Government, not by some university. There could be disagreements about timing, but the proposals called for a strong political steer. Lubbers agreed and suggested that some of Mitterrand's proposals might be taken at the same time. Mitterrand was content with this. He suggested that the Council should say that it accepted the Adonnino Report and had set up machinery to implement it.

EC/CMEA

23. Craxi introduced the draft Community statement on relations with CMEA. He thought that it was a little cold. The Prime Minister commented that it was warm enough as it was. Delors said that the Polish Ambassador had been in a great hurry to deliver his message in order to avoid it being handled by the next CMEA President, the Romanian. He had not had a reply to his question whether a joint statement by the Community and CMEA would preclude negotiations between the Community and individual CMEA members. Genscher (Germany) reported that the Hungarians had said that they would welcome a statement of this kind provided it was in general terms. Only it would not preclude bilateral negotiations with CMEA members. Craxi wanted to add a sentence saying that the Community appreciated the CMEA's approach. The Secretary of State questioned whether a statement was necessary at all. Lubbers suggested a sentence to the effect that the Community was awaiting the results of exploratory talks. FitzGerald wanted to make it plain that the Community awaited the CMEA's response to Delors question. The text was approved as agreed.

12 Economic Situation

24. Delors reported on recent discussion with Finance Ministers and Central Bankers about the reinforcement of EMS. Central Bank Governors had proposed a package of measures to improve the usability of the official ecu. But other questions remained unanswered, particularly about the potential role of the ecu as a reserve currency and its use in private

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hands. Unfortunately, two countries participating in the EMS thought that the private ecu was a popular idea only because of the weakness of some currencies. There were serious doubts about whether it was appropriate for use as a central currency. (Delors later commented that he had had no comments on this from the Council: he assumed from this that the Council was "endorsing inertia for another 6 months".)

25. Delors continued that he had not been able to finalise the Commission's study of the reason for Europe lagging behind the US and Japan. He promised a constructive report for the December Council with proposals to invigorate the European economy.
26. The Prime Minister referred to the consensus reached at Dublin and Brussels on the need for a firm financial strategy for the medium-term. There was also a wide measure of agreement that Member States should try to free markets from unnecessary restrictions and look critically at the role of the public sector. Some social legislation was having the opposite effect from what was intended. Member States should support each other in their efforts to correct faults in social security arrangements and to maximise the real opportunities for growth and employment.
27. The Prime Minister pointed to the need for action at national and Community level to reduce burdensome regulations. She welcomed the Commission's response to the Brussels Council Conclusions. A permanent machinery should be set up to review existing burdens on businesses and to vet future proposals. She hoped that Delors would consider setting up a central unit within the Commission to deal with this. She looked forward to determined action for the remainder of 1985 and to receiving a full report from the Commission for the next European Council.
28. The Prime Minister also underlined the need for the Community to be firm in its dealings with Japan, whose 1984 surplus (\$45 billion globally and \$10 million with the Community) threatened the world trading system. The Japanese Government needed to open up its market, but the first stage of its import action programme appeared inadequate, especially from the Community point of view. She suggested that the Council should endorse the FAC's declaration of 19 June and that Delors should stress to Nakasone that the Community would judge Japanese policies by their actual results and would review these in the Autumn.
29. Delors confirmed that the Commission was studying the problem of small and medium-sized enterprises, as requested at Brussels. A report would be produced in time for discussion at Luxembourg.

30. He reported on his meetings with employers and trade unions (except the French CBI and the British TUC). On the strength of this, he concluded that it would be possible to get them to co-operate on 2 subjects: new technology and training, especially of young people. The Commission was also reviewing the organisation of the labour market, especially the sharing of working time. There were grounds for hope of European agreement here.
31. On Japan, he shared the Prime Minister's analysis. The problem was not just one of customs procedures. Europe did 45% of its trade with the outside world, compared with only 5% in the case of Japan (15% for the US). How could Japan claim to play its full part? He saw two ways of dealing with the problem: to set the Japanese an import target; or to increase European tariffs in order to ensure that firms would have enough profits to finance research and development in the future. He intended to put both approaches to the Council of Ministers soon. Meanwhile, he did not take the Japanese mini-package seriously, especially while the Yen remained undervalued. This was a problem which the Community should discuss with the US. He would certainly speak sharply to Nakasone about it.
32. Kohl agreed that Delors should speak toughly with the Japanese. But he had doubts about using tariffs against Japan: this would risk aggravating the problem of protectionism in the US.
33. On EMS, Kohl commented that the Bundesbank was bound by the law. If the Commission wanted to make progress here it should discuss further with ECOFIN. The starting conditions needed to be right: some countries restricted movement of capital; exchange control arrangements differed; economic policies were in some cases divergent. As for the private use of the ecu, he agreed that this was an area where the FRG could be a little more flexible; but only if other states played their part.
34. Lubbers agreed with the Prime Minister and Delors about Japan: Japan should open her market or Europe should close hers, with a preference for the former. Some selective protectionism might be necessary: for new technologies at least.
35. FitzGerald said that the Council could not deal only with institutional change: it must say something about economic and social policy. After short comments from Santer, Martens and Mitterrand, Delors said that he would like to examine further the implications of the private ecu and, as agreed at Sicily, its possible use as a reserve currency. He did not think that Europe should wait until all capital

movements were free, the Belgian double currency was removed and the Pound Sterling was in the Exchange Rate Mechanism before taking these studies forward. He favoured progress on all these fronts step by step.

Kohl warned Delors to consult Finance Ministers and Bank Governors before shooting from the hip. He repeated what he had said in Dublin about the immobility of labour in Germany. FitzGerald referred to the ECOFIN proposals on conjunctural policy, which he regarded as very important. Andreotti agreed that Delors should go ahead as proposed with his studies in depth.

18.55

### Technology

Craxi introduced the subject by reading a message from Austria about EUREKA. Mitterrand said that EUREKA was just the product of a few Frenchmen. He noted that the Commission had done a lot of work on a technological Community. This should be joined to the EUREKA proposals. The aim was to strengthen collaboration between European researchers and enterprises. His list of fields was not exclusive. He was not suggesting any particular method or agency. He did not agree with the traditional French approach that every new idea needed a new institution. 16 countries had expressed an interest in EUREKA (Norway, Sweden, Switzerland and Austria as well as the Twelve). The Japanese had shown interest, as had the Soviet Ambassador. Some companies were already going ahead: Phillips, GEC, Thompson, Siemens etc. The next step should be to call an ad hoc Committee of the 16 countries interested by 14 July.

He noted that EUREKA was linked chronologically to the SDI. But he stressed that he had not proposed EUREKA in order to block SDI. EUREKA was a civil programme whereas SDI was a military project with a 30 year time scale. There could be a conflict in resource terms and competition between military and civil applications, for example over lasers and mirrors. But it was vital to close the gap with the US and Japan. Without an early start it would take a hundred years to catch up and would be as though Europe had failed to introduce electricity.

The Prime Minister strongly supported Mitterrand. The problem was not a lack of ability or funds for research: it was a failure to get from the research stage to the market place. The fragmented European market and national procurement and fiscal measures worked against a Europe-wide product. That was why Europe had 9 digital switching systems for a market which could support 2 or 3. As Dr Dekker of Phillips had said, a real Common Market was of more value than any amount of Government money.

40. The Prime Minister made 3 proposals. First we should identify the high technology products on which to concentrate. Discussion with European companies had identified the following sectors:

- high speed trains
- air traffic control
- mobile digital radio
- post office automation, including automated parcel handling
- interfaces for computers for Europe-wide application
- advanced robotics
- industrial lasers
- factory automation
- information and control systems in the home.

41. Secondly, we should find ways of encouraging commercial exploitation of those products. The internal market was crucial here. But the Prime Minister also proposed a Euro-type guarantee, to encourage companies to co-operate. Thirdly, we should find ways of involving firms in EUREKA products. Finance and Internal Market Ministers should examine all the ideas coming forward.
42. Lubbers gave very clear support to this approach, stressing the importance of opening public procurement. He had a long list of projects which were supported by Dutch companies. He proposed that the EIB should have a role in Eureka.
43. Kohl warmly welcomed Mitterrand's initiative. He said that he saw no conflict between Eureka and SDI: indeed those who had been most hostile to SDI were now among the first to join in contracts with the US. He felt that the Community should be the core for Eureka, but other countries should be allowed to take part (though Soviet interest need not be taken seriously). He suggested that Mitterrand should call the first meeting in France, to be attended by technologists rather than bureaucrats. Lubbers tried to introduce the Commission's paper on this stage, but Craxi said that it would be taken the following day. Mitterrand said that he would call a meeting of 2 representatives from each country and from the Commission.

Institutions

At 2000 hrs Kohl and the Secretary of State had a private meeting and agreed to co-operate in producing draft conclusions containing the maximum amount of common ground. Butler, Williamson and Renwick then had a series of meetings with the Germans (Teltschik), the French (Attali, Bianco, Bernard and Mme Gigou) and the Irish (Fogarty). In each case, the purpose was to put on paper the maximum that could be agreed on decision making, the European Parliament, political co-operation and the internal market in order to put pressure on Craxi not to leave all these issues for decision after Milan. There was no difficulty with the Germans over Poco or Eurotype, which they appreciated: but the Germans went too far for our taste on the internal market (where they played up the excellence of the Commission's paper and gave high priority to tax harmonisation) and decision making (where they wanted at least 2 Treaty articles amended). The German proposals were the subject of a UK redraft and by 2330 hrs, we had a final German text which was broadly acceptable except for references to tax harmonisation "at an early stage".

With the French the main difficulty was over the European Parliament (where they wanted to retain Mitterrand's idea of involving the Parliament in a future decision to increase Own Resources to 1.6%) and other parts of the Mitterrand memorandum - notably the campaigns on youth and cancer.

## B. MEETING OF FOREIGN MINISTERS: 28 JUNE

This ran from about 2100 hrs to 2240 hrs and was followed by dinner until 0100 hrs on 29 June. Genscher produced a draft which took matters in the wrong direction. Behind the scenes, there was a row between Ersboell (Council Secretariat) and the Presidency, who seemed to believe that they could force an agreement on an IGC for Treaty amendment by holding us up on the internal market. In the end, however, only the Presidency and, to some extent the Belgians, appeared to oppose our proposal for a package on specific decisions in the 4 areas under discussion. The Secretary of State summed up the outcome as 8½ to 1½ in favour. As a result, the Presidency's short and general draft was abandoned and Ersboell was told to produce an alternative to Andreotti's conclusions. The UK's drafts were given to Ersboell, who made good use of the material on the Internal Market. But the Presidency prevented him from including our package of institutional proposals.

## C. DINNER OF HEADS OF STATE AND GOVERNMENT: 28 JUNE

47. This was devoted to a general discussion on political co-operation subjects, in particular terrorism, Afghanistan and South Africa. On terrorism, the Prime Minister put forward the UK's ideas for closer cooperation (FCO telno 1031 to Washington). There was a general feeling that the Ten should be doing more. But the Greeks objected to the text on the ground that it implied that it was wrong in all circumstances to give way to terrorists. On South Africa there was a consensus in favour of reviewing and strengthening the code of conduct for Community firms.

## 48. D. FOREIGN MINISTERS' MEETING: 29 JUNE

- 19 The meeting had before it draft Conclusions which postponed all institutional decisions until December but envisaged an intergovernmental conference (IGC) under Article 236.
- 09.15 Andreotti proposed various amendments and Genscher asked for several "European Union" additions. The Secretary of State tabled the UK's proposals on political co-operation and
- 24 decision taking. He was supported by Elleman-Jensen (Denmark), who objected to the Presidency's proposal to change the rules of procedure to permit a majority of Member States or the Commission to demand a vote. Van den Broek (Netherlands) supported the UK proposals, but wanted a reference to the fact that the Community was proceeding towards European Union. Haralambopoulos (Greece) supported the UK line except on POCO. Dumas (France) agreed that it was desirable to make progress as the UK proposed on Parliament, decision taking and POCO; but he also wanted a stronger reference to European Union including a date for its formalisation at an IGC, perhaps based on the Council.

49. By 1030 hrs, when the Prime Minister arrived, the position was that the Italians were still resisting a package of specific decisions, but the UK had support from several Member States, including Luxembourg and France. There was still a difficulty with the French over the exclusion of Parliament from any role in Own Resources. The main difference with the Germans was over whether to call the POCO agreement a "Treaty".

## E. MORNING SESSION: 29 JUNE

50. Andreotti reported on the Foreign Ministers' meetings. He had wanted to see if agreement could be reached on steps which would enable the Council to come up with the European Union which was sought. He acknowledged that the Italian draft had not gone beyond generality. But he claimed that some of the British ideas were old hat: for example the proposal for abstention under Article 148(iii) had been

agreed at Stuttgart. Denmark and Greece both said they were opposed to any change in the Treaty. But the Council had to take account of the Commission's view that changes were needed to complete the internal market by 1992. He said that there was now a new Presidency text as well as a new German one (which called for an intergovernmental conference to prepare a draft Treaty on European Union by 31 October for discussion at Luxembourg). Andreotti floated the idea of calling a conference by majority vote to modify articles of the Treaty.

51. Kohl then spoke to the German paper, arguing that the moment of truth had been reached. An IGC should be set up with a clear mandate. If not, the issue would drift into the Luxembourg and Netherlands presidencies. If some partners did not want such a thing, that should be recorded. If it was not possible to revise the Treaty, the Council would decide what to do instead to improve the system.
52. The Secretary of State restated the UK position. The Council should concentrate on the specific decisions which could be reached in the 4 areas under consideration. Martens said that he preferred the German paper which offered a mandate for an IGC. Lubbers seconded him. He did not believe that the Community could reach its objectives without Treaty amendment. The Council should ask the Commission what was the absolute minimum of necessary change.
53. Santer said that the Luxembourg Presidency had to know exactly what was intended. Without very clear guidelines, the enterprise would fail. He could agree with Kohl's mandate though he had no illusions about it being accepted in a future European Council. Mitterrand spoke in favour of the German text. The Ten should be able to agree on certain points: in particular the powers of the Commission and the Parliament; and the tightening of the Luxembourg compromise. But if clear guidelines could not be produced for an IGC/European Council, he would favour agreement on the changes which could be accepted by the Ten now. Those who wanted to go further with an IGC could then do so. Andreotti, addressing Papandreou, said that it had always been argued that the Community should work on a basis of fair play. That was the purpose of the Social Fund etc. But it was also relevant to the functioning of the Community, which was more than an abstract legal exercise.
54. The Prime Minister said that the central point was the need to get behind the rhetoric and to achieve results. The Council should decide what it could agree and what it could not. Further proposals could always be put forward later. The choice was between success and failure. She did not think that there was any need for Treaty amendment nor for

an IGC, of which the Community already had 3 a year in the form of the Council. Andreotti denied that the Italians were being rhetorical and offered to send the Prime Minister a copy of Cicero to prove it! He maintained that all the pragmatic proposals on the table had been agreed at Stuttgart.

Schluter said that the best was the enemy of the good. The important thing was to streamline the decision making process. He feared however that the proposal that a majority of the Council or the Commission could demand a vote would spell the end of the Luxembourg compromise.

Delors said that the internal market document had been produced at the request of the Council and it was not being offered "à choix". He referred to his two stage proposals from the previous day, to which noone had responded. He still believed that minor Treaty amendment was necessary. But the alternative approach - a solemn commitment on procedures - was still available.

Elleman-Jensen persisted with the view that the earlier voting procedures would undermine the Luxembourg compromise, which depended on the postponement of a decision. Genscher said that an IGC would enable Member States to see how far the Community could go. Haralambopoulos said that Greece could accept the Presidency's text as a basis for discussion but not the German text. Craxi said that he would be happy to work on the German paper with some additions, notably on the extension of the scope of the Community. Kohl proposed that lunch should be delayed in order to clarify the position. The Council should not leave Luxembourg holding the baby. Craxi then said that, in the light of 2 days of debate, his inclination was to convene an IGC under Article 236 of the Treaty to discuss all the questions on the table. It remained to define the IGC's mandate.

(Williamson reported to the Secretary of State that the French (Lalumiere) and Germans (Ruhfus) had agreed outside the Council on some broadly acceptable amendments to the draft conclusions. The only difficult area was that they envisaged political co-operation and possible Treaty amendment being taken in the same framework. But discussions were going on between our delegation and the Germans and the French to separate these issues so that political co-operation could be agreed early and other matters left for later consideration.

By this stage, however, the atmosphere in the Council had become very strained and there was a break for bilateral

/discussion

1215 discussion during which the Belgians began to argue actively that an IGC could, under article 236, be convened by majority vote.

1245 After the break, Craxi said that the Presidency had received a number of amendments to its text from the Germans. FitzGerald warned that if the FRG text was accepted as a basis, discussion would have to start all over again. Papandreou felt that it would be better to stick to the Presidency's text. Craxi said that the FRG text was the mandate for a conference on which the Council had to decide. The conference would consist either of the Council or of Foreign Ministers representing Member States. Parliament demanded a conference. The Presidency approved this approach.

The Prime Minister pointed out that the only purpose of an IGC under Article 236 was to make Treaty amendment. But the formal procedures had not been followed. Parliament had not been consulted. She still saw no case for Treaty amendment. Craxi commented that Parliament's views were well known. Amendments had been proposed by all sides. He therefore concluded that a conference must be called. Papandreou supported the Prime Minister. Of course the Presidency could call a conference, but the Greek Government would not support Treaty amendment. FitzGerald said that a conference should be called only if it was likely to be fruitful. The Council should follow the correct procedure. Lubbers said that the proposals in front of the Council included a lot of elements of European integration: including political co-operation, the external market and technology. The one thing missing was how to streamline decision making. A majority seemed to favour Treaty amendment. Others preferred to act more quickly without Treaty changes. He thought it would be necessary to call a special meeting to put all the building blocks in place. But such a meeting would need a mandate. He noted that FitzGerald was not opposed to a conference or to Treaty amendment.

Schluter said that it would be a mistake to call an IGC. The Council should take decisions immediately on the basis of page 1 of the Presidency text and the UK amendment on page 2. Santer favoured Lubbers's approach. The Council should agree on the points to be discussed. The Secretary of State repeated that a conference would be inappropriate. It could only consider Treaty amendment. Its remit would

therefore be too narrow.

63. Andreotti said that an IGC could consider all the various proposals on the table, including the "pragmatic" ones. An IGC would meet political expectations. It would not be a repeat of the Dooge debate, since it would involve Foreign Ministers. Lubbers said the key issue was whether or not to amend the Treaties. Mitterrand said that he did not disregard the arguments put forward by the UK, Denmark and Greece. Everyone had some doubts about the outcome of an IGC. But further arguments could be reserved for an IGC.
64. Craxi said that the Council already had the opinion of the European Parliament but, if the formal procedure required it, then the PAC could take the decision on an IGC after receiving the opinion of the Parliament and of the Commission. Delors confirmed that the calling of a conference could be arranged by majority vote. Whether to resort to majority vote was at the discretion of the Presidency. Craxi said that political co-operation could be taken by the IGC at the same time. All issues could be a subject for negotiation at an IGC using the powers flowing from Article 236.
65. The Prime Minister said that the Council had so far reached its conclusions always by unanimity. It was a matter for Craxi and Andreotti whether to exercise their discretion on majority voting. She remained opposed to an IGC, for which she saw no need. Andreotti pointed out that the UK could always abstain under Article 148! FitzGerald said that these proposals had taken him by surprise. The only proposals before the Council concerned Articles 57, 99 and 100. If he had known in advance, he would have had other proposals for example about the Parliament and the Commission. Andreotti pointed to the proposals in the Dooge Report. FitzGerald commented that the Dooge Committee was neither the Commission nor a Government. If the Council called an IGC now it would not be able to look at any other proposals. Craxi then called a formal vote (for the first time in the history of the European Council). The Prime Minister, Papandreou and Schluter voted against and the rest in favour.
- 1400 66. As the Council then broke for lunch, the Prime Minister had a discussion with Craxi. She pointed out that HMG were pledged not to amend the Treaty provisions on decision making. In any case, the IGC under Article 236 could consider only formal proposals for Treaty amendment. It could not take up the other ideas, such as Poco. The 7:3 vote would lead to no achievement. The Presidency, having decided to use their discretion, were on their own. The alternative course would have been better. Craxi acknowledged that decisions at an IGC would have to be

unanimous: there was therefore no reason for the UK to be worried. He agreed too on the need to go through the correct procedures with the FAC and that any Member State or the Commission put forward additional proposals.

67. Before lunch Butler spoke to Dumas who agreed that it should still be possible to reach an agreement on a consensus basis. Butler said that the UK, France and Germany were quite close. Did he agree that the political cooperation agreement should be treated separately? If so, we might be able to reach full agreement with France and Germany. Dumas said he was inclined to agree and would put the point to Mitterrand. Butler said he would submit a revised draft to the Prime Minister and then show it to the French if she agreed.
68. At the Prime Minister's briefing before lunch, the general view was that the vote had greatly reduced the chances of securing a package of specific decisions at Milan. But the Prime Minister agreed that a further effort should be made to amend the Franco-German text on the lines attempted the night before. After lunch however, the Council was confronted by another Presidency draft, which tried to combine some instant decisions on procedure with an IGC to deal with POCO and Treaty amendment. A UK draft was agreed by the Prime Minister and Secretary of State and circulated shortly afterwards but, ~~partly because of delays over translating it into French and German,~~ never featured at the centre of the discussion in the afternoon.

F. AFTERNOON SESSION: 29 JUNE

69. In discussion of the Presidency draft, Delors proposed the deletion of "without prejudice to Ic" from paragraph Ia and the whole of paragraph Ic; the deletion of "the essential acts of the common policies" from paragraph 3; the addition of Article 99 to paragraph II; and a reference to the powers of the Commission in III. De Keersmaker (Belgium) said that he could not accept the inclusion of paragraph Ic on the Luxembourg compromise. In paragraph Ib, on exemption of States from particular policies, he insisted on adding "in full respect of Treaty obligations". He offered an alternative formulation on the Luxembourg compromise. Santer, Vandenbroek and Genscher agreed. Papandreou said that there was no sense in discussing any of these proposals pending an IGC.
70. The Prime Minister proposed the deletion of any reference to the Commission in paragraph Ia on the speeding up of voting. She insisted on retaining Ic. As to the third part of the Presidency paper, she proposed the alternative UK text which was then circulated. FitzGerald wanted a reference on page

2 to economic convergence. Genscher argued against including Article 99 in the remit of the IGC. The time was not ripe for fiscal approximation. As to convergence, this would have to refer to "economic policies" rather than "economies". FitzGerald could not accept Genscher's proposals. Craxi argued that economic convergence was covered by the reference to Article 2 of the Treaty. FitzGerald reserved his position. Dumas agreed with the Commission about paragraph Ia and the Belgians about paragraph Ic.

71. The Prime Minister said that the Council needed a document to summarise where it now was. Papandreou repeated that, if the Council insisted on going for an IGC, there was no sense in pursuing any other proposals. He would withhold unanimity on them. Craxi said that Delors' proposal to add Article 99 had to be rejected. But the other Commission and Belgian amendments seemed to be agreed. The Prime Minister repeated that Ia needed to be retained as in the Presidency text in order not to undermine the effect of Ic. Elleman-Jensen supported the Prime Minister. He also suggested the inclusion of "possible" before the reference to Treaty amendments in part III and to "Treaty or agreement" on political co-operation.
72. Genscher said that he could not agree to the Luxembourg compromise becoming the Milan compromise. The Belgian proposals were as far as he could go. The Prime Minister pointed out that the compromise and its use was a political fact. She could not depart from the agreed text. Delors argued that the Belgian version was accurate. Mrs Thatcher warned that the Council needed to proceed on the basis of unanimity. Not to do so would spell the end of the Council. Lubbers tried to explain that the gist of the Belgian amendment was that members who wished to invoke the Luxembourg compromise should agree to justify it. Paragraph Ia did not affect the Luxembourg compromise. Papandreou said that the Council could have an IGC or procedural amendments but not both. FitzGerald did not understand the logic of this position. Schluter argued that the remit for an IGC could not be decided by a majority vote. Given that the Council disagreed, all the proposals would have to go to the IGC. Andreotti maintained that there was no need for unanimity on an agenda. Any Greek objections could be included in a footnote as reserves. Papandreou could not accept this suggestion. The Council had to proceed by unanimity on this matter. The Prime Minister agreed that unanimity was essential if the procedural proposals agreed were to be binding. Papandreou remained adamant. Dumas proposed that the decision on an IGC and its mandate should be fixed by the Foreign Affairs Council.
73. The Secretary of State proposed the whole of part I should

be dropped in order to get round Papandreou's opposition. Delors argued that I was part of the IGC's mandate. Craxi said that he could accept the UK proposal but he would like to put part I to the FAC for decision by majority. The Secretary of State pointed out there was no point in doing this. Haralambopoulos argued that such decisions had to be unanimous and that Greece would not abstain. The Prime Minister agreed that the part I proposals could not be settled by a majority vote in the FAC.

74. Lubbers pointed out that the proposals in I could all be settled without Treaty amendment. The UK and Denmark were ready to do so. There would be no problem therefore if Greece agreed. Papandreou repeated his objections. Genscher proposed that part III alone should go to an IGC. The Council should now adopt parts I and II, which would be converted by the Presidency into proposals for the Foreign Affairs Council. Mitterrand supported Genscher.
75. Craxi summarised that the conclusions would consist of the first 2 paragraphs of page 1 and the whole of section III. All the rest would be worked on by the Presidency for submission to the Foreign Affairs Council. He noted that Papandreou continued to disagree.
- 18.45 Internal Market
76. The Prime Minister proposed that "the measures necessary" in paragraph 3 of the draft conclusions should be amended to "which measures might be necessary". This was agreed. Genscher secured the addition of "the liberalisation of capital movements". Delors objected that the conclusions were still no good, but they were too late to change now. Craxi pointed out that paragraph 1 was very satisfactory. Delors said that he had circulated a re-draft at noon but it was too late for consideration now. The Commission must be given time to support its overall plan, which should be discussed soon.
- 25
77. Kohl said that he could live with the Commission text with some changes. The Secretary of State said that it was too late to start working on the Commission's text. Lubbers suggested adding to the Presidency text "the completion of the internal market will be achieved on the basis of improved decision taking procedures to which Member States will commit themselves". The Prime Minister proposed adding to the Presidency text paragraphs 2 and 4 of the Commission text (which approved the Commission's communication and welcomed favourably its White Paper; and instructed the Council to ensure that the Commission's proposals were adopted within the deadlines established in the timetable). Delors welcomed this. FitzGerald objected that he could not accept paragraph 4 of the Commission text. Craxi said that

paragraphs 2 and 4 served the same purpose as paragraph 1 of the Presidency conclusions, which should therefore be omitted. (Comment: in the event, both sets of paragraphs were retained.)

#### Technology

28 Delors spoke to the Commission's proposals. Martens speaking for Benelux, said that Europe's approach needed to be based on the Community. He proposed a number of amendments to the Commission text. The Prime Minister proposed several amendments to the draft conclusions. The Council should note rather than approve the Commission's proposals. The EUREKA meeting should be open only to Western European countries rather than all non-Community countries. It should be attended by representatives of Heads of Government and not confined to Ministers of Research. And the action programme should include a reference to Eurotype.

Andreotti said that the Commission's proposals should obviously be studied. Meanwhile EUREKA was going forward. It had the merit of flexibility. But the Commission should not be excluded from this work, which should not be confined to Western European countries. Lubbers said that he still preferred the Commission text. If it did not receive support the Council should say that it had not even been discussed. Martens agreed that the Council should do more than merely note the Commission's proposals. They were interesting and deserved support. Mitterrand spoke up for the Presidency conclusions. He was afraid of putting work on technology into a strait-jacket of red tape. He supported most of the UK amendments.

Delors threatened to withdraw his text. All he wanted was some support for what he had been doing. But the Council merely proposed to bury it with a wreath. The Council had had time to study the Commission's papers. He did not want to discourage his staff in this way. Andreotti said that everyone supported EUREKA and a closer link to the Community. Lubbers said that EUREKA and the Commission's proposals were of equal importance and proposed adding "the European Council considers that with reference to EUREKA it would be right to achieve good co-ordination with the Commission's proposals". Santer agreed. But Delors persisted that his text had been withdrawn. He had been trying not to challenge but to reinforce EUREKA. How could the Council work efficiently when no one read the Commission's papers?

Mitterrand appealed for reason. Everyone welcomed EUREKA. The Commission's proposals were very good. There need be no conflict between them. The Benelux approach went too far. But there is no reason why the Council should not approve and espouse the Commission's proposals, provided that the key paragraphs about EUREKA were retained. Andreotti undertook to re-draft the text on this basis. The Secretary of State asked for Eurotype to be included and Lubbers asked for participation of the EIB to be mentioned. Andreotti agreed.

Famine in Africa

Natali (Commission) spoke to the draft conclusions. The Prime Minister suggested adding to paragraph 2 that the proposal for the special reserve of 1/2 million tons of cereal equivalent needed to be studied by Development Ministers. Natali agreed, though the money for it was already in the draft budget for 1986. FitzGerald proposed that Development Ministers should be asked to examine the proposal as a matter of urgency. This was agreed.

People's Europe

36 There was some debate as to whether the report of the Adonnino Committee should be noted, as the Prime Minister proposed, or accepted, as Dumas preferred. The final version read "approved".

The Council ended at 9 pm.

*Handwritten notes:*  
The Bull  
I propose that all highlighted bits be struck  
dropped on grounds of atmosphere/competence  
Do you agree?  
- 27 -

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Office of the United Kingdom Permanent Representative to the European Communities

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1040 Brussels  
Telephone [redacted] 230 62 05

cc. C Budd Esq (FCO)  
D Williamson Esq  
(Cabinet Office)  
(with Annexes)

Stephen Wall Esq  
ECD (I)  
FCO

Your reference

Our reference

Date 5 July 1985

*Handwritten initials and date:*  
J.G.  
J.H.  
12.7.85

MWG 011/10	
RECEIVED	
15 JUL 1985	
Dear Stephen	
✓	RW

*Handwritten notes and list:*  
a 011/10  
1/2  
AW  
12/7  
Mr Brantwaite  
Mr Renwick  
Mr Wall  
Mr Richardson  
Mr Parker

EUROPEAN COUNCIL: MILAN: 28/29 JUNE

1. Further to my letter of yesterday's date please find enclosed the usual informal record. It is longer than usual, but so was the Council. I should add that the Presidency provided virtually no briefing during the Council. Most of our record - and about 1/2 of that of other Governments - will be based on the Secretary of State's comments. But this does mean that there is, as usual, a strong likelihood that our records will differ on important points.

*Handwritten notes:*  
- thank you for verbal action please  
Wall  
9/7

*Handwritten signature:*  
Yours ever  
[Signature]

R.P. P J Goulden

Mr. Renwick  
80



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D Williamson Esq  
(Cabinet Office)  
(with Annexes)

Stephen Wall Esq  
ECD(I)  
FCO

Your reference

Our reference

Date 5 July 1985

enter G 011/10  
BU 18 July 85

Dear Stephen

1/ cc Mr Brantlmeier  
Mr Renwick  
Mr Wall  
Mr Richards  
Mr Parke  
- Mr Thomas for  
- Mr [unclear] for

EUROPEAN COUNCIL: MILAN: 28/29 JUNE

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MUG 011/10  
RECEIVED  
15 JUL 1985

Yours ever  
Mr Thomas

RP, P J Goulden  
CONFIDENTIAL

Thank you for the relevant papers to John Carlier say these as debates which will be needed for the circulated record or why for a clean-typed version by tape.

Mr Wall

I propose that all highlighted bits be dropped on grounds of atmospherics/conjecture. Do you agree?

11.7.

EUROPEAN COUNCIL: MILAN: 28/9 JUNE 1985

## A. FIRST SESSION 28 JUNE

- 11.15 1. Craxi (Italy) did not discuss the agenda of the Council, on  
 1 2 which the Presidency had already circulated a letter.  
 Instead, after briefly welcoming the new Spanish and Portuguese observers, he immediately introduced a discussion on the institutions.

Institutions

2. Craxi said that, from the Presidency's many contacts, it was clear that there were differences of opinion but a constructive spirit which raised the hope that an agreement could be reached. Everyone agreed on the need for more efficient decision making.

(i) Luxembourg Compromise

Without questioning the principle of recourse to national interests, he thought that everyone wanted to shelter the Community from the excessive use of the veto. The enlargement of the Community required a different system, and it should not be too difficult to reach a consensus on this.

(ii) European Parliament

The Parliament wanted to see a redefinition of its powers and functions. Its members were profoundly frustrated. On 27 June the President of the Parliament had spoken again of their "demands". Various proposals had been made which needed to be examined.

(iii) Commission

There was also the problem of the Commission's competences and the possible reinforcement of its role. There had been discussion of extending the scope of the Community to areas which were not strictly economic. The progressive development of the European ideal required a broader view of European collaboration.

(iv) Political Co-operation

The structure of political co-operation needed to be reinforced. Drafts had been circulated which offered "important insights" into how to do this.

3. Craxi commented that the degree of disagreement in the Community had been exaggerated. Negotiation at the political level could produce agreement. He did not exclude Treaty amendment. The option also existed of organising a conference, which could take the form of the European Council itself. He concluded "we need balanced reasonable conclusions based on compromise".
4. Kohl (Germany) said that the Council had decided in Brussels to try to get Europe out of its rut. The Dooge Report provided the basis for this. Earlier meetings had focussed on whether to hold a conference or not. That should be considered at the end when it would be clear whether there was a mandate for such a conference. He could agree to a conference provided that it had a clear mandate.

(i) Decision Taking

He favoured majority voting as provided for in the Treaty. He would also be prepared to amend the Treaty in specific ways for specific objectives. The main need was to find common ground. He acknowledged that Germany had invoked the Luxembourg compromise. It had done so because others had done so. If the instrument had not existed, Germany's behaviour would have been different. But he would prefer to go further and was ready for detailed discussion of Treaty amendment.

(ii) European Parliament

Europe could not afford to enter the next elections without doing something about the Parliament's powers. In 9 cases out of 10, the Council took no notice of the Parliament's views. Kohl then spoke to a German note circulated on the Parliament's powers. This drew a distinction between:

- (a) Areas where the Parliament should be consulted as at present. This should cover all themes which were not included in (b) and (c).
- (b) Areas where the Council would decide on the basis of a text approved by the Parliament. A new conciliation procedure would be established but the Council would have the final say. This category would include decisions on the internal market and harmonisation of law as well as the key decisions on common

policies, including new policies..

(c) Here the Council and Parliament would act by co-decision. This would apply to decisions on new accessions and associations and on modification of Treaties.

(iii) Commission

He favoured an examination of the Commission's powers and greater delegation of power to the Commission.

5. Kohl concluded that he was ready for major changes but ready also to compromise. Above all we needed a timetable and check list for an IGC. (The Secretary of State commented in his notes that Kohl had done no more than roam around the agenda).
6. Speaking to a paper circulated after the Benelux co-ordination meeting that morning, Martens (Belgium) said:

(i) Decision Taking

Better decision taking was necessary to achieve a genuine internal market which in turn was necessary for a technological Community. This required two things: to do away with the paralysis which arose from the Luxembourg compromise; and to reduce the areas where unanimity was required.

(ii) European Parliament

The present position was a standing reproach to the Community. The Parliament should be given investigative powers over the Commission; should be allowed to ratify treaties; its powers over non-obligatory expenditure should be extended to obligatory expenditure; and eventually it should have revenue-raising powers.

(iii) Commission

Belgium agreed with the Dooge proposals.

(iv) Political Co-operation

3 He had not had time to examine the Franco-German text but was in favour of the UK draft Treaty, subject to minor technical amendments.

(v) IGC

He was convinced that the targets of an internal market and a technological Community made it necessary to amend the Treaty. He thought the Presidency's paper on this was excellent. He proposed that the Council should agree the heads of agreement for an IGC.

7. Schluter (Denmark) said that one should not under-estimate what the Community had achieved: budget discipline, the own resources decision, enlargement and IMPs. Denmark was happy with a Commission that took initiatives; he supported Delors' active approach. The Milan Council was well placed to take important decisions, including those on technology and the internal market.

(i) Political Co-operation

He could accept the UK draft. Foreign Ministers should be asked to take it forward between now and the December Council.

(ii) Decision Taking

This would be improved if Member States applied the existing Treaty. There was no need for amendment. The Luxembourg compromise had to be accepted as a political reality; he favoured the UK proposal for an explanation whenever it was invoked.

(iii) IGC

The Council should reach decisions now: there was no need to wait for an IGC.

(iv) European Parliament

It was not realistic to extend the EP's powers at the expense of national Parliaments, the Council or the Commission. Co-decision would mean no decision. The British proposals were very attractive.

8. FitzGerald (Ireland).

(i) Decision Taking

The way in which the Luxembourg compromise had worked was very damaging. Proposals were left hanging for 20 years. The arrangement must be

modified. He did feel however that there should be some room for invoking genuine national interests. He favoured a special procedure involving the FAC.

(ii) Commission

He agreed with Kohl that the Commission's powers should be restored and, in the right areas, increased. He approved the arrangement on IMPs. The appointment of the President should be approved by Parliament and the President should have a say in selecting his colleagues.

(iii) European Parliament

The Community would not achieve its aims without extending the role of Parliament. He favoured co-decision on constitutional matters. Proposals of the Commission should go through Parliament to the Council, subject to strict time limits and a process of conciliation. The last word must rest with the Council.

(iv) Political Co-operation

He had only glanced at the Franco-German text, but paragraphs 8.1 and 8.2 were broadly acceptable. The Council needed to consider how to link POCO with existing procedures.

(v) IGC

If agreement could not be reached at Milan, he was ready to agree to a conference, provided that it had clear terms of reference.

9. In a parenthesis, FitzGerald criticised the Commission's proposals for tax harmonisation. Tax policy had a major impact on social policy. Harmonisation would involve the loss of one third of Ireland's tax revenue. It would also lead to a huge increase in consumption of alcohol and tobacco. Ireland could not face the 14% increase in food prices which would result.
10. Papandreou (Greece) spoke mainly about economic and social problems facing the Community and the need for convergence. The Community needed a re-distributive mechanism in parallel with the creation of the internal market. Federal States devoted 3 to 4% of their GDP to removing regional imbalance. But the Community's structural funds involved only .1%. They needed to be substantially increased. And any moves to a technological Community should ensure that all Member

States participated and benefitted. (While he was speaking, Kohl and Genscher ostentatiously took out their wallets and put them on the table).

(i) Decision Taking

The problem was not one of structures but of lack of will. He favoured greater majority voting under the Treaty; more use of abstention under Article 148; and the Luxembourg Compromise as it was, without qualifications.

(ii) European Parliament

Its influence, but not its powers, should be increased by means of better conciliation.

(iii) Political Co-operation

Greece thought that this had been very effective. There was no need for further Secretarial support which would reduce the role of the Presidency. He could agree to the extension of Peco to security provided that the Ten took account of the needs of countries such as Greece, which were in a special position.

(iv) IGC

He saw no need for Treaty amendment or, by implication, for a conference.

11. The Prime Minister said that the Community had shown its capacity to take decisions over the last year. The Milan Council was the occasion to strengthen its unity internally through completion of the Common Market and improved decision taking and externally through the strengthening of political co-operation. The internal market was now a priority objective. The Commission's White Paper was a major contribution to this. The Council should establish the priorities, which should then be worked on by ECOFIN, and the Internal Market and other Councils. There should be a progress report to each European Council which would set the priorities. These were the removal of obstacles to free movement of goods; the creation of a free market in financial and other services; full freedom of establishment; and a liberalised transport market. These were feasible near-term priorities compared with tax approximation, which would pose enormous difficulties for all Member States, and the abolition of frontier controls, where action had to be reconciled with the need for protection against terrorism, drugs and illegal immigration.

(i) Political Co-operation

The Franco-German draft was based pretty well verbatim on the UK proposals. Article 5 omitted the provision committing Member States not to vote directly against one another at the UN. We could not talk of progress towards a common foreign policy while at the same time weakening that commitment. In addition, Article 8 weakened the UK draft on security co-operation. The UK would, however, accept the Franco-German version if that would enable the Irish to go along with it. The UK text had also been changed in 2 other respects. First its title: a Treaty instead of an agreement. And, secondly, the proposal for a POCO Secretary-General. There was no need for another Secretary-General; the Council already had a very good one in Ersboell, who should assist the European Council as at present. The UK favoured a small POCO unit to assist the Presidency, alongside the Council Secretariat in Brussels.

of Article 8

(ii) Decision Taking

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The Prime Minister introduced and re-circulated the UK's 4 proposals, commenting that President Mitterrand's latest ideas were almost identical to them. In addition, the European Council was not being used to full advantage. It should give strategic direction by setting the Community's priorities each year. There was no need to amend the Treaty.

(iii) Commission

The UK still favoured a Commission of 12, as endorsed in the Dooge Report. What did the President of the Commission think about that?

(iv) European Parliament

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In the Community one body had to be responsible for decisions. It was not feasible to give the Parliament powers of co-decision. But the UK had suggested ways of enabling the Parliament to make a positive and responsible contribution through closer association with decision taking within the existing Treaty powers.

(v) IGC

The issues before Milan had been studied for

months. The Council should now take the decisions which could be taken. There was no point in remitting to a IGC issues which could not be settled by the Council. It should instead take positive decisions and give clear guidance for any necessary follow-up work.

12. Lubbers (Netherlands)

(i) Decision Taking

The Treaty should be applied as it was. If that were agreed, he could agree that national interests could be evoked in exceptional cases. He was prepared to go further and accept Treaty amendment, but first the Council would need to agree precisely what was necessary.

(ii) Commission

He agreed with the Dooge report.

(iii) European Parliament

He agreed that co-decision was an ambiguous concept. He therefore favoured the approach of Kohl and Martens, which permitted co-decision on particular issues, such as Enlargement. Since the Community had a Parliament, it must give it something to do.

(iv) Political Co-operation

He agreed with the UK approach: the Council should agree that Foreign Ministers should work on that basis. He did not agree that Pöcs should be put under the rubric of European Union, that would be a delusion. And, while he favoured co-ordination, he feared that the appointment of a Secretary-General would create a new institutional rivalry.

15.45 13. Santer (Luxembourg)

(i) Political Co-operation

He congratulated the UK on its draft. He had not had time to study the Franco-German text.

(ii) Decision Taking

The veto as such was anathema to the ethos of the Community. It should be possible to safeguard

national interest without blocking all progress. One option was for the country affected to opt out of the decision. The Presidency's paper was broadly acceptable.

(iii) European Parliament

It would be intolerable for Member States to go on treating the Parliament as a consultative assembly. Obviously it could not be given as much power as a national Parliament but it should be given a legislative role in some areas. The Council should, however, retain the last word.

(iv) IGC

An IGC should take place provided that it was on specific issues and with a specific mandate.

14. Mitterrand (France) in a long and unfocused intervention (without notes) said that all Member States were responsible for the vices which had crept into the application of the Treaty. They had abused unanimity, ignored the Parliament and constrained the Commission.

(i) Decision Taking

The Community should first apply the Treaty it has. France was ready to reduce the number of issues which had to be decided unanimously.

(ii) European Parliament

Should become involved in particular areas (he mentioned 9 from his memorandum) without being able to block the process.

(iii) Political Co-operation

He favoured a Political Secretariat but stressed that France had never thought of turning this into a separate institution.

(iv) IGC

The Council should, above all, avoid calling for the moon and courting failure. Decisions could, if necessary, be taken at the next Council. He was content for the Italian Presidency to settle whether the decision should be taken by an IGC or the Council. But a IGC, if it was called, would have to be a success.

15. He concluded with a long general statement about the need to move Europe towards greater unity, including a military and security aspect. Those who wished to participate should do so. If this was not possible within the Treaty, fewer than 12 might go ahead outside it. He favoured a maximal outcome, including Treaty amendment, but would be ready to accept less.
16. Andreotti (Italy) said that the Community did not need to adapt because it was a Community of 12, but because it was currently not making a success of its work. The institutional arrangements were simply not right. The difficulties over the Frontier Directive which followed from the first Adonnino Report illustrated this.

(i) Decision Taking

The existence of the Luxembourg compromise was an obstacle which should be eliminated.

(ii) European Parliament

Parliament was frustrated. Conciliation did not work. The Community of course needed a centre for decision taking but Parliament would not inhibit that. Co-decision making should be introduced gradually, but a start should be made now.

(iii) Political Co-operation

He favoured the formalisation of Peco but would be disappointed if that was the only achievement of Milan. At the least, he would want to see the addition of a preamble about European union.

17. Delors said that he looked to the Council today to endorse his proposals on the internal market. But to achieve that would require a better decision making process. He had disappointed the Parliament by telling them that it was possible to secure the Community's aims without amending the Treaty. But in fact he thought it would be difficult to make progress without Treaty amendment. A major cause of paralysis was that the Council failed to vote by majority even when this was foreseen. Out of every 100 decisions gathering dust on the Commission's shelves, only 45 required unanimity; 55 were held up because of the insidious effect of the Luxembourg compromise. The Community could not afford a process which took account of every national reason for delay. The Architects' Directive had taken 17 years. The directive on company mergers had been around for 12 years and never reached Ministers. The use of unanimity should be strictly limited and with a time limit (the

Commission told us privately that Delors envisaged 30 days). But it would also be necessary to do away with unanimity on Articles 57.2, 99 and 100. Unanimity should apply only to questions about the scope of the Treaty, amendments and derogations.

(i) European Parliament

None of the proposals put forward would work. A "shuttle system" would double the time taken. Conciliation would not work. The Treaty had to be changed. He proposed a two stage plan.

(a) Partial modification of the Treaty to reconcile efficiency and democracy. On all matters relating to the internal market, the Council should proceed by majority voting whenever the Parliament agreed on a proposal.

(b) An IGC should take up the other issues raised in the Dooge Report.

18. On the question of differentiation, Delors distinguished between its negative form (when one country wanted to hold back) and its positive form (when 5 or 6 wanted to go ahead). He had no quarrel with the latter.
19. Gonzales (Spain) said that he spoke with diffidence as a new boy. He emphasised the need to apply the Treaty as it was and to limit the area of application of the Luxembourg compromise. The European Parliament suffered from the contradiction between its direct election and its lack of power. The Commission should be the motor of the Community but was not allowed to function as such. He favoured political co-operation but not a separate institution.
20. Soares (Portugal) spoke in favour of the internal market, a technological Community and a new impulse to Pocco. He was basically open-minded about institutions.
21. Craxi said that although different views had been expressed they were not irreconcilable. Everyone wanted more majority voting but without overriding vital national interests. Everyone agreed that the Council should have the final say. There was a close relationship between decision taking and the internal market. He believed the Treaty had to be revised: no Treaty could be changeless. There was a need for a deeper understanding in the Council. It would require a miracle to get decisions at Milan. But Foreign Ministers should discuss and that evening the Council would consider institutional subjects again the following morning.

People's Europe

22. Craxi proposed that the PAC should report on progress on the interim report to the Luxembourg Council and on the final report to the Brussels Council. Slow progress on the interim report had caused him some anxiety. Andreotti noted that, despite agreement in the Council, people were now placing reservations on the Frontier Controls Directive. Delors complained that the Council should not endorse these reports on the nod. They contained too many proposals to be implemented in a year. Craxi clearly wanted to defer any further discussion until the next European Council. But Andreotti objected. The report had been produced by the representatives of Heads of Government, not by some university. There could be disagreements about timing, but the proposals called for a strong political steer. Lubbers agreed and suggested that some of Mitterrand's proposals might be taken at the same time. Mitterrand was content with this. He suggested that the Council should say that it accepted the Adonnino Report and had set up machinery to implement it.

EC/CMEA

23. Craxi introduced the draft Community statement on relations with CMEA. He thought that it was a little cold. The Prime Minister commented that it was warm enough as it was. Delors said that the Polish Ambassador had been in a great hurry to deliver his message in order to avoid it being handled by the next CMEA President, the Romanian. He had not had a reply to his question whether a joint statement by the Community and CMEA would preclude negotiations between the Community and individual CMEA members. Genscher (Germany) reported that the Hungarians had said that they would welcome a statement of this kind provided it was in general terms. Only it would not preclude bilateral negotiations with CMEA members. Craxi wanted to add a sentence saying that the Community appreciated the CMEA's approach. The Secretary of State questioned whether a statement was necessary at all. Lubbers suggested a sentence to the effect that the Community was awaiting the results of exploratory talks. FitzGerald wanted to make it plain that the Community awaited the CMEA's response to Delors question. The text was approved as agreed.

Economic Situation

24. Delors reported on recent discussion with Finance Ministers and Central Bankers about the reinforcement of EMS. Central Bank Governors had proposed a package of measures to improve the usability of the official ecu. But other questions remained unanswered, particularly about the potential role of the ecu as a reserve currency and its use in private

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hands. Unfortunately, two countries participating in the EMS thought that the private ecu was a popular idea only because of the weakness of some currencies. There were serious doubts about whether it was appropriate for use as a central currency. (Delors later commented that he had had no comments on this from the Council: he assumed from this that the Council was "endorsing inertia for another 6 months".)

25. Delors continued that he had not been able to finalise the Commission's study of the reason for Europe lagging behind the US and Japan. He promised a constructive report for the December Council with proposals to invigorate the European economy.
26. The Prime Minister referred to the consensus reached at Dublin and Brussels on the need for a firm financial strategy for the medium-term. There was also a wide measure of agreement that Member States should try to free markets from unnecessary restrictions and look critically at the role of the public sector. Some social legislation was having the opposite effect from what was intended. Member States should support each other in their efforts to correct faults in social security arrangements and to maximise the real opportunities for growth and employment.
27. The Prime Minister pointed to the need for action at national and Community level to reduce burdensome regulations. She welcomed the Commission's response to the Brussels Council Conclusions. A permanent machinery should be set up to review existing burdens on businesses and to vet future proposals. She hoped that Delors would consider setting up a central unit within the Commission to deal with this. She looked forward to determined action for the remainder of 1985 and to receiving a full report from the Commission for the next European Council.
28. The Prime Minister also underlined the need for the Community to be firm in its dealings with Japan, whose 1984 surplus (\$45 billion globally and \$10 million with the Community) threatened the world trading system. The Japanese Government needed to open up its market, but the first stage of its import action programme appeared inadequate, especially from the Community point of view. She suggested that the Council should endorse the FAC's declaration of 19 June and that Delors should stress to Nakasone that the Community would judge Japanese policies by their actual results and would review these in the Autumn.
29. Delors confirmed that the Commission was studying the problem of small and medium-sized enterprises, as requested at Brussels. A report would be produced in time for discussion at Luxembourg.

30. He reported on his meetings with employers and trade unions (except the French CBI and the British TUC). On the strength of this, he concluded that it would be possible to get them to co-operate on 2 subjects: new technology and training, especially of young people. The Commission was also reviewing the organisation of the labour market, especially the sharing of working time. There were grounds for hope of European agreement here.
31. On Japan, he shared the Prime Minister's analysis. The problem was not just one of customs procedures. Europe did 45% of its trade with the outside world, compared with only 5% in the case of Japan (15% for the US). How could Japan claim to play its full part? He saw two ways of dealing with the problem: to set the Japanese an import target; or to increase European tariffs in order to ensure that firms would have enough profits to finance research and development in the future. He intended to put both approaches to the Council of Ministers soon. Meanwhile, he did not take the Japanese mini-package seriously, especially while the Yen remained undervalued. This was a problem which the Community should discuss with the US. He would certainly speak sharply to Nakasone about it.
32. Kohl agreed that Delors should speak toughly with the Japanese. But he had doubts about using tariffs against Japan: this would risk aggravating the problem of protectionism in the US.
33. On EMS, Kohl commented that the Bundesbank was bound by the law. If the Commission wanted to make progress here it should discuss further with ECOFIN. The starting conditions needed to be right: some countries restricted movement of capital; exchange control arrangements differed; economic policies were in some cases divergent. As for the private use of the ecu, he agreed that this was an area where the FRG could be a little more flexible; but only if other states played their part.
34. Lubbers agreed with the Prime Minister and Delors about Japan: Japan should open her market or Europe should close hers, with a preference for the former. Some selective protectionism might be necessary: for new technologies at least.
35. FitzGerald said that the Council could not deal only with institutional change: it must say something about economic and social policy. After short comments from Santer, Martens and Mitterrand, Delors said that he would like to examine further the implications of the private ecu and, as agreed at Sicily, its possible use as a reserve currency. He did not think that Europe should wait until all capital

movements were free, the Belgian double currency was removed and the Pound Sterling was in the Exchange Rate Mechanism before taking these studies forward. He favoured progress on all these fronts step by step.

36. Kohl warned Delors to consult Finance Ministers and Bank Governors before shooting from the hip. He repeated what he had said in Dublin about the immobility of labour in Germany. FitzGerald referred to the ECOFIN proposals on conjunctural policy, which he regarded as very important. Andreotti agreed that Delors should go ahead as proposed with his studies in depth.

18.55: Technology

37. Craxi introduced the subject by reading a message from Austria about EUREKA. Mitterrand said that EUREKA was just the product of a few Frenchmen (!). He noted that the Commission had done a lot of work on a technological Community. This should be joined to the EUREKA proposals. The aim was to strengthen collaboration between European researchers and enterprises. His list of fields was not exclusive. He was not suggesting any particular method or agency. He did not agree with the traditional French approach that every new idea needed a new institution. 16 countries had expressed an interest in EUREKA (Norway, Sweden, Switzerland and Austria as well as the Twelve). The Japanese had shown interest, as had the Soviet Ambassador. Some companies were already going ahead: Phillips, GEC, Thompson, Siemens etc. The next step should be to call an ad hoc Committee of the 16 countries interested by 14 July.
38. He noted that EUREKA was linked chronologically to the SDI. But he stressed that he had not proposed EUREKA in order to block SDI. EUREKA was a civil programme whereas SDI was a military project with a 30 year time scale. There could be a conflict in resource terms and competition between military and civil applications, for example over lasers and mirrors. But it was vital to close the gap with the US and Japan. Without an early start it would take a hundred years to catch up and would be as though Europe had failed to introduce electricity.
39. The Prime Minister strongly supported Mitterrand. The problem was not a lack of ability or funds for research: it was a failure to get from the research stage to the market place. The fragmented European market and national procurement and fiscal measures worked against a Europe-wide product. That was why Europe had 9 digital switching systems for a market which could support 2 or 3. As Dr Dekker of Phillips had said, a real Common Market was of more value than any amount of Government money.

40. The Prime Minister made 3 proposals. First we should identify the high technology products on which to concentrate. Discussion with European companies had identified the following sectors:
- high speed trains
  - air traffic control
  - mobile digital radio
  - post office automation, including automated parcel handling
  - interfaces for computers for Europe-wide application
  - advanced robotics
  - industrial lasers
  - factory automation
  - information and control systems in the home.
41. Secondly, we should find ways of encouraging commercial exploitation of those products. The internal market was crucial here. But the Prime Minister also proposed a Euro-type guarantee, to encourage companies to co-operate. Thirdly, we should find ways of involving firms in EUREKA products. Finance and Internal Market Ministers should examine all the ideas coming forward.
42. Lubbers gave very clear support to this approach, stressing the importance of opening public procurement. He had a long list of projects which were supported by Dutch companies. He proposed that the EIB should have a role in Eureka.
43. Kohl warmly welcomed Mitterrand's initiative. He said that he saw no conflict between Eureka and SDI: indeed those who had been most hostile to SDI were now among the first to join in contracts with the US. He felt that the Community should be the core for Eureka, but other countries should be allowed to take part (though Soviet interest need not be taken seriously). He suggested that Mitterrand should call the first meeting in France, to be attended by technologists rather than bureaucrats. Lubbers tried to introduce the Commission's paper on this stage, but Craxi said that it would be taken the following day. Mitterrand said that he would call a meeting of 2 representatives from each country and from the Commission.

Institutions

44. At 2000 hrs Kohl and the Secretary of State had a private meeting and agreed to co-operate in producing draft conclusions containing the maximum amount of common ground. Butler, Williamson and Renwick then had a series of meetings with the Germans (Teltschik), the French (Attali, Bianco, Bernard and Mme Gigou) and the Irish (Fogarty). In each case, the purpose was to put on paper the maximum that could be agreed on decision making, the European Parliament, political co-operation and the internal market in order to put pressure on Craxi not to leave all these issues for decision after Milan. There was no difficulty with the Germans over Poco or Eurotype, which they appreciated: but the Germans went too far for our taste on the internal market (where they played up the excellence of the Commission's paper and gave high priority to tax harmonisation) and decision making (where they wanted at least 2 Treaty articles amended). The German proposals were the subject of a UK redraft and by 2330 hrs, we had a final German text which was broadly acceptable except for references to tax harmonisation "at an early stage".
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45. With the French the main difficulty was over the European Parliament (where they wanted to retain Mitterrand's idea of involving the Parliament in a future decision to increase Own Resources to 1.6%) and other parts of the Mitterrand memorandum - notably the campaigns on youth and cancer.

## B. MEETING OF FOREIGN MINISTERS: 28 JUNE

46. This ran from about 2100 hrs to 2240 hrs and was followed by dinner until 0100 hrs on 29 June. The meeting was described by the Secretary of State as one of the worst he had attended. Dumas (France) waffled unhelpfully. Genscher produced a draft which took matters in the wrong direction. Behind the scenes, there was a row between Ersboell (Council Secretariat) and the Presidency, who seemed to believe that they could force an agreement on an IGC for Treaty amendment by holding us up on the internal market. In the end, however, only the Presidency and, to some extent the Belgians, appeared to oppose our proposal for a package on specific decisions in the 4 areas under discussion. The Secretary of State summed up the outcome as 8½ to 1½ in favour. As a result, the Presidency's short and general draft was abandoned and Ersboell was told to go away and produce an alternative to Andreotti's conclusions. The UK's drafts were given to Ersboell, who made good use of the material on the Internal Market. But the Presidency prevented him from including our package of institutional proposals.
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C. DINNER OF HEADS OF STATE AND GOVERNMENT: 28 JUNE

47. This was devoted to a general discussion on political co-operation subjects, in particular terrorism, Afghanistan and South Africa. On terrorism, the Prime Minister put forward the UK's ideas for closer cooperation (FCO telno 1031 to Washington). There was a general feeling that the Ten should be doing more. But the Greeks objected to the text on the ground that it implied that it was wrong in all circumstances to give way to terrorists. On South Africa there was a consensus in favour of reviewing and strengthening the code of conduct for Community firms.

48. D. FOREIGN MINISTERS' MEETING: 29 JUNE

19 The meeting had before it draft Conclusions which postponed all institutional decisions until December but envisaged an intergovernmental conference (IGC) under Article 236.

09.15 Andreotti proposed various amendments and Genscher asked for several "European Union" additions. The Secretary of State tabled the UK's proposals on political co-operation and

24 decision taking. He was supported by Elleman-Jensen (Denmark), who objected to the Presidency's proposal to change the rules of procedure to permit a majority of Member States or the Commission to demand a vote. Van den Broek (Netherlands) supported the UK proposals, but wanted a reference to the fact that the Community was proceeding towards European Union. Haralambopoulos (Greece) supported the UK line except on POCO. Dumas (France) agreed that it was desirable to make progress as the UK proposed on Parliament, decision taking and POCO; but he also wanted a stronger reference to European Union including a date for its formalisation at an IGC, perhaps based on the Council.

49. By 1030 hrs, when the Prime Minister arrived, the position was that the Italians were still resisting a package of specific decisions, but the UK had support from several Member States, including Luxembourg and France. There was still a difficulty with the French over the exclusion of Parliament from any role in Own Resources. The main difference with the Germans was over whether to call the POCO agreement a "Treaty".

E. MORNING SESSION: 29 JUNE

50. Andreotti reported on the Foreign Ministers' meetings. He had wanted to see if agreement could be reached on steps which would enable the Council to come up with the European Union which was sought. He acknowledged that the Italian draft had not gone beyond generality. But he claimed that some of the British ideas were old hat: for example the proposal for abstention under Article 148(iii) had been

agreed at Stuttgart. Denmark and Greece both said they were opposed to any change in the Treaty. But the Council had to take account of the Commission's view that changes were needed to complete the internal market by 1992. He said that there was now a new Presidency text as well as a new German one (which called for an intergovernmental conference to prepare a draft Treaty on European Union by 31 October for discussion at Luxembourg). Andreotti floated the idea of calling a conference by majority vote to modify articles of the Treaty.

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51. Kohl then spoke to the German paper, arguing that the moment of truth had been reached. An IGC should be set up with a clear mandate. If not, the issue would drift into the Luxembourg and Netherlands presidencies. If some partners did not want such a thing, that should be recorded. If it was not possible to revise the Treaty, the Council would decide what to do instead to improve the system.
52. The Secretary of State restated the UK position. The Council should concentrate on the specific decisions which could be reached in the 4 areas under consideration. Martens said that he preferred the German paper which offered a mandate for an IGC. Lubbers seconded him. He did not believe that the Community could reach its objectives without Treaty amendment. The Council should ask the Commission what was the absolute minimum of necessary change.
53. Santer said that the Luxembourg Presidency had to know exactly what was intended. Without very clear guidelines, the enterprise would fail. He could agree with Kohl's mandate though he had no illusions about it being accepted in a future European Council. Mitterrand spoke in favour of the German text. The Ten should be able to agree on certain points: in particular the powers of the Commission and the Parliament; and the tightening of the Luxembourg compromise. But if clear guidelines could not be produced for an IGC/European Council, he would favour agreement on the changes which could be accepted by the Ten now. Those who wanted to go further with an IGC could then do so. Andreotti, addressing Papandreou, said that he had always been argued that the Community should work on a basis of fair play. That was the purpose of the Social Fund etc. But it was also relevant to the functioning of the Community, which was more than an abstract legal exercise.
54. The Prime Minister said that the central point was the need to get behind the rhetoric and to achieve results. The Council should decide what it could agree and what it could not. Further proposals could always be put forward later. The choice was between success and failure. She did not think that there was any need for Treaty amendment nor for

an IGC, of which the Community already had 3 a year in the form of the Council. Andreotti denied that the Italians were being rhetorical and offered to send the Prime Minister a copy of Cicero to prove it! He maintained that all the pragmatic proposals on the table had been agreed at Stuttgart.

55. Schluter said that the best was the enemy of the good. The important thing was to streamline the decision making process. He feared however that the proposal that a majority of the Council or the Commission could demand a vote would spell the end of the Luxembourg compromise.
- 26 56. Delors said that the internal market document had been produced at the request of the Council and it was not being offered "à choix". He referred to his two stage proposals from the previous day, to which noone had responded. He still believed that minor Treaty amendment was necessary. But the alternative approach - a solemn commitment on procedures - was still available.
- 14 57. Elleman-Jensen persisted with the view that the earlier voting procedures would undermine the Luxembourg compromise, which depended on the postponement of a decision. Genscher said that an IGC would enable Member States to see how far the Community could go. Haralambopoulos said that Greece could accept the Presidency's text as a basis for discussion but not the German text. Craxi said that he would be happy to work on the German paper with some additions, notably on the extension of the scope of the Community. Kohl proposed that lunch should be delayed in order to clarify the position. The Council should not leave Luxembourg holding the baby. Craxi then said that, in the light of 2 days of debate, his inclination was to convene an IGC under Article 236 of the Treaty to discuss all the questions on the table. It remained to define the IGC's mandate.
- 1215 58. (Williamson reported to the Secretary of State that the French (Lalumiere) and Germans (Ruhfus) had agreed outside the Council on some broadly acceptable amendments to the draft conclusions. The only difficult area was that they envisaged political co-operation and possible Treaty amendment being taken in the same framework. But discussions were going on between our delegation and the Germans and the French to separate these issues so that political co-operation could be agreed early and other matters left for later consideration.
59. By this stage, however, the atmosphere in the Council had become very strained and there was a break for bilateral discussion. During this period, there was a furious row between the Prime Minister and Kohl, who accused the UK of not wanting to develop the Community. The Prime Minister
- 1215

replied in kind, referring to the German record on infractions, and its recent vote in the Agriculture Council. During the break the Belgians began to argue actively that an IGC could, under article 236, be convened by majority vote. As a footnote, the Greek record has it that the Prime Minister went over the Papandreou and said "Andreas, we are allies in this: but more important, we are friends". This followed a handsome apology from Papandreou the previous morning for what he was reported to have said about a "Police State" in Britain).

1245 60. After the break, Craxi said that the Presidency had received a number of amendments to its text from the Germans. FitzGerald warned that if the FRG text was accepted as a basis, discussion would have to start all over again. Papandreou felt that it would be better to stick to the Presidency's text. Craxi said that the FRG text was the mandate for a conference on which the Council had to decide. The conference would consist either of the Council or of Foreign Ministers representing Member States. Parliament demanded a conference. The Presidency approved this approach.

61. The Prime Minister pointed out that the only purpose of an IGC under Article 236 was to make Treaty amendment. But the formal procedures had not been followed. Parliament had not been consulted. She still saw no case for Treaty amendment. Craxi commented that Parliament's views were well known. Amendments had been proposed by all sides. He therefore concluded that a conference must be called. Papandreou supported the Prime Minister. Of course the Presidency could call a conference, but the Greek Government would not support Treaty amendment. FitzGerald said that a conference should be called only if it was likely to be fruitful. The Council should follow the correct procedure. Lubbers said that the proposals in front of the Council included a lot of elements of European integration: including political co-operation, the external market and technology. The one thing missing was how to streamline decision making. A majority seemed to favour Treaty amendment. Others preferred to act more quickly without Treaty changes. He thought it would be necessary to call a special meeting to put all the building blocks in place. But such a meeting would need a mandate. He noted that FitzGerald was not opposed to a conference or to Treaty amendment.

62. Schluter said that it would be a mistake to call an IGC. The Council should take decisions immediately on the basis of page 1 of the Presidency text and the UK amendment on page 2. Santer favoured Lubbers's approach. The Council should agree on the points to be discussed. The Secretary of State repeated that a conference would be inappropriate. It could only consider Treaty amendment. Its remit would

therefore be too narrow.

63. Andreotti said that an IGC could consider all the various proposals on the table, including the "pragmatic" ones. An IGC would meet political expectations. It would not be a repeat of the Dooge debate, since it would involve Foreign Ministers. Lubbers said the key issue was whether or not to amend the Treaties. Mitterrand said that he did not disregard the arguments put forward by the UK, Denmark and Greece. Everyone had some doubts about the outcome of an IGC. But further arguments could be reserved for an IGC.
64. Craxi said that the Council already had the opinion of the European Parliament but, if the formal procedure required it, then the FAC could take the decision on an IGC after receiving the opinion of the Parliament and of the Commission. Delors confirmed that the calling of a conference could be arranged by majority vote. Whether to resort to majority vote was at the discretion of the Presidency. Craxi said that political co-operation could be taken by the IGC at the same time. All issues could be a subject for negotiation at an IGC using the powers flowing from Article 236.
65. The Prime Minister said that the Council had so far reached its conclusions always by unanimity. It was a matter for Craxi and Andreotti whether to exercise their discretion on majority voting. She remained opposed to an IGC, for which she saw no need. Andreotti pointed out that the UK could always abstain under Article 148! FitzGerald said that these proposals had taken him by surprise. The only proposals before the Council concerned Articles 57, 99 and 100. If he had known in advance, he would have had other proposals for example about the Parliament and the Commission. Andreotti pointed to the proposals in the Dooge Report. FitzGerald commented that the Dooge Committee was neither the Commission nor a Government. If the Council called an IGC now it would not be able to look at any other proposals. Craxi then called a formal vote (for the first time in the history of the European Council). The Prime Minister, Papandreou and Schluter voted against and the rest in favour.
- 1400 66. As the Council then broke for lunch, the Prime Minister had a discussion with Craxi. She pointed out that HMG were pledged not to amend the Treaty provisions on decision making. In any case, the IGC under Article 236 could consider only formal proposals for Treaty amendment. It could not take up the other ideas, such as Poco. The 7:3 vote would lead to no achievement. The Presidency, having decided to use their discretion, were on their own. The alternative course would have been better. Craxi acknowledged that decisions at an IGC would have to be

unanimous: there was therefore no reason for the UK to be worried. He agreed too on the need to go through the correct procedures with the FAC and that any Member State or the Commission put forward additional proposals.

67. Before lunch Butler spoke to Dumas who agreed that it should still be possible to reach an agreement on a consensus basis. Butler said that the UK, France and Germany were quite close. Did he agree that the political cooperation agreement should be treated separately? If so, we might be able to reach full agreement with France and Germany. Dumas said he was inclined to agree and would put the point to Mitterrand. Butler said he would submit a revised draft to the Prime Minister and then show it to the French if she agreed.
68. At the Prime Minister's briefing before lunch, the general view was that the vote had greatly reduced the chances of securing a package of specific decisions at Milan. But the Prime Minister agreed that a further effort should be made to amend the Franco-German text on the lines attempted the night before. After lunch however, the Council was confronted by another Presidency draft, which tried to combine some instant decisions on procedure with an IGC to deal with POCO and Treaty amendment. A UK draft was agreed by the Prime Minister and Secretary of State and circulated shortly afterwards. but, partly because of delays over translating it into French and German, never featured at the centre of the discussion in the afternoon.
- 29/30  
31  
33

F. AFTERNOON SESSION: 29 JUNE

69. In discussion of the Presidency draft, Delors proposed the deletion of "without prejudice to Ic" from paragraph Ia and the whole of paragraph Ic; the deletion of "the essential acts of the common policies" from paragraph 3; the addition of Article 99 to paragraph II; and a reference to the powers of the Commission in III. De Keersmaker (Belgium) said that he could not accept the inclusion of paragraph Ic on the Luxembourg compromise. In paragraph Ib, on exemption of States from particular policies, he insisted on adding "in full respect of Treaty obligations". He offered an alternative formulation on the Luxembourg compromise. Santer, Vandenbroek and Genscher agreed. Papandreou said that there was no sense in discussing any of these proposals pending an IGC.
- 34
70. The Prime Minister proposed the deletion of any reference to the Commission in paragraph Ia on the speeding up of voting. She insisted on retaining Ic. As to the third part of the Presidency paper, she proposed the alternative UK text which was then circulated. FitzGerald wanted a reference on page
- 33

2 to economic convergence. Gensch argued against including Article 99 in the remit of the IGC. The time was not ripe for fiscal approximation. As to convergence, this would have to refer to "economic policies" rather than "economies". FitzGerald could not accept Gensch's proposals. Craxi argued that economic convergence was covered by the reference to Article 2 of the Treaty. FitzGerald reserved his position. Dumas agreed with the Commission about paragraph Ia and the Belgians about paragraph Ic.

71. The Prime Minister said that the Council needed a document to summarise where it now was. Papandreou repeated that, if the Council insisted on going for an IGC, there was no sense in pursuing any other proposals. He would withhold unanimity on them. Craxi said that Delors' proposal to add Article 99 had to be rejected. But the other Commission and Belgian amendments seemed to be agreed. The Prime Minister repeated that Ia needed to be retained as in the Presidency text in order not to undermine the effect of Ic. Elleman-Jensen supported the Prime Minister. He also suggested the inclusion of "possible" before the reference to Treaty amendments in part III and to "Treaty or agreement" on political co-operation.
72. Gensch said that he could not agree to the Luxembourg compromise becoming the Milan compromise. The Belgian proposals were as far as he could go. The Prime Minister pointed out that the compromise and its use was a political fact. She could not depart from the agreed text. Delors argued that the Belgian version was accurate. Mrs Thatcher warned that the Council needed to proceed on the basis of unanimity. Not to do so would spell the end of the Council. Lubbers tried to explain that the gist of the Belgian amendment was that members who wished to invoke the Luxembourg compromise should agree to justify it. Paragraph Ia did not affect the Luxembourg compromise. Papandreou said that the Council could have an IGC or procedural amendments but not both. FitzGerald did not understand the logic of this position. Schluter argued that the remit for an IGC could not be decided by a majority vote. Given that the Council disagreed, all the proposals would have to go to the IGC. Andreotti maintained that there was no need for unanimity on an agenda. Any Greek objections could be included in a footnote as reserves. Papandreou could not accept this suggestion. The Council had to proceed by unanimity on this matter. The Prime Minister agreed that unanimity was essential if the procedural proposals agreed were to be binding. Papandreou remained adamant. Dumas proposed that the decision on an IGC and its mandate should be fixed by the Foreign Affairs Council.
73. The Secretary of State proposed the whole of part I should

be dropped in order to get round Papandreou's opposition. Delors argued that I was part of the IGC's mandate. Craxi said that he could accept the UK proposal but he would like to put part I to the FAC for decision by majority. The Secretary of State pointed out there was no point in doing this. Haralambopoulos argued that such decisions had to be unanimous and that Greece would not abstain. The Prime Minister agreed that the part I proposals could not be settled by a majority vote in the FAC.

74. Lubbers pointed out that the proposals in I could all be settled without Treaty amendment. The UK and Denmark were ready to do so. There would be no problem therefore if Greece agreed. Papandreou repeated his objections. Genscher proposed that part III alone should go to an IGC. The Council should now adopt parts I and II, which would be converted by the Presidency into proposals for the Foreign Affairs Council. Mitterrand supported Genscher.

75. Craxi summarised that the conclusions would consist of the first 2 paragraphs of page 1 and the whole of section III. All the rest would be worked on by the Presidency for submission to the Foreign Affairs Council. He noted that Papandreou continued to disagree.

#### 18.45 Internal Market

76. The Prime Minister proposed that "the measures necessary" in paragraph 3 of the draft conclusions should be amended to "which measures might be necessary". This was agreed. Genscher secured the addition of "the liberalisation of capital movements". Delors objected that the conclusions were still no good, but they were too late to change now. Craxi pointed out that paragraph 1 was very satisfactory. Delors said that he had circulated a re-draft at noon but it was too late for consideration now. The Commission must be given time to support its overall plan, which should be discussed soon.

77. Kohl said that he could live with the Commission text with some changes. The Secretary of State said that it was too late to start working on the Commission's text. Lubbers suggested adding to the Presidency text "the completion of the internal market will be achieved on the basis of improved decision taking procedures to which Member States will commit themselves". The Prime Minister proposed adding to the Presidency text paragraphs 2 and 4 of the Commission text (which approved the Commission's communication and welcomed favourably its White Paper; and instructed the Council to ensure that the Commission's proposals were adopted within the deadlines established in the timetable). Delors welcomed this. FitzGerald objected that he could not accept paragraph 4 of the Commission text. Craxi said that

paragraphs 2 and 4 served the same purpose as paragraph 1 of the Presidency conclusions, which should therefore be omitted. (Comment: in the event, both sets of paragraphs were retained.)

### Technology

78. Delors spoke to the Commission's proposals. Martens speaking for Benelux, said that Europe's approach needed to be based on the Community. He proposed a number of amendments to the Commission text. The Prime Minister proposed several amendments to the draft conclusions. The Council should note rather than approve the Commission's proposals. The EUREKA meeting should be open only to Western European countries rather than all non-Community countries. It should be attended by representatives of Heads of Government and not confined to Ministers of Research. And the action programme should include a reference to Eurotype.
79. Andreotti said that the Commission's proposals should obviously be studied. Meanwhile EUREKA was going forward. It had the merit of flexibility. But the Commission should not be excluded from this work, which should not be confined to Western European countries. Lubbers said that he still preferred the Commission text. If it did not receive support the Council should say that it had not even been discussed. Martens agreed that the Council should do more than merely note the Commission's proposals. They were interesting and deserved support. Mitterrand spoke up for the Presidency conclusions. He was afraid of putting work on technology into a strait-jacket of red tape. He supported most of the UK amendments.
80. Delors threatened to withdraw his text. All he wanted was some support for what he had been doing. But the Council merely proposed to bury it with a wreath. The Council had had time to study the Commission's papers. He did not want to discourage his staff in this way. Andreotti said that everyone supported EUREKA and a closer link to the Community. Lubbers said that EUREKA and the Commission's proposals were of equal importance and proposed adding "the European Council considers that with reference to EUREKA it would be right to achieve good co-ordination with the Commission's proposals". Santer agreed. But Delors persisted that his text had been withdrawn. He had been trying not to challenge but to reinforce EUREKA. How could the Council work efficiently when no one read the Commission's papers? Delors spoke very emotionally and the atmosphere became tense at this stage. But it was noticeable that the discussion concerned only a few members of the Council. Ellemann-Jensen was making Council briefs into paper boats to float on the tank of lilies inside the

Council table; and Moran (Spain) was busy drafting an illustrated risqué poem about the European Council).

81. Mitterrand appealed for reason. Everyone welcomed EUREKA. The Commission's proposals were very good. There need be no conflict between them. The Benelux approach went too far. But there is no reason why the Council should not approve and espouse the Commission's proposals, provided that the key paragraphs about EUREKA were retained. (The Council Secretariat people who were present claim that the Prime Minister had earlier argued on the lines of her speaking note but shrugged her shoulders when others appeared to accept Mitterrand's "approve and endorse" formula).
43. Andreotti undertook to re-draft the text on this basis. The Secretary of State asked for Eurotype to be included and Lubbers asked for participation of the EIB to be mentioned. Andreotti agreed.

#### Famine in Africa

82. Natali (Commission) spoke to the draft conclusions. The Prime Minister suggested adding to paragraph 2 that the proposal for the special reserve of  $\frac{1}{2}$  million tons of cereal equivalent needed to be studied by Development Ministers. Natali agreed, though the money for it was already in the draft budget for 1986. FitzGerald proposed that Development Ministers should be asked to examine the proposal as a matter of urgency. This was agreed.
83. People's Europe
36. There was some debate as to whether the report of the Adonnino Committee should be noted, as the Prime Minister proposed, or accepted, as Dumas preferred. The final version read "approved".
85. The Council ended at 9 pm.

#### Postscript

86. Ersboll later gave his account of why the discussion on institutions went so badly awry after lunch on 29 June. The UK's draft conclusions were circulated at 1600 (in English) and several Governments (including the Belgians) received it favourably. But delay over translating it had enabled the Presidency to concentrate a discussion on their paper circulated at 1500, with translations shortly afterwards. In the tired, irritated and confused atmosphere of the Council, Craxi had been able to block all the UK's procedural proposals in the hope of remitting them to the IGC. Andreotti had throughout said that he preferred no result to one which involved only minor procedural improvements. The Italians had been materially helped in

this by Papandreou's obstinacy in refusing to accept any of the decision making changes proposed in paragraph I. Ersboll commented that in retrospect, the vote on a IGC had been the turning point. This had given the Italian Presidency the only institutional decision which they wanted to get out of Milan. Andreotti had realised quite late in the day (certainly no earlier than the evening of 28 June) that Article 236 provided a means of isolating the UK, Denmark and Greece. The Benelux had been happy to collaborate because of their anger at the success of the British press campaign in which they were labelled as hopeless idealists. The French and Germans had remained fatally ambivalent, actively discussing a package of decisions while at the same time concerned to ensure that they were not sold as a British triumph.

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79



Office of the United Kingdom Permanent Representative to the European Communities

Rond-Point Robert Schuman 6

1040 Brussels

Telephone 230 62 05

Stephen Wall Esq  
ECD(I)  
FCO

*01/10*  
*la*

Your reference

Our reference

Date 4 July 1985

*Dear Stephen*

<i>MWG 01/10</i>	
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<i>12 JUL 1985</i>	
SEARCHED	INDEXED
SERIALIZED	FILED
TAKEN	
<i>RW</i>	

EUROPEAN COUNCIL: MILAN: 28/29 JUNE

- Here are copies of the annexes.  
The report will follow in tomorrow's bag.

*Low over*

*M. Chaves*

*[Signature]*

*[Signature]*

*pp. P J Goulden*

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# Foreign and Commonwealth Office

London SW1A 2AH

Telephone 01- 233 5729

Ms Susan H Palmer  
 Fir Tree Farm  
 Hampstead Norreys  
 Near Newbury  
 Berks

Your reference

Our reference

Date 8 July 1985

MWG 011/10	
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10 JUL 1985	
✓	RW

Dear Ms Palmer,

Your letter of 26 June to Her Majesty the Queen has been passed to me for reply.

As you will have heard, the European Council did not take any final decisions on political cooperation at its recent meeting in Milan. The United Kingdom had made proposals on this and certain Community issues; the Government will be negotiating on the basis of these ideas in the next few months. As you will see from the enclosed booklet, "Europe - the Future", these ideas certainly do not amount to 'political betrayal'.

Yours sincerely,

*C W Robbins*

C W Robbins  
 European Community Department  
 (Internal)



Foreign and Commonwealth Office

London SW1A 2AH

5 July 1985

Sir Julian Bullard KCMG

BONN

Dear Julian,

mwg 011/10

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11 JUL 1985	
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INDIA	SECRET - 2288
	✓ RW

page 011/10

MILAN

- To supplement the very clear account of the proceedings in Michael Butler's telegram (UKDEL Milan Telno 4 to FCO) I should let you and others have some account of the atmospherics<sup>2</sup> at and just before the European Council.
- As you know, the Prime Minister went to Milan with a determination to try to achieve something positive at that meeting. Neither she nor we had any illusions that others would simply sign up on the British proposals: attempts to damp down UK press euphoria that they would were made throughout the week before the meeting. Nevertheless those proposals did offer a good chance of a positive achievement at Milan and we hoped to get some of them adopted. In addition we suspected that we were likely to have to agree to the Permanent Representatives or some other body being asked to look into three or four of the Treaty articles bearing on the internal market - though that was a fall-back position not explicitly agreed by Ministers before Milan.
- On the eve of the meeting we had Kohl's statement to the Bundestag and the Franco-German draft on "European Union". This, on examination turned out to be our draft on political cooperation with a page concerning European Union added on the front, and a change of title. The French and Germans succeeded in improving Article 8 in a way in which it rendered it possible for Ireland to participate. On the other hand the French weakened the commitment in Article 5 not to vote directly against each other in the United Nations; and the draft introduced the idea of a Secretary-General for the European Council.
- The Prime Minister naturally found this a pretty ludicrous manoeuvre and found it extraordinary that her own text should be served up to her, without consultation, as a last minute surprise in a different form. Nevertheless since the text was virtually the same as our own, she was prepared to accept the Franco-German document subject to the Secretary-General being downgraded to head of a small political secretariat, some re-strengthening of Article 5 and a final decision about the title (for your private information, she did not exclude agreeing to the title provided the content was satisfactory).

/5.



5. The Franco-German manoeuvre annoyed the Benelux and made them more determined to press for a 'genuine' European union and treaty amendment. Nevertheless the discussion throughout the first day was pretty rational. The Prime Minister made what was generally acknowledged to be a positive statement setting out our proposals. Andreotti, however, was making it clear throughout the day that he would rather have no agreement than what he regarded as an inadequate agreement, falling short of the promises made in his speech to the European Parliament (to whom he presented not a Presidency, but the Italian position). Nevertheless at the end of the discussion between the Foreign Ministers after dinner on Friday 28 June, the Secretary of State felt that there was a majority in favour of adoption of proposals on the lines we had put forward with only Andreotti and the Belgian (Keersmaeker) strongly dissenting. Andreotti said that he was not prepared to put forward 'weaker' conclusions: someone else would have to do that.

6. When the discussion resumed between Foreign Ministers at 9am on Saturday the atmosphere had changed. This was because Genscher had dictated a memorandum calling for European union, a conference to discuss Treaty amendment, etc. This gave Andreotti a new lease of life and reinforced his determination and ability to work not for agreement, but clear disagreement between those who favoured a conference and (unspecified) treaty amendment, and those who did not. There had been suggestions before the meeting and indeed during the discussions on the first day that Craxi would adopt a more cautious approach and start to play a Presidency rather than an Italian role. This never happened.

7. When the meeting resumed at heads of government level, the discussion became heated. Andreotti proceeded to propose that the European Council should vote under Article 236 of the Treaty to hold a conference for the express purpose of amending the Treaty. This the Prime Minister was not prepared to accept; and neither of course were the Greeks and Danes. She objected very strongly to the European Council being asked for the first time in its history to hold a vote; and to the role the Presidency was playing. In a bilateral exchange during a break in the meeting Kohl, who on the previous day had appeared still to hope that agreement might be reached on the basis of the Franco-German text, told the Prime Minister that she did not believe in the development of the Community. The Prime Minister pointed out with some asperity that when it came to observing Community obligations the two countries with by far the best record were Britain and Denmark. What she wanted to see was the Treaties implemented.

8. Nevertheless a vote was held with the original Six plus the *Irish* ~~Italians~~ voting in favour of such a conference. The Spanish and Portuguese Prime Ministers must have viewed these goings on with some amazement.

9. The German initiative was fatal to the chances of agreement on the second day. Although the French position on substance was close to ours in some respects, Mitterrand was determined to appear in the midst of this movement and, predictably enough, aligned himself with others of the Six. The French had prepared a watered down version of the German text which, in turn, was transformed into the British



document circulated by the Prime Minister after lunch on Saturday and described in UKDEL Milan Telno 5. We do not regard ourselves now as committed to everything in that document, which was put forward in an attempt to reach an agreed conclusion. But anyone reading it cannot, I hope, fail to register that the Prime Minister was prepared to go a very long way indeed to try to reach agreement. But that proposal was brushed aside. Papandreou then took the line that he was prepared to agree either to the British proposal or to a conference but not to both. The conclusions based on our proposals therefore fell away and the only decision taken was the procedural one that there should be a conference to discuss treaty amendment under Article 236 and a treaty on political cooperation based on the British and Franco-German texts. In the discussions the Prime Minister made clear that these two aspects should be kept separate. Political cooperation is not part of the Article 236 procedure as it would not require treaty amendment. The Benelux and Italy throughout took the line that they would not agree to a new Treaty on political cooperation unless there were also some changes to the Treaty of Rome.

10. At her press conference in Milan the Prime Minister expressed her disappointment that these issues had simply been referred to a conference; and her conviction that treaty amendment was neither necessary, nor likely on any extensive scale to be feasible, and that agreement was unlikely to be reached in a conference if it could not be reached between the heads of government themselves. In her statement in Parliament the Prime Minister made clear that we will participate constructively in a conference. Our position on treaty amendment remains agnostic. We do not believe that it is necessary. Rather than attempting the immensely difficult task of changing the constitution, our proposals were intended to change the way in which it operates. Nor is it clear that treaty amendment will turn out to be practicable. We do not see, for instance, how it is going to be possible to reconcile the Italian and Danish positions on the Parliament. The only Treaty articles so far identified as candidates for amendment are 57(2) and parts of 100, since there is no general support for amending Articles 99 and 235. The Prime Minister in Parliament avoided, however, saying an absolute never. No doubt there will be proposals also for extension of the scope of the treaties (to education, health, science, culture, technology, etc).

11. The conference is being called under Article 236. We have no intention of making a fuss about procedure (it was to my regret that we actually voted against a conference: that happened because of the way the Italians went bald-headed for a vote, with no time for proper reflection). But we shall continue to point out that Article 236 requires a precise proposal for treaty amendment and none has yet been made.

12. What we now need to know in the case of each member state is (a) which Treaty articles they think should be amended; and (b) what other changes they propose. We have no interest whatever in continuing recriminations. The Secretary of State is determined that the message we must get across is that we believe that it is still possible to re-establish some common ground and achieve broad agreement in

/December



December in Luxembourg. But that will require a positive effort to do so, precision as to what is proposed, and the avoidance of maximalist proposals. That will be the main theme of the meetings he is arranging with Genscher, Poos and Dumas on the eve of the next meeting of the Foreign Affairs Council.

13. We shall of course be able to send you more detailed guidance as soon as we have had some further discussion with the Secretary of State. But I thought I should let you have this background now.

*Yours ever,*

*Robin*

R W Renwick

cc: HM Ambassadors, Athens  
Brussels  
Copenhagen  
Dublin  
Luxembourg  
Paris  
Rome  
The Hague  
Madrid  
Lisbon  
UKREP Brussels  
Mr David Hannay, Washington

Mr. Renwick,



From: Derek Thomas

Date: 5 July 1985

M. Thomas  
PA  
76

CONFIDENTIAL

Mr Renwick

PA 001/10

POST MILAN.

1. At the PUS' meeting this morning there was some discussion about the exchanges of telegrams and minuting on the follow-up to Milan. The PUS himself and Mr Goodall sought further clarification about how the unsatisfactory conclusion at Milan came to be reached. The reporting telegrams from UKDEL Milan were thought to be too complicated for most people to grasp. The telegram of instructions which went out yesterday was not felt quite to meet the point. The PUS was not suggesting that this was something we wanted to raise (as the telegram of instructions had made clear) but he thought that it was important that all concerned should understand the issue properly.

2. The Private Secretary and I did our best at the meeting to clarify these issues but the PUS' conclusion was still that something was needed, both for posts abroad and for senior officials.

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11 JUL 1985	
✓	✓ RV

*[Signature]*

Derek Thomas

Mr. Derek Thomas

I had written the attached letter to Sir Julian Bullard, which I have copied widely in the office. Do you think this will suffice?

PUS

*[Signature]*  
5/7

PE/PUS

I think Mr Renwick's excellent letter meets the case admirably. Does the PUS agree?

Yes. Excellently clear.

AM 8/7

*[Signature]*  
5/7

75

PRIVATE SECRETARY'S OFFICE  
BUCKINGHAM PALACE  
1 JUL 1985  
*Writer informed that letter  
is being forwarded to*  
*PLC*

Fir Tree Farm,  
Hampstead Norreys,  
Near Newbury,  
Berks,

26th June, 1985.

MWG 011/10  
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10 JUL 1985  
DEPARTMENT OF STATE

Your Majesty,

The imminent EEC Summit in Milan fills me with alarm as I fear the Prime Minister will give way to demands for greater political integration with the Common Market.

I write to you to express my fears as I am sure Downing Street will take no notice of any letter of mine.

I beg Your Majesty to exercise your still not inconsiderable constitutional

powers to stop further political betrayal  
of our nation. I owe allegiance to you  
in your Parliament and to no other.

I have the honour to be, Madam,  
Your loyal and humble subject,

*Susan H. Palmes.*

Her Majesty the Queen,  
Buckingham Palace,  
London, SW.

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TELEGRAM NUMBER 2448 OF 2 JULY  
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ATHENS LISBON AND MADRID.  
INFO SAVING BRUSSELS.

mwg 011/10

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- 8 JUL 1985


FOLLOW UP TO EUROPEAN COUNCIL : INSTITUTIONAL QUESTIONS

1. I HAD AN INFORMAL TALK WITH MY LUXEMBOURG COLLEAGUE THIS MORNING. HE SPOKE VERY FRANKLY (PLEASE PROTECT).

2. HE MADE IT CLEAR THAT LUXEMBOURG MINISTERS HAD NOT YET MADE UP THEIR MINDS HOW TO PROCEED. BUT THEY DO CONSIDER THAT THEY HAVE A RESPONSIBILITY TO MAKE PROPOSALS UNDER PARAGRAPH 3 OF THE COUNCIL CONCLUSIONS. HIS OWN IDEAS ARE SUBJECT TO POOS' APPROVAL.

3. WEYLAND SAID THAT THE LUXEMBOURGERS WERE CONCERNED TO MINIMISE THE SCOPE FOR DISAGREEMENT AND FRICTION AT THE INTERGOVERNMENTAL CONFERENCE. THEY WOULD PREFER TO LIMIT IT TO DISCUSSION OF ARTICLES 57 (11), 99 AND 100. THEY WERE AFRAID THAT THERE MIGHT BE A HOST OF PROPOSALS WHICH STOOD NO CHANCE OF SUCCESS, PARTICULARLY ON THE POWERS OF THE PARLIAMENT. THEY WERE THEREFORE EXAMINING WHETHER IT COULD BE MAINTAINED THAT A DECISION TO HOLD THE CONFERENCE HAD ALREADY BEEN TAKEN ON THE BASIS OF THE COMMISSION'S SUGGESTION TO AMEND THESE ARTICLES. WHILE WARMLY SUPPORTING HIS AIM TO LIMIT THE SCOPE OF THE CONFERENCE AND RECOGNISING THAT THIS MIGHT BE DIFFICULT IF A NEW PROPOSAL WERE MADE AND SUBMITTED TO THE EUROPEAN PARLIAMENT, FOR AN OPINION, I EXPRESSED SOME DOUBT AS TO WHETHER IT COULD SERIOUSLY BE ARGUED THAT A VOTE IN ACCORDANCE WITH ARTICLE 236 HAD BEEN TAKEN. FROM YOUR ACCOUNT AT MILAN I HAD UNDERSTOOD THAT EVEN THE ITALIANS HAD NOT MAINTAINED THIS. WEYLAND RECOGNISED THE DIFFICULTIES BUT CONTINUED TO HARP ON THE DANGERS OF WIDENING THE SCOPE OF THE DISCUSSION.

4. WEYLAND AGREED WITH ME THAT, ALTHOUGH IT HAD NOT BEEN WRITTEN DOWN IN THE CONCLUSIONS, THE EUROPEAN COUNCIL HAD AGREED THAT THE POLITICAL COOPERATION AGREEMENT AND THE ARTICLE 236 AMENDMENTS SHOULD BE HANDLED SEPARATELY. HE SAID THAT HE WAS PROPOSING TO RECOMMEND THAT FOREIGN MINISTERS SHOULD CHARGE THE POLITICAL DIRECTORS WITH WORKING ON THE DRAFT POLITICAL COOPERATION AGREEMENT.

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/s. HF

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5. HE ALSO SAID THAT THE LUXEMBOURGERS WANTED TO CONTINUE TO WORK ON THE QUESTION OF IMMEDIATE ACTION ON DECISION-MAKING PROCEDURES, THE MANAGEMENT POWERS OF THE COMMISSION AND PARLIAMENT/COUNCIL RELATIONS. THEY INTERPRETED PARAGRAPH 3 OF THE CONCLUSIONS AS POINTING IN THAT DIRECTION RATHER THAN PUTTING THESE QUESTIONS INTO THE INTERGOVERNMENTAL CONFERENCE. THEY WERE THINKING OF SUGGESTING THAT THE FOREIGN MINISTERS SHOULD TAKE UP SECTION 1 OF THE FINAL PRESIDENCY DRAFT OF 1600 HOURS WHERE IT HAD BEEN LEFT OFF WHEN PAPANDEOU HAD OBJECTED TO IT. I AGREED WITH HIM THAT THESE QUESTIONS

SHOULD BE KEPT OUT OF THE INTERGOVERNMENTAL CONFERENCE AND SAID THAT I SAW NO REASON WHY WE SHOULD NOT FALL IN WITH HIS APPROACH.

FCO ADVANCE TO POWELL (NO10).

FCO - RENWICK PS

CAB - WILLIAMSON

ADVANCED AS REQUESTED

BUTLER

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10 DOWNING STREET

MWG 011/10	
RECEIVED	- 8 JUL 1985

Mr Casselby - Int. Wot  
 COPS PS/K/Alford PS/K/1  
 Mr Deane Mr Mac Mr Jenkins  
 Mr Memorial Mr Francisweather  
 28 June 1985 E2(C1)

Mr Meyer

WJZ/6

1/ce Mr Shepherd  
 2/ Mr Baker 2/7  
 Mr Roberts  
 Mr Thompson

From the Private Secretary

PE

Stodd

Dear Len, 1/7

PRIME MINISTER'S MEETING WITH THE PRIME MINISTER OF ITALY AT THE  
 HOTEL PRINCIPE DI SAVOIA IN MILAN ON 28 JUNE 1985

The Prime Minister met Signor Craxi this morning shortly before the opening of the European Council.

EC/US Relations

Signor Craxi said he had recently seen Vice President Bush and told him of Europe's concern about growing protectionist pressures in the United States. His own view was that some sort of trade negotiation between the European Community and the United States was needed ahead of the GATT round. He thought this was the only way to contain protectionist pressures. The Prime Minister said that she hoped that trade issues would be discussed at the European Council, particularly in the context of Japan. It was very important that the European Community and the United States should co-operate in maintaining pressure upon Japan to revalue the yen and further open its markets. The Japanese would never deal with the problem if left to their own devices. Only if they believed that Europe and the United States would act in concert would they take any significant action.

The Prime Minister continued that the Community should soon settle down to a serious discussion of how to deal with the problem of agricultural surpluses. The opportunities for disposing of surpluses were fast shrinking. She thought that Mr. Gorbachev would succeed in reforming Soviet agriculture and eventually in achieving self sufficiency. Signor Craxi agreed that it was necessary to correct overproduction in the European Community. He also agreed with the Prime Minister on the importance of keeping the Atlantic dimension in mind in dealing with European problems.

/ Future

Future of the European Community

Signor Craxi said that his aim at the European Council would be to clarify the issues, particularly decision-taking, political co-operation, the role of the European Parliament and the extension of co-operation into new sectors. There were many proposals on the table and it was for Heads of Government to decide how they should be translated into decisions. He had been informed of the Foreign Secretary's proposal that the European Council should be transformed into an inter-Governmental conference for the purpose of taking decisions. He found this a neat solution. Time was needed to allow negotiations to take place between Governments at the level of Foreign Ministers and find reasonable and balanced solutions. A European Council, convened as an inter-Governmental conference, could then put its stamp on the agreements reached. Personally he did not think it should be difficult to arrive at decisions; the scale of the differences between Member States had been exaggerated. So the procedure which he envisaged was a general exchange of ideas at this European Council followed by the launching of a negotiation with decisions reached at a future European Council. Everything would of course be decided by unanimity.

The Prime Minister said that she was rather disappointed by Signor Craxi's approach. She had come to Milan ready to take decisions. She saw no reason why decisions should not be reached at this meeting, at least on some of the subjects. It was necessary to define clearly what could not be done. For instance she saw no possibility of amending the Treaty, particularly while much of the existing Treaty remained to be put into effect. The United Kingdom had circulated a draft formal agreement on political co-operation. The text circulated yesterday by France and Germany bore an astonishing similarity to ours, although it was rather weaker on some points. So her view was that the European Council should take some decisions and prepare the ground for others at the next European Council.

Signor Craxi said that he had not invented the idea of an inter-Governmental conference. But the proposal had been launched and expectations created. The Prime Minister said that if the present Council were able to reach some decisions there would be much less need for any follow-up conference. Signor Craxi repeated that he feared that there were too many different proposals on the table to allow decisions at this stage. The Prime Minister said that it was important to do as much as possible on the first day, particularly on the future of the Community and technological co-operation.

/ Terrorism

Terrorism and Hijacking

The Prime Minister said that she would wish to raise this issue and have a proper discussion. Signor Craxi said he envisaged a discussion over dinner. The issue had been very much at the top of the agenda for his meeting with Vice President Bush who was clearly looking to the European Community for ideas and support.

Internal Market

Signor Craxi said that M. Delors had told him that completion of the internal market as envisaged by the Commission would require literally hundreds of new directives. The Prime Minister disputed this. There were far too many unnecessary directives already. And in their proposal to the European Council, the Commission had muddled up several unnecessary and irrelevant issues, such as tax approximation, with those which genuinely related to completion of the internal market. Signor Craxi asked what practical results the Prime Minister envisaged from the European Council on the internal market. The Prime Minister said that it was essential to concentrate on free movement of goods and services, on rights of establishment and liberalisation of transport by land, air and sea. Movement of people was a different and secondary issue and nothing should be done to undermine our defences against terrorism and drugs. She also thought that it was important to agree that a progress report on completion of the internal market should be made to each succeeding European Council, together with similar reports on deregulation and Japan. Signor Craxi said that the Prime Minister seemed to have in mind essentially a procedural decision with progressive verification of the steps taken.

Technological Co-operation

Signor Craxi said that it was important to give substance to the various ideas which had been floated. The Prime Minister said the essential need was to translate research into concrete projects. A decision should be taken to set up a group of senior officials to monitor progress. Co-operation in this area should not be limited to the Community. Signor Craxi agreed.

Football Disaster

The Prime Minister said that all in the United Kingdom were grief-stricken about what had happened at the Liverpool/Juventus match. Arrangements had been made to pay some compensation to the families of the victims, although she realised this could be no more than a token. The Government were taking

/ action

CONFIDENTIAL

-4-

action to avoid similar problems in future and had already introduced a Bill to prevent the sale of alcohol at football grounds. Signor Craxi said that he had been very grateful for the attitude taken by the Prime Minister from the earliest moment. This had avoided any ugly consequences. He was also grateful for the Government's generosity towards the victims.

I am sending copies of this letter to John Mogg (Department of Trade and Industry), Rachel Lomax (H.M. Treasury), Phil Dykins (Office of the Minister for Sport) and Richard Hatfield (Cabinet Office).

yes sirrah.

Charles Powell

Charles Powell

Len Appleyard, Esq.,  
Foreign and Commonwealth Office.

CONFIDENTIAL

Mr Renwick

MWG 01/10	
RECEIVED	
24 JUN 1985	

DRAFT LETTER TO PRIME MINISTER

I have a couple of comments reflected in pencil marginalia.

2. You do not mention that Kohl disingenuously referred to the advantages of tax harmonisation in his message to the Prime Minister (paragraph 6 of the draft). Is there a tactical reason for doing this? Or would it be better to steer the Prime Minister in the right direction at this stage?

3. I have suggested additional wording to paragraph 9. This, and the reference to EUROTYP, helps to get our word in first and so to force the DTI's hand to some limited extent. I am reasonably confident that we can do so (not least following Sir Robin Nicholson's lunch with Mr Pattie today) but we cannot be certain. The paragraph does not mention the role of the Commission nor the question of organisation. Would it not be wise to put down a one-sentence market, since this is bound to be a major part of the Milan discussion on this part of the agenda?

21 June 1985

*Very welcome*  
for R Q Braithwaite

Mr Wall

71

we spoke.

CRBudd

4/7

FROM: J S Wall  
DATE: 3 July 1985cc: PS/Mr Rifkind  
Mr Braithwaite  
Mr Adam Fergusson  
ECD(E)  
ESSD  
Legal Advisers  
Mr Williamson, Cab. Office.

Mr Renwick

PS

MUG 011/10 *Wall*

RECEIVED IN SECRETARY  
- 8 JUL 1985 *4/7*

EUROPEAN COUNCIL CONCLUSIONS

Problem

1. Whether, in Coreper tomorrow, Sir Michael Butler should query the text of the European Council conclusions.

Recommendation

2. I recommend that we should consider querying the text in two or three instances, depending on the Secretary of State's recollection of what transpired. I attach a speaking <sup>note</sup> on which Sir Michael Butler might draw.

Background

3. There are three possible areas where the European Council conclusions do not accurately reflect discussion:

- a) Paragraph 4 of the section on institutional affairs records discussion by the European Council on the convening of a conference to work out . . . "a Treaty on a common foreign and security policy on the basis of the Franco-German and UK drafts". The Danes suggested that discussion should focus on either a Treaty or an agreement. UKRep Brussels believe that the Danish proposal was not accepted. If the Secretary of State agrees with UKRep we should clearly not query the conclusions. We should, however, point out that final



B

status of the PoCo text will be for decision. We should support the Luxembourg Presidency if, as they intend, they recommend that Foreign Ministers should charge the Political Directors with working on the draft PoCO agreement (UKRep Brussels telno 2448). We should not, however, get into a procedural wrangle about whether the inter-governmental conference has overall responsibility for the PoCo text as well as for discussion of Treaty amendment. Given that the conference will almost certainly be at Foreign Minister level, we would not get support for a suggestion that Foreign Ministers should not be in overall charge of all aspects of the negotiation. It will however be essential to establish that negotiation on the PoCo text does not take place in the framework of Article 236 (Treaty amendment).

- b) The conclusions on a People's Europe (paragraph 3) say that "the European Council accepted the suggestions along the same lines contained in the French memorandum on a People's Europe and emphasised in particular the sections of that document concerning young people, culture and health". We believe it was agreed only that the European Council noted the French suggestions. We believe this point is worth pursuing. The French suggestions are not only far reaching in themselves but could form the basis of attempts to extend Community competence so that areas now dealt with either on the basis of mixed competence (culture and health) or inter-governmental cooperation were drawn into the Community structure. I recommend that Sir Michael Butler should draw attention to our understanding that the French memorandum was noted by the European Council, adding that the subjects raised in it, and the People's Europe Committee Report itself, will now fall to be dealt with in the relevant fora.



- c) The section in the conclusions on technology (paragraph 2) records that "the European Council approved and endorsed the Commission report on the strengthening of technological cooperation in Europe". The reporting telegram UKDel Milan telno 4 para 13) records that the Commission's report was "accepted" but that the French version of this was "approuve et fait sien". The Secretary of State's notes show President Mitterrand as saying that "he could approve and endorse the Commission report". There is no record of dissent. However, the Prime Minister will have made our views clear on the basis of the attached speaking note. I recommend that Sir Michael Butler should not challenge the conclusions as such but should draw attention to the fact that the issues raised in the Commission's report will need to be considered by the Research Council. DTI agree.

J S Wall  
European Community  
Department (Internal)


On (a), depending on the Secretary of State's recollection of the discussion, I doubt if we should make much of the title of the political cooperation text. It helps our general cause, and to avoid any general treaty on

European Union, to be willing to  
consider a treaty in this area. No  
final decision will need to be  
taken until the end of the  
process. The conclusions already  
have been tabled in Parliament.

2. On (b), we should only challenge  
the conclusions if this point was  
made strongly in the discussion.  
Otherwise we should simply insist  
that these matters will require study  
in the appropriate Com.

3. I agree with the attached  
sheeting note on point (c)  
(Technology).

Hubert.  
3/17



SPEAKING NOTE FOR USE BY SIR MICHAEL BUTLER IN COREPER:  
EUROPEAN COUNCIL CONCLUSIONS

Inevitably, the conclusions of the European Council were drawn up in great haste at the end of the meeting. On one or two points the conclusions do not altogether reflect our understanding of what was agreed by Heads of Government. I should like to make our understanding of what was agreed clear now so that there is no misunderstanding later on when these issues come to be discussed in greater detail.

In the section on A People's Europe, the conclusions record that the European Council accept the suggestions contained in the French Memorandum. We agree with a great deal in the French text and it will obviously be an important element in our future work. We do not believe that the Council accepted all the suggestions in the French Memorandum. [ We had understood that it was agreed that the conclusions would note rather than accept the French suggestions ] That is the basis on which we believe work should now be pursued in other fora.

There was something of a last minute discussion on the Commission's paper COM(85)320 on the strengthening of technical cooperation in Europe. The conclusions record that the European Council "approved and endorsed" the report. Our understanding is that the European Council "accepted" the report but did not go as far as the conclusions as issued imply: the Commission set out an agenda for future action, but the implementation of the ideas in the Commission paper will need to be the subject of proposals which will have to be considered in detail by the Council.

Used in Helen.

Paul  
~~1/7~~  
1/7

TECHNOLOGY: Speaking Note on Commission Paper

- Glad to see recognition of importance of opening up public purchasing and adoption of common standards. Without open and dynamic European market a Community of Technology will not be realised.
- The most important task for the Community must be to create the environment within which companies operating in the high technology sectors can maximise their access to a genuine European-wide market. The Treaties provide the means for that to happen. But they need to be implemented. What the high technology companies need is access to a genuinely integrated market.
- We should also seek to give the companies a practical incentive to cooperate, through the "Euro-type" proposals I have made, to guarantee them access to a wider market for the productions of their collaboration.
- The priority should not be on identifying large new projects requiring public funding. Projects must be geared to the market and managed by the companies themselves.
- Community has done useful work on information technology, biotechnology and optronics.
- Research Council agreed new programmes of 1 1/4 billion ecu last December. A further 1 1/2 billion ecu has been committed

Foreign and Commonwealth Office  
London SW6 2AA

to ESPRIT and we have just reached agreement on RACE  
(integrated telecommunications network).

- We have to be sure that all this is done cost effectively.  
The Community is committed to review these and other  
programmes.

- Many points in Commissions' paper need thorough discussion  
in the Research Council before we can take a view.

Yours sincerely,  
Colin Clark

CC 2 (and)  
Private Secretary

Signe Mackin-Dun  
Political Officer  
14 Downing Street

*[Handwritten initials]*  
K  
S.M.

70

1. Mr [unclear]  
2. [unclear]



Foreign and Commonwealth Office  
London SW1A 2AH

2 July, 1985

MWG 011/10	
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- 8 JUL 1985	
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[unclear] RW	

64

Dear Nigel,

Thank you for your letter of 26 June, enclosing a letter from Mr Rattray to the Prime Minister about the European Council in Milan.

I enclose a draft reply for you to send to Mr Rattray.

Yours Sincerely,  
Colin Budd

(C R Budd)  
Private Secretary

Nigel Hawkins Esq  
Political Office  
10 Downing Street

*[Handwritten signature]*  
[unclear]  
[unclear]

**DRAFT:** minute/letter/teleletter/despatch/note

**TYPE:** Draft/Final 1+

**FROM:**

Reference

Nigel Hawkins, Political Office, No 10

**DEPARTMENT:**

**TEL. NO:**

SECURITY CLASSIFICATION

**TO:**

Your Reference

Top Secret

John Rattray Esq  
64 Oakmead Road  
LONDON  
SW12 9SJ

Secret

Copies to:

Confidential

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Unclassified

PRIVACY MARKING

**SUBJECT:**

.....In Confidence

The Prime Minister has asked me to reply to your letter of 25 June about the European Council meeting at Milan.

CAVEAT.....

As you will be aware, the European Council has referred various proposals for amending the Treaty of Rome to an inter-governmental conference. The United Kingdom's view was that positive decisions could and should have been taken at Milan to make practical improvements to decision-taking, within the existing Treaties. I enclose a copy of the Prime Minister's statement of 2 July to the House of Commons. The United Kingdom will of course be present at any inter-governmental conference and will continue to press for realistic action to implement the present Treaties which remain unfulfilled in a number of important respects, particularly completion of the common market in goods and services.

Enclosures—flag(s).....

The Treaty cannot be changed without the unanimous agreement of all the member governments, and the approval of national parliaments, so there is no risk of the United Kingdom being forced to accept changes with which it does not agree. There can therefore be no chance

MOG 01/10  
1 JULY 1963

of an inter-governmental agreement "by-passing" Parliament.

1 JULY 1963

MR. GIBSON  
12, BRISTOL  
17, NEWINGTON

FROM THE AIR ATTACHE, BRUSSELS, AT 11.30 AM

1. I attach a copy to Sir Russell Johnston who wants  
to discuss the idea European Council to encourage the  
members of state to support the Dege majority view in  
order to bring and to agree to an inter-governmental  
agreement.

2. I attach Dege's proposal which will discuss  
the same conditions by R. Dege referred to by  
Sir Russell Johnston.

3. A copy of the Dege Report is also attached; the  
pages on cartilage which are on pages 26-28.

J. S. Hall  
European Community Department  
(Intercell)

file 69

MWG 011/10

RECEIVED	
- 8 JUL 1985	
DESK OFFICER	
INDEX	PA

*rw*

FROM: J S Wall  
 DATE: 3 July 1985

*Has seen*  
 Mr Renwick  
 PS

cc: PS/Mr Rifkind  
 Mr Braithwaite  
 Mr Adam Fergusson

LETTER FROM SIR RUSSELL JOHNSTON, MP : 27 JUNE

- A 1. I submit a reply to Sir Russell Johnston who wrote just before the Milan European Council to encourage the Secretary of State to support the Dooge majority view on decision taking and to agree to an inter-governmental conference.
- B 2. I attach UKRep Brussels telno 2417 which summarises the press conference by M. Delors referred to by Sir Russell Johnston.
- C 3. A copy of the Dooge Report is also attached; the passages on decision taking are on pages 26-28.

*J. S. Wall*

J S Wall  
 European Community Department  
 (Internal)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Reference

Secretary of State

DEPARTMENT:

TEL. NO:

## SECURITY CLASSIFICATION

TO:

Your Reference

Top Secret

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Confidential

Restricted

Unclassified

Sir Russell Johnston, MP  
House of Commons  
LONDON  
SW1A 0AA

Copies to:

## PRIVACY MARKING

SUBJECT:

.....In Confidence

Thank you for your letter of 27 June about the  
Milan European Council.

CAVEAT.....

It certainly has been our objective to make the most of the opportunity presented by the Fontainebleau agreement. Before Milan we proposed a draft agreement on Political Cooperation which has met with a very wide measure of support and will now be the basis of negotiation on a text to be agreed later in the year. We also put forward practical proposals for the improvement of decision taking in the Community which included greater use of majority voting and a procedure to avoid abuse of the veto. These are very substantial proposals, as I hope you will agree when you have had a chance to study them. I enclose copies. They could have been implemented straightaway.

Enclosures—flag(s).....

When the proposed inter-governmental conference is held, we shall of course play a positive role. Our aim throughout has been not just to safeguard our own national interests, important though these are, but to work for proposals which have a real prospect of

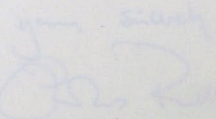
acceptance throughout the Community. We have made a series of specific proposals and we look forward to seeing what specific ideas other Member States bring forward.

In the meantime, you may have seen from the European Council conclusions that work on completion of the common market is going ahead and that the priorities for action now agreed are those to which we attach the greatest importance. So progress is being made towards the internal market liberalisation to which you so rightly attach importance.

BRUSSELS COUNCIL

I enclose a copy of a draft statement to the Council of the European Council in Milan. I should be pleased to discuss it with you by 18th or 19th July.

I am copying this letter and enclosure to the Secretary of State, Department of Trade and Industry, and to the Secretary of State, Department of Economic Affairs.

Yours sincerely  


CHARLES POWELL

*[Faint handwritten notes and signatures on the left side of the page]*

*[Faint handwritten notes and signatures on the right side of the page]*

RESTRICTED

Mr Wall ECD (I) (68)



10 DOWNING STREET

cc PS  
PS/Mr Riggall  
PS/PUS  
Mr Braithwaite  
Mr Rennick  
1 July 1985  
Mr A. Fergusson  
Mr Houston

MWG 011/10  
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- 8 JUL 1985  
From the Private Secretary  
✓ RW

Advice  
please.

Dear Sir,

CR Budd  
1/7

EUROPEAN COUNCIL

I enclose a copy of a draft statement to the House on the recent European Council in Milan. I should be grateful for comments by 1030 on 2 July.

I am copying this letter and enclosure to Rachel Lomag (HM Treasury), John Mogg (Department of Trade and Industry) and David Williamson (Cabinet Office).

✓ Mr Hogwood  
Mr Parker  
Mr Thomas

Yours sincerely,

(CHARLES POWELL)

✓ Mr Morgan ✓  
Small  
1/7

Mr Thomas G 011/10  
K 17

C R Budd Esq  
Foreign and Commonwealth Office

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DRAFT  
STATEMENT  
BY PM

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PM PRESS  
CONFERENCE

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SPLACU

STATEMENT BY THE PRIME MINISTER

ON THE

EUROPEAN COUNCIL, MILAN

28-29 JUNE

With permission, Mr Speaker, I should like to make a Statement on the European Council on 28-29 June at which my Rt. Hon. and Learned Friend the Foreign and Commonwealth Secretary and I represented the United Kingdom.

I have arranged for the conclusions of the Council to be placed in the Library of the House.

The United Kingdom put forward before the European Council specific proposals for the development of the Community, covering:-

- the completion of the Common Market,

- strengthened political co-operation,
- improvements in decision-making
- and the better exploitation in the market of advances in high technology.

Texts of these have also been placed in the Library of the House.

We therefore went to the European Council hoping for decisions which would have allowed the Community to take practical steps forward.

Some of those decisions were taken.

The European Council decided that in making

progress towards achieving the single  
internal market for goods and services in the  
Community by 1992 priority should be given

to:

- the removal of physical and technical  
barriers to the movement of goods;
- a free market in financial services;
- a free market for transport;
- liberation of capital movements;
- full freedom of establishment for the  
professions.

These are the United Kingdom's own priorities.

On political co-operation the European Council decided to set in hand the work necessary to finalise a formal and binding agreement on the lines proposed by the United Kingdom, taking account also of a subsequent Franco-German text which is almost identical in its main provisions.

~~Such an agreement would allow the Community to play a more significant and influential part in world affairs.~~

On technology the European Council expressed its

determination that advantage should be taken of the large Community market to encourage new technology and to put European manufacturers of high technology products on a par with West American and Japanese counterparts.

I proposed that in order to encourage collaboration between companies there should be a guarantee that markets, including public purchasing, in Community countries would be genuinely open to the products of such collaboration.

There will be a meeting of a high-level Committee before 14 July in order to progress

the various collaborative projects known as Eureka and the United Kingdom's suggestions on a Eurotype guarantee.

On decision making, however, a majority of the European



Council preferred to postpone action by referring various proposals for amending the Treaty to an inter-governmental conference.

The United Kingdom's view was that some positive improvements in the Community's decision making should have been decided there and then. and did not necessitate any Treaty amendment.

We regret this unnecessary delay but will naturally attend any such conference and

shall continue to press for practical steps to improve decision making which do not impair our ability to safeguard our national interests.

Any changes to the Treaty would of course require unanimity.

The European Council discussed the economic and social situation in the Community and, in particular, growth and employment. The Commission was invited to prepare a detailed report comparing performance with other major industrialised countries and concentrating on strategies which could contribute to improving growth and

employment.

The Commission reported on the steps being taken to give effect to the British initiative on deregulation at the last European Council and will make its detailed proposals before the next meeting.

The European Council broadly endorsed the second report of the Committee on People's Europe. I emphasised the importance of the recommendations on cutting the burden of Community legislation and in particular, making easier the availability of medical care for British citizens when abroad.

In addition the European Council agreed the value of launching a European action programme against cancer.

The European Council unanimously agreed on the need for a significant increase in Japanese imports of manufactures and processed food products. It also called on Japan to liberalise its financial markets and give an international role to the yen.

These points will be emphasised to the Prime Minister of Japan during his forthcoming visit to Europe.

We also discussed the serious problems of terrorism

and hijacking.

We agreed on a very firm approach and the need to work at further specific measures of co-operation against these evils.

Finally, the European Council discussed famine in Africa, noting that two-thirds of the 1.2 million tonnes of cereals agreed at Dublin had already reached the recipients or was on route.

In line with our views the European Council decided that it should work out a co-ordinated strategy against the effects of drought in the Third World and give priority to helping developing countries achieve

security of supplies and fight the battle  
against the advancing deserts.

Mr Speaker, by agreeing steps to remove the remaining  
barriers to trade in goods and services  
within the Community and to strengthen the  
competitiveness of our high technology firms,  
the Milan European Council contributed to the  
Community's economic strength and to the  
creation of wealth and new jobs.

But this was a lost opportunity to take  
action here and now to strengthen foreign  
policy cooperation and to improve decision  
taking.

These issues will now be discussed in a

further conference.

The United Kingdom will be present and will  
make a constructive contribution on the basis  
of action rather than words.

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1) cc (M/ps) Sir M. Butler  
 Mr Parker  
 Mr Butler  
 Mr Thomas  
 Ms. Cross, G. O'S

STATEMENT BY THE PRIME MINISTER

✓ J. B. G. →

ON THE

Griff  
 ✓

EUROPEAN COUNCIL, MILAN

28-29 JUNE

→ Mr Wall

cc PS

PS/Mr Rifeind  
 Mr Derek Thomas  
 Mr Braithwaite  
 Mr Johnson  
 Mr Ramsick  
 Mr English ECU(E)  
 Ms. Natalie Jones (A Staff)  
 Mr Blathwick (ESSD)  
 Mr A. Duganison

C. B. D.

WITH PERMISSION, MR. SPEAKER, I SHOULD LIKE TO MAKE A STATEMENT ON THE EUROPEAN COUNCIL ON 28-29 JUNE WHICH MY RT. HON. AND LEARNED FRIEND THE FOREIGN AND COMMONWEALTH SECRETARY AND I ATTENDED.

SOME TIME IN ADVANCE OF THE EUROPEAN COUNCIL THE UNITED KINGDOM HAD CIRCULATED SPECIFIC PROPOSALS FOR THE DEVELOPMENT OF THE COMMUNITY, COVERING:

- COMPLETION OF THE INTERNAL MARKET
- STRENGTHENING POLITICAL CO-OPERATION
- AND IMPROVEMENTS IN DECISION-MAKING.

TEXTS OF THESE HAVE BEEN PLACED IN THE LIBRARY OF THE HOUSE TOGETHER WITH THE

PROPOSAL WE MADE AT THE EUROPEAN COUNCIL ON  
EXPLOITATION IN THE MARKET OF ADVANCES IN  
TECHNOLOGY.

THE MEETING OFFERED THE OPPORTUNITY FOR ACTION OVER A

BROAD RANGE OF THESE PROPOSALS AND A NUMBER  
OF IMPORTANT DECISIONS WERE TAKEN.

THE EUROPEAN COUNCIL DECIDED THAT IN MAKING  
PROGRESS TOWARDS ACHIEVING THE SINGLE  
INTERNAL MARKET FOR GOODS AND SERVICES IN THE  
COMMUNITY BY 1992 PRIORITY SHOULD BE GIVEN

TO:

- THE REMOVAL OF PHYSICAL AND TECHNICAL  
BARRIERS TO THE MOVEMENT OF GOODS;
- A FREE MARKET IN FINANCIAL SERVICES;

- 4
- A FREE MARKET FOR TRANSPORT;
  - LIBERATION OF CAPITAL MOVEMENTS;
  - FULL FREEDOM OF ESTABLISHMENT FOR THE  
PROFESSIONS.

THESE ARE THE UNITED KINGDOM'S OWN PRIORITIES.

ON POLITICAL CO-OPERATION THE EUROPEAN COUNCIL DECIDED

TO SET IN HAND THE WORK NECESSARY TO REACH  
AGREEMENT ON THE LINES PROPOSED BY THE UNITED  
KINGDOM, TAKING ACCOUNT ALSO OF A SUBSEQUENT  
FRANCO-GERMAN TEXT WHICH WAS VERY SIMILAR.  
SUCH AN AGREEMENT WOULD ALLOW THE COMMUNITY  
TOGETHER TO WIELD MORE INFLUENCE IN WORLD  
AFFAIRS.

ON TECHNOLOGY THE EUROPEAN COUNCIL EXPRESSED ITS  
DETERMINATION TO USE THE LARGE COMMUNITY  
MARKET SO AS TO STRENGTHEN TECHNOLOGICAL  
CO-OPERATION IN EUROPE IN THE FACE OF THE  
AMERICAN AND JAPANESE CHALLENGE.

AS AN INCENTIVE TO MANUFACTURERS WE PROPOSED  
THAT PRODUCTS RESULTING FROM COLLABORATION  
SHOULD HAVE A GUARANTEE OF GENUINE ACCESS TO  
PUBLIC PURCHASING THROUGHOUT THE COMMUNITY.

BY CONTRAST, WHEN IT CAME TO PROCEDURES FOR  
DECISION-MAKING HOWEVER, A MAJORITY OF THE  
EUROPEAN COUNCIL PREFERRED TO POSTPONE ACTION  
AND TO PUT THE ISSUES TO AN INTERGOVERNMENTAL

CONFERENCE TO BE CONVENED UNDER ARTICLE 236

OF THE TREATY OF ROME.

THE UNITED KINGDOM'S VIEW WAS THAT SOME  
POSITIVE IMPROVEMENTS IN THE COMMUNITY'S  
DECISION MAKING COULD HAVE BEEN DECIDED IN  
MILAN AND DID NOT REQUIRE ANY TREATY  
AMENDMENT.

WE REGRET THIS UNNECESSARY DELAY BUT WILL  
NATURALLY ATTEND ANY SUCH CONFERENCE AND  
SHALL CONTINUE TO PRESS FOR PRACTICAL STEPS  
TO IMPROVE DECISION MAKING WHICH DO NOT  
IMPAIR OUR ABILITY TO SAFEGUARD OUR NATIONAL  
INTERESTS.

AS THE HOUSE WILL RECALL ANY CHANGES TO THE TREATY  
WOULD OF COURSE REQUIRE UNANIMITY AND WOULD

HAVE TO BE APPROVED BY EACH SOVEREIGN  
PARLIAMENT.

ON THE ECONOMIC AND SOCIAL SITUATION, THE COMMISSION IS  
PREPARING A DETAILED REPORT WHICH WILL  
COMPARE THE COMMUNITY'S ECONOMIC STRUCTURE  
AND PERFORMANCE WITH OTHER MAJOR  
INDUSTRIALISED COUNTRIES. IT WILL  
CONCENTRATE ON STRATEGIES TO IMPROVE GROWTH  
AND EMPLOYMENT.

THE COMMISSION ALSO REPORTED ON THE STEPS BEING TAKEN  
TO GIVE EFFECT TO THE BRITISH INITIATIVE ON  
DEREGULATION AT THE LAST EUROPEAN COUNCIL.

THE EUROPEAN COUNCIL GENERALLY ENDORSED THE REPORT OF  
THE COMMITTEE ON PEOPLE'S EUROPE WHICH ITSELF  
RECOMMENDS CUTTING THE BURDEN OF COMMUNITY  
LEGISLATION AND PROPOSES EASIER ACCESS TO  
MEDICAL CARE ABROAD.

THE EUROPEAN COUNCIL AGREED ON THE NEED FOR JAPAN TO  
INCREASE SIGNIFICANTLY ITS IMPORTS OF  
MANUFACTURES AND PROCESSED FOOD PRODUCTS  
AND TO LIBERALISE ITS FINANCIAL MARKETS.  
THIS UNANIMOUS VIEW WILL BE EMPHASISED TO THE  
PRIME MINISTER OF JAPAN DURING HIS  
FORTHCOMING VISIT TO EUROPE.

I RAISED THE NEED FOR FURTHER MEASURES TO COMBAT

TERRORISM AND HIJACKING, WITH PARTICULAR EMPHASIS ON THE SECURITY OF AIRPORTS AND AIR TRAVEL.

FINALLY, THE EUROPEAN COUNCIL DISCUSSED FAMINE IN AFRICA.

TWO-THIRDS OF THE CEREALS FOOD AID AGREED AT DUBLIN LAST DECEMBER HAS ALREADY REACHED THE COUNTRIES CONCERNED OR IS EN ROUTE.

WE NOW INTEND TO WORK OUT A CO-ORDINATED PROGRAMME AGAINST THE EFFECTS OF DROUGHT IN THE THIRD WORLD AND GIVE PRIORITY TO HELPING DEVELOPING COUNTRIES THEMSELVES ACHIEVE GREATER SECURITY IN THEIR FOOD SUPPLIES.

MR. SPEAKER, BY AGREED STEPS TO REMOVE BARRIERS TO  
TRADE AND TO STRENGTHEN HIGH TECHNOLOGY, THE  
MILAN EUROPEAN COUNCIL CONTRIBUTED TO THE  
COMMUNITY'S ECONOMIC STRENGTH AND TO THE  
CREATION OF WEALTH AND NEW JOBS.

1 IT IS REGRETTABLE HOWEVER THAT THE  
OPPORTUNITY AVAILABLE TO THE COUNCIL TO  
STRENGTHEN FOREIGN POLICY CO-OPERATION AND TO  
IMPROVE DECISION MAKING WAS NOT TAKEN. THESE  
ISSUES WILL NOW HAVE TO BE DISCUSSED IN A  
FURTHER CONFERENCE. J

THE UNITED KINGDOM WILL BE PRESENT AND WILL  
MAKE A CONSTRUCTIVE CONTRIBUTION ON THE BASIS  
OF PRACTICAL PROPOSALS RATHER THAN VAGUE  
ASPIRATIONS.

Mr Wall  
ECs(I)



Sister,

*With the compliments of*

THE NEWS DEPARTMENT

Press conference + interviews.

Graham

FOREIGN AND COMMONWEALTH OFFICE  
LONDON, SW1A 2AH



Transcript by  
JAMES LEE of:

PRESS CONFERENCE GIVEN BY THE PRIME MINISTER,  
MRS. THATCHER, IN MILAN, ON SATURDAY, JUNE 29, 1985  
=====

PRIME MINISTER

Ladies and Gentlemen,

I am grateful to so many of you for staying so long; it is rather late at night.

As you know, this has not been an easy conference. We from Britain came here with high hopes. We are a very practical people. We had negotiated with our partners and were prepared to take decisions which would have meant progress in the Community on practical steps forward - practical steps within the existing Community on how best to take decisions; practical steps on the internal market; practical steps on cooperation technologically; practical steps on how better to cooperate politically.

Some of those decisions have been taken. We have, in fact, given priorities to the European Commission about how they should proceed with regard to the internal market. Our job as the European Council is to give priorities. We have given them.

We have also agreed on technological cooperation and on negotiating and agreeing between our companies and our governments on particular ways to go forward in technology.

We have also agreed that we have problems with Japan and we must tackle them in a very vital and decisive way.

All of these are for jobs, but as far as decisions on taking the Community forward is concerned, on the practical

PRIME MINISTER (CONTD.)

proposals we could have implemented and on the political cooperation we could have agreed, we have not in fact made the progress we sought and would have wished.

Others have postponed it to another conference. We have taken the view that if we, as Heads of Government, cannot decide why should another conference which consists of people far less than Heads of Government elsewhere, how should they be able to decide? Nevertheless, the other view prevailed and we must go to that intergovernmental conference. My view of it is this:

It will try to tackle amendments to the treaty. We do not believe you need amendments to this great treaty. The treaty itself is not yet fully operative. Let us explore and make it fully operative. If you go for a conference to change the treaty, any changes have to be endorsed unanimously and go before each of the parliaments. We do not believe that is necessary.

Nevertheless, progress has been made on priorities for the internal market, on technological cooperation, and on the viewpoint which we take with Japan - all of which are important for jobs in the future.

I have just one final comment. We British have occasion to be very very European. We have been part of Europe over the centuries. We believe that Europe could play a far larger, more significant, more influential part in the affairs of the world than she is playing now. It was our objective to achieve that. It has been put off to another conference. We wanted to achieve it now, but we shall steadily continue with our objectives: to make Europe more influential, to make



JOHN DICKIE ("DAILY MAIL")

Why did it go wrong here and what prospect is there of it going right at Luxembourg if it requires unanimity and we will not accept certain aspects of changes to the treaty?

PRIME MINISTER

Look! We cannot accept certain aspects of changes to the treaty and the view which I take is that it does not matter which nation you are, if your own national interest is at stake you must make that clear and you must go on until you get a unanimous decision. Now, that holds whether you are Britain, whether you are France, whether you are Germany or whether you are anyone else, and that is natural, because it is between partners.

The conference did not succeed in the sense that it achieved as much progress as it could have done, because there were two distinct views: our very practical view: let us do what we can now, let us make the agreement for which we have worked for months, let us get as much progress as we can agree on now - and the other view: well that progress is not enough, so let us put it away to another conference.

I believe that if you consistently, when you meet, make progress, that is the way to go about it. Others did not take that view, so they have delayed, postponed, procrastinated and so on. Women are very practical, John, as you know!

QUESTION

Mr. Craxi said in his press conference right now that because of opposition by the Greeks that the practical proposals

QUESTION (CONTD.)

that you had put forward were put aside, shelved, deleted from the Final Statement.

PRIME MINISTER

I do not share that view!

QUESTION (SAME MAN)

What is your view?

PRIME MINISTER

I do not share that view! The Greeks and ourselves and other people were prepared to make progress on practical propositions before us. We were then faced with a different proposition at the last moment that everything should go to an intergovernmental conference to amend the treaty. A number of people took the view that if you are going to have an intergovernmental conference to amend the treaty, well you should know what that is going to propose before you take any other practical steps.

Had we not had this discussion, this cross between making progress now or putting it off to some intergovernmental conference, then right now I should be coming before you and saying: "Look! We have agreed on certain things; this is progress. It is within the existing treaty!" And may I just remind you, ladies and gentlemen, that the completion of the internal market actually came as an objective before the Common Agricultural Policy, and we have not achieved the completion of the internal market yet, although it came above the completion of the Common Agricultural Policy! So we were pretty practical

PRIME MINISTER (CONTD.)

and wanted really to make progress.

You can understand that when we have had difficulties with the Community on finance for years and we get those sorted out, we are raring to go on visible progress. Well, we did not make visible progress as much as we should have done and could have done, but we will work constructively in the future. Do not doubt that!

QUESTION

My question might seem to be out of current (sic) but it is still within the foreign policy of the EEC. I wanted to know: you have failed so far to meet a Palestinian-Jordanian delegation which intended to visit London before visiting Rome and Paris. Is there a particular British stand on that?

And it seems that this meeting has overshadowed the Middle East problems. It seems that the problem has not been fully discussed at this meeting. Thank you!

PRIME MINISTER

The Middle Eastern problem was of course discussed. It was discussed at the level of Heads of Government. We did not come to a joint decision about it. You can understand that our thoughts in the Middle East were dominated by what is happening in Beirut and Lebanon at the moment and we were also discussing terrorism.

We hope very much that a Jordanian-Palestinian delegation will be completed and agreed, particularly in the context of Ambassador Murphy's negotiations, but those appear to have been held up for a time. We hope that that essential first step of

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a Jordanian-Palestinian delegation that will negotiate with Israel, both respecting the rights of one another to exist and the legitimate rights of the Palestinian people, will be agreed. That is our objective and that first step is critical to the future.

QUESTION

Prime Minister, to go back to the main subject of the meeting, can you tell us what your predictions are for the outcome of the intergovernmental conference if suggestions are made for treaty amendments?

PRIME MINISTER

Frankly, I am not optimistic. To make progress, we do not need amendments to the treaty - we need to use the treaty to the full extent, particularly on the internal market, and to use it to the full extent on majority voting, rather than to a fuller extent, than it is now, but also to honour the Luxembourg compromise.

Treaty amendments, as you know, can only be made by unanimous decision. There is not unanimity in the decision to call an intergovernmental conference. I do not think that bodes well for the future of the conference. I think it will delay decisions which we could have taken today. I am not a procrastinator. I believe in taking decisions with Heads of Government now.

DEREK BROWN ("THE GUARDIAN")

Britain came here, at least partly, to prove its credentials as a good European partner and yet has been placed once again squarely in a minority. Are you confident that Britain can break away from that image, break out of that image, and prove the credentials that you came here to prove?

PRIME MINISTER

I think our credentials are the best ones. Had we had our way, decisions would have been taken today. I think those who saw that decisions were not taken today have done the whole idea of Europe a lesser service than we were prepared to do.

QUESTION

You mentioned terrorism. Have you achieved the objective that you set for yourself in coming to this meeting in proposing practical steps to counter terrorism and air piracy?

PRIME MINISTER

We are constantly, in whatever forum we meet and this one is no exception, discussing how best we can counter terrorism, how best we can cooperate. In this case, in the case of the problems we have had both in Beirut and in Air India and other things, how best we can counter hijacking, how best we can make our airports safe and our airlines safe. I cannot give you details, but I can assure you that we are determined to do everything we can to make our airports more secure and our airlines more secure.

QUESTION

Prime Minister, at the intergovernmental conference, do you in fact believe that Britain will be able to approve any treaty amendments?

PRIME MINISTER

None of the proposals which were before us today required a treaty amendment. I see nothing that was before us that required an amendment of the European Community Treaty.

ANN MORRIS ("KANGEROO NEWS")

On the internal market, were those priorities agreed and what priorities would you like to see implemented in the immediate future and how seriously do you think the intergovernmental conference has delayed the internal market?

PRIME MINISTER

The priorities are clear. The priorities are: the way in which we make our decisions, using to the maximum the clauses of the existing treaty. Then, to complete the internal market, which should have been completed years ago. Do you know, there are some directives which come from 1974 in insurance policy. They have not yet been agreed and it is not because of us! The completion of the internal market, technological cooperation, political cooperation and, of course, the way in which we take decisions, within the existing treaty. Those are the priorities which we are working towards, which we could have achieved today.

QUESTION

Prime Minister, could I ask you if you are satisfied with the statement issued by the Ten today on Japan and whether you might not think that further action is necessary?

PRIME MINISTER

Further action may be necessary. I believe the President of the Commission, M. Delors, will make that clear to the Prime Minister of Japan when he sees him.

As you know, there is a colossal imbalance between the trade which Japan expects from the rest of the world and the trade which she is prepared to grant to the rest of the world. That imbalance cannot go on. There is also a colossal imbalance in the value of the yen, which alters the competitiveness of Japanese goods. That cannot go on! If Japan is not prepared to make substantial real changes, as distinct from very small technical changes, then we and the United States will have to stand together on securing the need for Japan to make changes in her trading policy.

QUESTION (GIBRALTAR BROADCASTING CORPORATION)

Do you expect Spain to raise the issue of Gibraltar once it becomes a member and could you re-state the conditions under which Britain might cede or share sovereignty over the Rock with Spain?

PRIME MINISTER

I am asked about Gibraltar. The position is that we guarantee the position of Gibraltar in the preamble to the Constitution, that there shall be no change in the status of

PRIME MINISTER (CONTD.)

Gibraltar unless the people of Gibraltar wish it.

With regard to the Treaty of Utrecht, which governs the position of Gibraltar, Gibraltar cannot be independent under that treaty: either she is British or if she ceases to be British, she becomes Spanish. So the interregnum of an independent Gibraltar is not possible under that treaty unless, of course, it were by agreement between ourselves and Spain and a new treaty.

But the position of Gibraltar is guaranteed under the Preamble to her Constitution and we stand by that guarantee.

QUESTION

Prime Minister, the intergovernmental conference will also discuss a new treaty on foreign policy and...

PRIME MINISTER

No, no, no, no!

QUESTION

Well according to the Italian text it will!

PRIME MINISTER

Well, an intergovernmental conference under Article 236 can only be called when specific amendments of treaty have been proposed either by government or commission. The only specific amendments that I know that have been proposed to the treaty are to Article 57 and to Article 100 - political cooperation does not require amendment of the treaty. A binding agreement on political cooperation must be negotiated between Foreign Ministers

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in the Council of Foreign Ministers - the General Affairs Council - it does not require an amendment of the treaty to do it; it requires a binding agreement which would have to be ratified by all parliaments.

QUESTION (SAME MAN)

So this conference will not discuss that issue?

PRIME MINISTER

I would not expect that conference to. It is a wholly separate matter.

QUESTION

Madam Prime Minister, coming from Utrecht, I do not want to put questions .....

PRIME MINISTER

Then don't!

QUESTION (SAME MAN)

But during this conference there have been talks about the three of Benelux and the old six plus one. Are you not afraid that the ten - later on 12 - will be split up into three, six, seven and so on that is nothing to do with the Common Market, with the Community?

PRIME MINISTER

No I am not! I have been here 6½ years and I have seen most things, believe you me! And I believe that the achievements we have made in the last 18 months have been quite outstanding. I think it is a pity we have not been able to take them forward in this particular meeting of the European Council. We could have made further progress in this. People have tended to shift it aside and put it on to some intergovernmental conference. I think that is a pity. We could have made progress here.

But no, I do not believe that you will get a kind of specific cleavages within the 12.

QUESTION

Mrs. Thatcher, could you comment on the success or otherwise of your meeting with Dr. FitzGerald, the Irish Prime Minister, on Anglo-Irish relations?

PRIME MINISTER

Well now, I think that we actually issued something afterwards, that we say that we met for about an hour, as part of continuing contacts between the two Prime Ministers, the Prime Minister of the United Kingdom and the Prime Minister of the Republic of Ireland, and we reviewed the progress made in talks between the United Kingdom and the Republic of Ireland, under the authority of an intergovernmental council that we have, and we reaffirmed our progress and our commitment to make progress in relation to the Northern Ireland situation, our condemnation of all forms of terrorism, and I may say that whether it is Garrett FitzGerald or myself, we are both absolutely condemning all forms of terrorism. They are enemies of democracy, and our determination

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to do everything possible to defeat them.

We also, as you know, have been cooperating together on the loss of the Air India aircraft, which we went obviously to the aid of, because we had Nimrod and various forces searching for people and we and Ireland cooperated together very much on that.

QUESTION

Mrs. Thatcher, you are obviously very irritated by the failure to make progress today. What do you blame for this? I mean, is it a national interest on anyone's part?

PRIME MINISTER

No, I am not particularly irritated. It was just a lost opportunity. I think that is a pity, but you know how practical we women are!

QUESTION (SAME LADY)

Why was this opportunity lost?

PRIME MINISTER

It was the difference between people who wanted to make the progress we could make now and others who said: "Look! We want to make /more, therefore let us try to get an intergovernmental conference to see if we can make more !" Those of us who wanted to make immediate practical progress said: "Look! But if you have an intergovernmental conference, it cannot get anywhere without unanimous decisions. There is not unanimous agreement. We have already staked out and defined the limit of what we can agree at the moment. Let us take that now!" That was the difference.

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We wanted to make progress now and others seemed to me to push it aside and delay it to an intergovernmental conference which in the end cannot succeed, except through unanimity.

QUESTION

Mrs. Thatcher, you said that you condemn all forms of terrorism in Northern Ireland.

PRIME MINISTER

I condemn all forms of terrorism, not those limited to Northern Ireland.

QUESTION

Indeed, but in the Northern Ireland context, where do you and Dr. FitzGerald stand in regard to the reported opposition of the judiciary to judges from Northern Ireland and from the Republic in courts....

PRIME MINISTER

That is not a matter of terrorism. Terrorists can be brought before any court, either in Northern Ireland or in the Republic, and as you know we have an agreement that people guilty in one territory can be tried in the other. Your question is not a link-up to terrorism in any way. Terrorists can in fact be tried either in the courts in Northern Ireland or in the courts of the Republic.

QUESTION (SAME MAN)

My question is this: did you just confine it to terrorism, i.e. against the IRA and any other forms of terrorism, or did you go into other obstacles to Anglo-Irish progress in regard to the police and the judiciary?

PRIME MINISTER

We are trying to discuss things which will make for stability and peace in Northern Ireland. I do not intend to go into details.

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SATURDAY 13 JUNE 1963

TRANSCRIPT OF AN INTERVIEW

GIVEN BY THE PRIME MINISTER

THE RT HON MARGARET THATCHER PRS MP

TO

PAUL REYNOLDS (BBC RADIO)

IN

MILAN

ON

SATURDAY 29 JUNE 1985

Press Office  
Prime Minister's Office  
10 Downing Street  
Whitehall  
London SW1  
01-930 4433

Transcript by  
JAMES LEE of:

INTERVIEW GIVEN BY THE PRIME MINISTER, MRS. THATCHER,  
IN MILAN, ON SATURDAY, JUNE 29, 1985.

INTERVIEWER: PAUL REYNOLDS BBC  
=====

INTERVIEWER

Are you disappointed at the results of the European Council here in Milan?

PRIME MINISTER

Yes, of course I am. You know, after we had got all our own difficulties with the Common Market over, the difficulties with finance, difficulties with own resources, since then we wanted to go forward. Europe, if you think of European history, has been so tremendously important. It has been such a dynamic force. It is not at the moment. Therefore we had ideas as to how we could get together and make it much much more of a unit, much much more important and significant in world affairs. But we are very practical people we British and so we came with very practical proposals. The important thing was to make progress. Others did not take that view. They wanted to put it all off to some great conference I am afraid, which will waste a lot of time and forego the progress we could have made this time.

INTERVIEWER

But is it not also true that they in fact wanted to make more progress and wanted to go further than the British Government was prepared to accept, certainly on the question of reducing the power of the veto in Europe?

PRIME MINISTER (CONT'D.)

Yes, but you know, if you are really to get on with ten nations or twelve nations in Europe, you have got to be certain that your own really vital national interests are not only considered, but they could hold up an agreement, and I go there as representative of the British Parliament. I go there because I am responsible to the British Parliament and everyone else there was there because they are responsible to their Parliaments. We are not going to stop something just because we do not like it. Otherwise we would never have got anywhere. But if there is something that is vital in our national interest, then the fact is that apart from the rhetoric it does not matter whether you are French, German or British, if there some vital national interest you will say: "We cannot agree!"

And what really makes me cross is that knowing we all react the same way when a national interest is at stake, others somehow tried to forget that and pushed things off onto an intergovernmental conference, whereas I said: "Look! Partners have to agree. We have to understand other people's problems and do not duck it!" And they ducked it!

QUESTION

What is your attitude going to be at this intergovernmental conference? Are you going to resist any amendments to the treaty which some of the other governments are going to propose?

PRIME MINISTER

I do not think there is any need for amendments to the treaty. We have not yet got this treaty working. It is meant to work. There are many many clauses of it which have never been

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brought into operation and I believe we should bring them in and we can work in that way. We shall go to this intergovernmental conference. I do not think we need any treaty amendment. You can only get a treaty amendment by unanimous agreement of all the national parliaments. I think, therefore, the intergovernmental conference will fail.

QUESTION

Where does this leave the European Common Market now, Prime Minister?

PRIME MINISTER

Not as far ahead as it could have been had we faced the practical problems today. That they did not face it was not our fault. We have taken some significant decisions. We have in fact looked at the improvement of what is called the internal market - that is a common market in goods and services, insurance, financial services, movement by land, sea and air. We have not got an arrangement about that. We have taken decisions about that. And, of course, we have taken decisions about the technological community as well. And the third thing we have taken decisions about is we are not at all satisfied at the way in which trading relations are going with Japan. Japan is expecting to sell her goods all over the world and not buy anyone else's, and that will not do, and we have instructed M. Delors, the President of the Commission, to be very firm indeed with the Prime Minister of Japan when he comes to visit M. Delors soon.

INTERVIEWER

Is this all, do you think, a reflection, what has gone on today, of the different views of the European Community that Britain, Denmark and Greece see it as very much the Europe of the national state as you have been explaining; other countries feel the time is ripe to move forward and take some of the risks which would be involved in giving up more national sovereignty?

PRIME MINISTER

No, it is a different of talk. Just look! It is all very well, Germany wants an intergovernmental conference. Germany did not hesitate to use her national interest in the recent discussions on the Common Agricultural Policy. She was against everyone else and she did not hesitate to invoke her national interest. And this is what sticks in my gullet. We are perfectly frank. Yes, I do invoke my national interest. So do they, but they act as if they were above it. They are not! Believe you me, Germany invoked her national interest on the price of wheat. Recently at Dublin, she invoked her national interest on adding sugar to wine - a matter as small as that - so when it comes to practical things, we do not really disagree. But I cannot stand people who get involved in a terrific amount of grandiose schemes and talk. I am concerned not with talk - what you are prepared to do. What do you do?

INTERVIEWER

Prime Minister, can I change the subject. You looked at the question of terrorism. What has actually been agreed on this? The British delegation was talking about the need for action. Has any action actually been agreed?

PRIME MINISTER

We did not have a communique on terrorism. You can imagine. We were sitting there waiting for the latest news to come in about Beirut and it came in completely. You know, when you are there in a conference, you feel isolated from the outside world. You do not get the latest messages and yet you know that people are looking to you for what is going to happen. We know - and we discussed last night at length - we have to do everything possible to make airports more secure. We cannot say precisely what we are going to do because there are certain obvious things that you never can be specific. We have to see that our airlines fly to airports that are secure. We have to see that we all take certain action on airports which are not secure or on countries that are not prepared either to try or to yield up hijackers, and at the back of our minds all the time today was what was happening to those hostages in Beirut.

Now they still seem to be in Beirut. We know the problems that President Reagan has. We know the problems those families have. We understand that President Assad has been very active in trying to get them released. Believe you me, the road to Damascus has taken on a very real practical meaning for us today, and I just hope it will be all right.

QUESTION

Finally, Prime Minister, on Northern Ireland, the marching season has begun. There has been a lot of trouble already. Does the Government generally favour the re-routing of Loyalist marches away from the Nationalist areas?

PRIME MINISTER

Now as you know, that is a matter for the police and the Chief Constable has to decide whether they re-route. We know we are up against the marching season. It is significant to the Nationalists in Northern Ireland and to the majority who are the Unionists. We just hope that there will be no terrible loss of life or injury. Whether those marches are re-routed and where, the Chief Constable must decide and upon the latest information he has. but you are right, it is a difficult period and we feel deeply about it, and of course, we just await the latest news and hope that freedom of expression will be honoured without abusing it.

QUESTION

Did you make any progress with Dr. FitzGerald this morning?

PRIME MINISTER

We spoke. Obviously terrorism is very much in our minds. As you know, we had the Air India flight which went down in the sea not far off the west coast of the Republic of Ireland and in which we helped to try to look for survivors. We also discussed the situation as to how we can take it forward. We are always looking at that, both Garrett FitzGerald and myself. What can we do to try to make certain that we have stability in Northern Ireland with regard to both communities, the Republic community, the Nationalist community, and the majority of the Loyalist and Unionist community? Yes we do discuss that and we discussed it for quite a long time, but our objective is the same: it is that democracy and human rights shall prevail and they shall not be abused by terrorists and terrorists are as much the enemy of the Republic as they are of the United Kingdom.

Transcript by  
JAMES LEE of

INTERVIEW GIVEN BY THE PRIME MINISTER, MRS. THATCHER,  
IN MILAN, ON SATURDAY, 29 JUNE, 1985

**TRANSCRIPT OF AN INTERVIEW**

**GIVEN BY THE PRIME MINISTER**

**THE RT HON MARGARET THATCHER PRS MP**

**TO**

**ANTONIA HIGGS (IRN)**

**IN**

**MILAN**

**ON**

**SATURDAY 29 JUNE 1985**

Press Office  
Prime Minister's Office  
10 Downing Street  
Whitehall  
London SW1  
01-930 4433

Transcript by  
JAMES LEE of:

INTERVIEW GIVEN BY THE PRIME MINISTER, MRS. THATCHER,  
IN MILAN, ON SATURDAY, 29 JUNE, 1985:

INTERVIEWER: ANTONIA HIGGS, IRN  
=====

INTERVIEWER

Prime Minister, you came here looking for decisions on the way forward for the Community. Very little seems to have been decided at all. Are you very disappointed?

PRIME MINISTER

Disappointed, because we are practical. We had specific proposals. The way was clear. We had a good deal of agreement, but there was a group here that wanted to put things off, procrastinate, send them to another conference. I always take the view that if we cannot agree, why should another conference agree, but other people nevertheless just did not want to meet and to decide today.

INTERVIEWER

Now when the intergovernmental conference does get underway, do you think that it can achieve anything there?

PRIME MINISTER

Well you know, I take the view that here we are, ten countries round the table, we are a governmental conference - if we cannot reach agreement, how in the world can another one of the same ten governments? It is ridiculous.

INTERVIEWER

Why do you think there was such a failure to reach agreement?

PRIME MINISTER

I do not know. You know, we are pretty practical in Britain. We have had many difficulties with the Community; we have solved those, so we were really rather anxious to go forward with making Europe a much more important, significant unit than it is at the moment, because if we did then we could have as big a market, be as big technologically, as United States and Japan and it would all be jobs for our people. That is the view which I take. That view did not prevail. I am sad, but it did not.

INTERVIEWER

Would you go as far as to say that on the question of the future of Europe this has been a waste of time?

PRIME MINISTER

Not a waste of time, because we did three things. First, you know, there is the completion of what is called the "internal market". We are particularly good at services, at insurance. We are particularly good at lorry things, at air, at sea, at sea travel. All of those things we have not got a common market in. There are quotas for lorries. We allow some ships into our ports to pick up our trade; they do not allow us into theirs. We believe in air travel and cheap fares. They do not. All of these things, we wanted a proper common market and in fact we have had a whole document from the Commission trying to get what is called the completion of a proper full internal common market.

Now I lay down specific priorities as to the way in which

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that work should be tackled and they have accepted those. And then secondly, we also talked about technology. So many jobs are in new technology today, and we have got to be right up front, and we have got to be able to compete with America and the best in Japan/<sup>and</sup>we made steps towards that today. So those things are good.

And the third thing is: Europe has got to cooperate. When you think of European history and you think of how little Europe together is doing now, you realise we have got to cooperate when it comes to political decisions, for example in the United Nations and elsewhere. And our text is one of the foremost which is being considered for a new binding agreement. So those things we have gone ahead on.

INTERVIEWER

Now, while the conference has been on, the Beirut hostage crisis has been continuing. Have you and the other leaders been able to keep up to date with the situation there?

PRIME MINISTER

Up to date! Messages have come in. One moment a message came in about lunchtime, they have left Beirut, they are on their way to Damascus, they are going to lunch with President Assad or have tea with him and we all cheered, you know. It was such a relief. And then a message came in later: No, they are still at Beirut, not all of them have been released and they must stay together. So really, while we have been talking about these things - and last night we had a talk about how to combat terrorism and hijacking and to increase security at airports - half our minds have been on what is happening there, because there

PRIME MINISTER (CONTD.)

is a real human problem right now. We know what President Reagan is feeling. We know what the families are feeling. We know the strenuous diplomatic efforts that are going on, because we are part of them, and we have just been waiting for news that they have been released. Indeed, if I might put it this way: the Road to Damascus has taken on a very new meaning for us today!

INTERVIEWER

And on the larger subject of terrorism, your talks last night, did you reach any positive decisions?

PRIME MINISTER

Nothing different from what we had already agreed. We have got to do everything - everything - to increase airport security, security on aircraft, security for our national airlines flying to other airports. We have got to have special regard to anything, Middle Eastern Airlines, which comes through Beirut, where else it is going, what we are going to do about it, and of course, we do not fly to Beirut at the moment and I hope will not do so for some time!

=====

SATURDAY 19 JUNE 1982

TRANSMISSION BY  
JAMES LAI AT

INTERVIEW GIVEN BY THE PRIME MINISTER, MRS. THATCHER  
IN MILAN, ON SATURDAY, JUNE 29, 1985.

**TRANSCRIPT OF AN INTERVIEW**

**GIVEN BY THE PRIME MINISTER**

**THE RT HON MARGARET THATCHER FRS MP**

**TO**

**MICHAEL BRUNSON (ITN)**

**IN**

**MILAN**

**ON**

**SATURDAY 29 JUNE 1985**

Press Office  
Prime Minister's Office  
10 Downing Street  
Whitehall  
London SW1  
01-930 4433

Transcript by  
JAMES LEE of:

INTERVIEW GIVEN BY THE PRIME MINISTER, MRS. THATCHER,  
IN MILAN, ON SATURDAY, JUNE 29, 1985.

INTERVIEWER: MICHAEL BRUNSON, ITN

=====

INTERVIEWER

Prime Minister, haven't you been forced to agree to a conference which you always said would be a waste of time? Is it still going to be a waste of time?

PRIME MINISTER

I came to this conference, this one, prepared to agree certain measures which would mean progress. We had specific things, many other people agreed with us, but others somehow wanted to put it off to a conference which will be endless and difficult. If we cannot make decisions, I do not think that conference can.

INTERVIEWER

Will that conference be a waste of time?

PRIME MINISTER

I do not think it will achieve anything that we could not achieve here.

INTERVIEWER

What will you do at such a conference? Will you simply go there and block everything?

PRIME MINISTER

No. We shall go and back in favour of the things we agree. The things we want to propose, the way in which we want to go forward.

They want changes in the treaty. I do not think we need changes in the treaty. I do not think we want changes in the treaty. We want to make the existing treaty work.

INTERVIEWER

Some of your critics here are already saying that you have been selfish. That you have come to the Council expecting just what you want and you have not been able to give any ground to other people's ideas.

PRIME MINISTER

No. I have been firm. I have been firm in what I believe are Britain's interests. Firm in what I believe is best for Europe and instead of putting forward airy-fairy things and pushing off everything else to some conference over there. I said: "Let us deal with it here!" The others would not.

INTERVIEWER

Why would they not agree to that?

PRIME MINISTER

I simply do not know. We had practical proposals. I thought that we had agreement of the majority, but some of them want a conference to consider amendment of the treaty. I want to make the existing treaty work. I want to make it work because if we do make it work properly there are more jobs, there is a bigger

PRIME MINISTER (CONTD.)

market, there are more jobs for our people. I am practical. Let us make steady progress. They somehow wanted some great new objective. I think if you try to take that view you preclude the possibility of steps forward which we could have taken now, but did not.

INTERVIEWER

Prime Minister, just a quick question if I may, on the hostages. There does seem to have been movement today. Unhappily they are still in Beirut. What is your reaction to that?

PRIME MINISTER

Messages have been coming in and out all day. First that they were on the way there by bus, by aircraft, they were going to have lunch, tea, with President Assad, and then to our great disappointment, deep disappointment, they were still in Beirut because not all of them had been released. Really, we have been a heartbeat away from Beirut all day and we are just sharing the difficulties and anxieties and worries of their families and President Reagan. In the meantime, we had a long discussion last night on everything we need to do to step up airport security, to cooperate and to see that airlines go to ports that are properly protected. So we have had a discussion on terrorism, we have had a discussion on airport security, and in the meantime, like everyone else, we are just absolutely on tenterhooks waiting for the latest news.

=====

TYPESCRIPT BY  
JANE LEE ET AL.

INTERVIEW GIVEN BY THE PRIME MINISTER, MRS THATCHER  
IN MILAN, ON SATURDAY, JUNE 29, 1985.

INTERVIEWER: JOHN SIMPSON, BBC TV

**TRANSCRIPT OF AN INTERVIEW**

INTERVIEWER

GIVEN BY THE PRIME MINISTER

Prime Minister, the Italian Prime Minister says that the path to European Union is now open as a result of this meeting. Is that not  
**THE RT HON MARGARET THATCHER FRM MP**

PRIME MINISTER

TO

Will I never understand how you define European Union, but I do understand how you define Europe forward. We have prepared to make decisions in a very practical way.

**JOHN SIMPSON (BBC TV)**

Others did not take that view, they wanted some grand, almost endless conference and that was afraid, it is the view that has prevailed, and so we have not been able to have the progress - the practical progress - that we wanted.

IN

**MILAN**

INTERVIEWER

Will there be any progress at this big conference that

ON

PRIME MINISTER

**SATURDAY 29 JUNE 1985**

Press Office  
Prime Minister's Office  
10 Downing Street  
Whitehall  
London SW1  
01-930 4433

Transcript by  
JAMES LEE of:

INTERVIEW GIVEN BY THE PRIME MINISTER, MRS. THATCHER,  
IN MILAN, ON SATURDAY, JUNE 29, 1985:

INTERVIEWER: JOHN SIMSON, BBC TV.

-----

INTERVIEWER

Prime Minister, the Italian Prime Minister says that the path to European union is now open as a result of this meeting. Is that how you see it?

PRIME MINISTER

Well I never understand how you define European union, but I do understand how you define progress forward. We came prepared to make decisions, prepared to make progress, in very practical ways. Others did not take that view; they wanted some grand, almost endless conference and that I am afraid, is the view that has prevailed, and so we have not been able to make the progress - the practical progress - that we wanted.

INTERVIEWER

Will there be any progress at this big conference then?

PRIME MINISTER

Well I doubt it. If we as Heads of Government cannot make decisions here, I doubt whether pushing it off to someone else will be able to make decisions either.

INTERVIEWER

So what happens? We are just stuck as we are at present?

PRIME MINISTER

I think we are a bit stuck and I think it is a pity. We in Britain are very practical indeed. We had our practical proposals. They had a wide measure of agreement. We just could not get enough to take it forward and some people did not want that. They wanted this particular conference. That I am afraid is a recipe for putting things off.

INTERVIEWER

Did it crowd out any real chance of talking properly about terrorism and the way to deal with it?

PRIME MINISTER

Oh no, no, no. While we were sitting there we were very conscious the whole time of what was happening in Beirut. How could one be anything else? And messages came in, some of them contradictory, and last night we had a very considerable discussion on how we were going to make our airports safer and our airlines safer and what we could do internationally. So all the time we have this background, what is happening on the ground there, and our latest understanding was that they had not left Beirut because not all of the hostages had been released.

QUESTION

Do you feel that things are going well though generally with the release of the hostages?

PRIME MINISTER

That is our most earnest hope and we are all behind President Reagan <sup>in</sup> /the agonies through which he is going

=====

(1) A revised... of the operating rate for the Prime Minister on technology and R&D;

(2) A spending note on the... attacking... This note takes a continuous line the various arguments and points to note.

I would expect that I... a revised operating rate for the... and that Mr. Hudd (MUD) has... a revised... version of the... on the... of the...--

I am sending copies to Mr. Hudd (MUD) and to Mr. Robert Armstrong.

*D. F. Williamson*

D. F. WILLIAMSON

27 July 1985

MUDG-011/jc	
- 27 JUL 1985	

1) cc Mr Sawyer  
Mr Broadhead

Mr Fairweather

CONFIDENTIAL

cc PS

2) Mr Wallage  
Qz.04520

PS/Mr Riskind

Mr Braithwaite

MR POWELL

for 27/6

Williams for

6 01/10

Mr Renwick

Mr O'Neill

Mr Blatherwick (ESSD)

for

Mr A. Ferguson

EUROPEAN COUNCIL, 28-29 JUNE

I attach

CP Budd 27/6

- (1) a revised and shortened version of the speaking note for the Prime Minister on technology and EUREKA;
- (2) a speaking note on the economic and social situation (including deregulation and trade (Japan)). This puts into a continuous form the various arguments and points to make.

I would recall that I submitted to you yesterday a revised speaking note on the European Parliament and that Mr Budd (FCO) has submitted a revised and continuous version of the main opening speaking note on the development of the Community.

I am sending copies to Mr Budd (FCO) and to Sir Robert Armstrong.

D F Williamson

D F WILLIAMSON

27 July 1985

MWG-011/10	
RECEIVED	1985
- 8 JUL 1985	

Revise

## TECHNOLOGY IN EUROPE

Speaking note for the Prime Minister

We all recognise the problem of the technological gap between Europe and the United States/Japan. Mr Lubbers has raised it at our meeting in Dublin. President Mitterrand has dramatised it with EUREKA. President Delors has given us a full paper. We must move from discussion to action.

But the action must be right. There is no gap between Europe and others in scientific achievement. Rather the contrary. Our expenditure on research and development is comparable to that of the United States and ahead of that of Japan. But who exploits the technology? Clearly it is the United States and Japan, often on the basis of European ideas. For example, of the 12 largest semi-conductor manufacturers, 6 are American, 5 Japanese and 1 - Phillips - European.

We are not failing in ability or in funds for research. We are failing to get competitive products from research into the market place. The European market is fragmented. Public procurement and other national fiscal and regional incentives favour national companies or even their American and Japanese competitors. We produce 9 digital switching systems for a market that can support 2 or 3.

Dr Dekker of Phillips has said - and he should know - that access to a real common market would be of far more

/value than any

Revise

## TECHNOLOGY IN EUROPE

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Dr Dekker of Phillips has said - and he should know - that access to a real common market would be of far more

/value than any

value than any amount of Government money. When we begin to make this a reality the technological gap will close. That is why we need completion of the common market in the Community. We also need specific measures in relation to high technology. I have three proposals to make.

First, we should identify European high technology projects to be grouped under the EUREKA scheme. They should not be projects invented by Governments. They should be projects which make the customers, in particular the public authorities, agree on common specifications and requirements. They should be sufficiently challenging to pull-through into the market place other advanced technologies. They should have an export potential. They should also have practical importance and attraction for the people of Europe. But above all they must be projects in which our own firms have a real interest and to which they would be prepared to commit their own resources, with a view to producing and selling profitably in cooperation with qualified European partners. Colleagues may have seen the announcement this week of just such a collaborative venture between GEC of Britain, Thomson of France, Siemens of the Federal Republic of Germany and Phillips of the Netherlands.

We have consulted our own companies. In particular, they have identified two main areas for which there is a real commercial interest for Community companies and which match the criteria I have set out. These are:

- transportation. This means projects in high speed ground transport; air traffic control, rapid intercity communication; mobile digital radio systems; and post

We believe that these can be real projects of commercial value and can carry through some critical advanced technologies.

- home technologies. We must think one stage ahead to information and control systems in the home which will unleash a new generation of consumer products to meet consumer demand. Our competitors outside the Community are already moving in this direction. We need to establish standards and collaborative projects within the Community itself, in order to get a step ahead in the market place.

Secondly, we must find new ways to encourage the commercial exploitation of high technology products. The first customers for such products are often public authorities - and this is true also in the huge United States market where the Buy America Acts are still an important factor. In Europe too our national authorities naturally favour national firms but without providing a comparable market. For this and other reasons, European firms are often too weak to compete effectively in world markets. The Commission's proposals for developing the internal market will be central. But, in order to give the companies a practical incentive to increase collaboration, we should also examine the possibility of giving a specific guarantee that high technology products and services resulting from collaboration between European companies should enjoy the full benefits of the common market, in particular access to public procurement in all the participating countries. We might call this the EUROTYPE guarantee.

This is just one idea which might help to get our companies to work together to get new products to market. Finance and internal market Ministers should urgently, examine this and any other ideas which come forward for creating an economic environment in which it will be profitable for European firms to cooperate as well as compete with each other in meeting the American and Japanese challenge.

Thirdly, we must decide how to carry EUREKA forward. We must find ways of involving our leading firms in identifying and carrying forward EUREKA projects. We may also need to bring in advanced companies from European countries outside the Community. If these projects are to succeed, manufacturers of high technology goods will need also to get together with their customers and those who will finance them.

The last thing we need for all this is a new bureaucracy and new injections of public money. I believe that the Commission and the Community institutions have an important responsibility for carrying forward the work on standards and public procurement and for managing existing schemes in information technology, micro electronics and biotechnology. But we should not attempt to impose rigid patterns of organisation on the collaboration under the EUREKA banner which will emerge from practical discussion between firms and groups of firms. It is not the

/Governments job to

Governments job to do the work for the companies nor to finance projects which can perfectly well be financed in the market place. It is our job to provide the framework for collaboration and break down market barriers to it.

This area is complex. That is why we have proposed that senior officials of interested European countries inside and outside the Community should meet very soon. They should draw on the advice of our high technology companies. They should examine the areas for collaboration must likely to meet the criteria I have outlined and they should let us have an early report.

We are all confronted with the major problem of unemployment in our economies. We all know that there are no easy solutions. We must, however, maintain firm financial strategies for the medium term, accompanied by wage moderation which will create more room for growth of output and jobs. There is a wide measure of agreement here, as we saw at our last meeting in Brussels, that we should try to free markets from unnecessary restrictions and look critically at the role of the public sector which many of us have inherited.

More specifically, many of the blueprints for social expenditure in Western European countries were drawn up

/when the world was

EUROPEAN COUNCIL, 28-29 JUNE

Economic and social situation, including deregulation  
and trade (Japan): Speaking Note for the Prime Minister

The Commission's Annual Economic Report has stressed the importance of combining faster growth with low or declining inflation. It is essential to maintain existing policies. We see government's role as creating the right climate for investment and hence jobs - firm, stable financial policies, low inflation - rather than specific incentives to investment with dubious employment effects. I hope that the Commission will draw on the useful EPC profitability paper. ECOFIN has reported on work in progress and should carry it forward.

We are all confronted with the major problem of unemployment in our economies. We all know that there are no easy solutions. We must, however, maintain firm financial strategies for the medium term, accompanied by wage moderation which will create more room for growth of output and jobs. There is a wide measure of agreement here, as we saw at our last meeting in Brussels, that we should try to free markets from unnecessary restrictions and look critically at the role of the public sector which many of us have inherited.

More specifically, many of the blueprints for social expenditure in Western European countries were drawn up  
/when the world was

Economic  
and  
Social  
Situation

when the world was very different. It is essential in a caring society that we should have a safety net against real hardship. But the way in which some of our social legislation has been working has had the opposite effect to that which was intended. It has reduced or removed the incentive for some young people to look for jobs. It has encouraged attitudes in which some members of our society are quite prepared to live off the others.

I have been impressed by the way in which some of my colleagues in this European Council have had to take difficult decisions, such as those which Mr Lubbers has taken about salaries in the public sector and support for the young unemployed. I hope that we can support each other in our efforts to remove unintended faults in social security arrangements in our countries so that we genuinely maximise growth and employment opportunities in the Community as a whole. These decisions are matters for each of us individually but we do have a common purpose in trying to achieve the best economic performance in the Community.

As last European Council recognised, freeing industry from unnecessary red tape also helps growth and creates jobs. On a national level we are tackling the problems of over burdensome regulations across the board. Action is needed on Community level too to complement national action. I therefore welcome the Commission response to European /Council conclusions and

Deregulation

Council conclusions and efforts so far to review burdens on businesses. We believe permanent machinery should be set up to vet future proposals.

The aim should be to establish throughout the Commission the habit of analysing the impact of all new proposals on business. I am glad that the President of the Commission is taking a personal interest in this and hope that he will consider establishing a central unit within Commission to keep track of overall legislative and administrative burden on businesses. I look forward to determined action by the Commission in remainder of 1985 and a full report to Luxembourg European Council.

I should like also under this heading to refer briefly to trade - particularly to Community/Japan trade. The Foreign Affairs Council on 19 June issued a good declaration on the serious problem posed by Japanese trade surplus (global \$45 billion and with EC over \$10 billion in 1984) and the need for real action by the Japanese Government to open up its market (liberalisation of financial markets, internationalisation of yen, market opening measures that yield real results). The Japanese have now unveiled the first stage of an import action programme, covering tariffs. We are analysing this: prima facie it appears inadequate, especially from the Community viewpoint (marginal tariff cuts on whisky, nothing on confectionery) and on other products important to the Community it has even been criticised within Japan as an inadequate response.

Trade  
(Japan)

This European Council should note Japanese action but firmly endorse the declaration of the Foreign Affairs Council. M. Delors should leave Mr Nakasone in no doubt in his talks with him on 19 July that the Community will judge Japanese action by the actual results and will need to review these in the autumn.

If necessary

EMS

On EMS, ECOFIN and its expert advisory bodies (Monetary Committee and Committee of Central Bank Governors) are looking at longer term aspects of EMS development. Recent agreement by central banks on package to improve usability of official ecu. Sensible to let ECOFIN continue its work. No need for extensive discussion now.



Ed(1) for  
draft reply by

64

3/7

JK

26/6

June 26<sup>th</sup>

10 DOWNING STREET

MWG 011/10	
RECEIVED	
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Dear Peter,

I enclose a copy of a letter which the Prime Minister has received.

Because it deals with questions of Government policy, I would be grateful for a short draft reply. Could I please have this within the next two weeks?

Yours sincerely,  
Nigel Hawkins  
Nigel Hawkins  
Political Office

~~M. J. G. Hill~~  
~~M. J. G. Hill~~

draftly 3 July please  
After Nolan  
MK 27/6

CONSERVATIVES FOR EUROPEAN REFORM

*Frank Miller*

Tel: 01-675 4854

64, Oakmead Road,  
London, SW12 9SJ.

25th June, 1985

*R26*

The Rt. Hon. Margaret Thatcher, M.P.,  
10, Downing Street,  
London, SW1.

Dear Prime Minister,

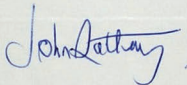
The Heads of Government of the European Community countries will be meeting in Milan at the end of June. We would ask that no decisions be taken then or at any other time by inter-governmental agreement that might in any way commit this country to a course of action that has not been fully explained and understood by all Members of Parliament who would then be at liberty to decide on a course of action knowing what the proposals are and being given time to consider their implications.

In Dublin last December, Heads of Government agreed to discuss the report of the Dooge Committee at the Milan summit. As the Dooge Report and the Draft Treaty of European Union share the same objectives the adoption of one would be a step towards the ratification of the other. The convening of a further conference would, in the words of the Dooge Report, 'represent the initial act of European Union'. This might be true if an inter-governmental agreement were used to by-pass Parliament.

We therefore look to you to stand firm, as you always have, for the supremacy of the Crown in Parliament.

This matter was discussed at the meeting of our Executive Committee held on Monday 17th June, 1985, and we were unanimously agreed that I should write to you as above.

Yours sincerely,



Clr. John Rattray,  
Hon. Secretary.

MWG 011/10

RECEIVED
- 8 JUL 1985
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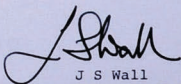
FROM: J S Wall  
DATE: 2 July 1985

Mr Renwick  
PS

cc: PS/Mr Rifkind  
Mr Braithwaite  
Mr Adam Fergusson

LETTER TO THE PRIME MINISTER FROM MR JOHN RATTRAY ABOUT  
THE MILAN EUROPEAN COUNCIL

- A 1. I submit a self-explanatory draft reply for the  
Political Office at Number 10 to send to Mr Rattray. I  
/ also submit a draft letter for the Private Secretary to  
send to Number 10.



J S Wall  
European Community Department  
(Internal)

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PP ATHENS  
PP ROME

GRS 58

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FM FCO 011830Z JUL 85

TO PRIORITY LUXEMBOURG

TELEGRAM NUMBER 52 OF 1 JULY

AND TO OTHER EC POSTS, MADRID, LISBON

MILAN EUROPEAN COUNCIL, 27/28 JUNE

1. YOU WILL HAVE RECEIVED IN THE RETRACT SERIES THE TEXT OF  
THE PRIME MINISTER'S PRESS CONFERENCE. FURTHER GUIDANCE WILL  
FOLLOW AFTER THE PRIME MINISTER'S STATEMENT IN PARLIAMENT ON  
2 JULY

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61



Foreign and Commonwealth Office  
London SW1A 2AH

Telephone 01- 233 3594

R G Wilson Esq  
Clerk to House of Commons  
Select Committee on European  
Legislation  
St Stephen's House

Your reference  
Our reference  
Date 2 July 1985

*Dear Robert,*

As I promised you on the telephone this morning I enclose copies for your information of the texts of the proposals which the UK put forward at the Milan European Council. The Prime Minister will be making a statement on these this afternoon.

*Yours ever,*

*Roger*  
D R Thomas  
European Community Department  
(Internal)

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INDEX	FILE	PROCESSED

UK PROPOSALS FOR KEY ELEMENTS OF A PROGRAMME OF ACTION  
TO COMPLETE THE COMMON MARKET

EUROPEAN COUNCIL : MILAN : 28/29 JUNE

TEXTS OF UK PROPOSALS COVERING:

- COMPLETION OF THE COMMON MARKET
- STRENGTHENED POLITICAL COOPERATION
- IMPROVEMENTS IN DECISION-MAKING
- THE BETTER EXPLOITATION IN THE MARKET OF  
ADVANCES IN HIGH TECHNOLOGY



## COMPLETION OF THE COMMON MARKET

### Objective

By 1990, to create the integrated common market which the founders of the Community foresaw as the basis for growth in the Community economy and the international competitiveness of its enterprises.

### Method

Community to concentrate efforts on proposals which make a real and immediate contribution to opening up the common market. Proposals with less direct impact to be given lower priority.

## MAIN TARGETS FOR ACTION BY 1990

### 1. Action on obstacles to free movement of goods within EC

#### (i) Frontier procedures

- full implementation of single customs document by 1988.
- progress in computerising customs and VAT procedures with a view to interlinking member states' and Commission systems so that formalities at intra-EC frontiers can be minimised.
- remaining frontier procedures to be streamlined so that traffic is not avoidably delayed (save for spot checks).

#### (ii) Free movement of goods

- the model directive on health and safety standards to be applied to specific products, facilitated by mutual recognition of member states' national standards and of their testing and certification procedures.
- adopting common or compatible standards for major new technologies (such as information technology, telecommunications and advanced manufacturing techniques) so as to open up public purchasing and satisfy major-user requirements.
- adoption of Community patent and trade mark rules.
- more attention to be devoted to ensuring compliance with Article 30 EEC.

2. Free market in financial services

- adoption of genuinely liberal non-life insurance services directive.
- liberalisation of financial services market including housing credit, shares, unit trusts and commodity futures and options.
- progressive abolition of exchange controls and other restrictions on capital movements in accordance with 1960 directive.
- scrutiny of differences in the administrative treatment given to domestic and to locally-established businesses.

3. Full freedom of establishment

- pharmacists, architects (both 1985).
- remaining professions, including accountants and engineers.

4. Liberalised, freely competitive transport market

- abolition of road haulage quotas by 1990
- elimination of principal distortions of competition by 1988 (full application of state aids rules, including transparency, to all transport modes; harmonised basis for coverage of road costs following adoption of first ANTS directive in 1986).
- removal of barriers to provision of shipping services by 1987 (liberalisation of cabotage; elimination of flag discrimination in trades with third countries).
- greater competition in civil aviation between member states by 1986 (particularly on route access, capacity and pricing); removal of capacity controls and limitations on access by Community carriers by 1990.
- international coach services fully liberalised by 1988.

5. Making European business more competitive, both within the Community and on world markets

- measures to promote labour market mobility and flexibility.
- more attention to be devoted to ensuring compliance with Community rules on state aids.
- opening up public purchasing, especially in the new technologies.
- positive action to reduce burdens on small businesses.
- improving the climate for direct collaboration between European firms particularly in R and D.

In particular the traction establishing the European Communities,

HAVING DECLINED to do so and to support the commitments which they have undertaken as regards political cooperation so as to provide a firm basis for their cooperation in joint action in various fields,

HAVE AGREED AS FOLLOWS:

ARTICLE 1

The Member States undertake to work for the following objectives, for which purpose they have established European political cooperation:

- to ensure by means of regular consultations and

**DRAFT AGREEMENT**  
**ON POLITICAL COOPERATION**

THE MEMBER STATES OF THE EUROPEAN COMMUNITIES,  
MINDFUL of the many agreements which already bind them,  
in particular the Treaties establishing the European  
Communities,

HAVING DECIDED to confirm and strengthen the commitments  
which they have undertaken in European Political  
Cooperation so as to provide an effective basis for their  
cooperation in joint action in world affairs,

HAVE AGREED AS FOLLOWS:

**ARTICLE 1**

The Member States undertake to work for the following  
objectives, for which purpose they have established  
European Political Cooperation:

- To ensure by means of regular consultations and

exchanges of information a broad identity of views on the main problems of international relations;

- To ensure that their combined influence is deployed in the most effective way through the concertation of their views, the alignment of their positions and, particularly, joint action.

## ARTICLE 2

1. Member States shall consult on all important questions of Foreign Policy, including the political and economic aspects of security.
2. Such consultations shall take place before the Member States adopt final positions on major Foreign Policy questions of interest to them all.
3. Each Member State shall take full account of the position of its partners and give due weight to the desirability of the adoption and implementation of common European positions when working out national positions and taking national action.

4. The Member States shall make every effort to avoid action damaging to their joint reputation as a coherent force in international relations.

#### ARTICLE 3

The work of Political Cooperation shall be carried out under the general guidance of the European Council. The structure is set out in Annexes I and II, which may be amended by unanimous agreement.

#### ARTICLE 4

1. The Member States shall ensure maximum coherence between the external policies of the Communities and the policies agreed in European Political Cooperation. In particular, unless in any particular case all Member States agree to the contrary, the Commission shall be invited to all meetings of Political Cooperation.

2. The Member States shall ensure that the European Parliament is informed of developments in Political Cooperation.

3. The provisions of this Agreement shall not affect the provisions of the Treaties establishing the European Communities.

#### ARTICLE 5

1. In organs of international organisations, and at major international conferences, in which all Member States participate, they shall work for common positions in accordance with Article 2.

2. In particular a Member State shall not support a resolution in such organs or conferences which directly criticises or might gravely affect the vital interests of another Member State. The Member States shall also work to avoid a situation where one or more of them co-sponsor a resolution which another or others of them vote against.

3. In organs of international organisations and at major international conferences in which not all Member States participate, those which do participate shall take into account common positions adopted in Political Cooperation.

## ARTICLE 6

With the aim of making their joint diplomacy effective, the Member States shall ensure that the necessary contacts are established with third countries and regional groupings of interest to them.

## ARTICLE 7

1. The Member States shall work to intensify cooperation between their missions in third countries and accredited to international organisations. The aim of such cooperation shall be to enable missions to perform their functions more effectively and economically through mutual assistance, shared facilities, shared information and joint action.

2. In particular Member States shall work both to take advantage of local opportunities, and to establish general schemes, for strengthened cooperation in third countries on the matters listed in Annex III. That annex may be amended by unanimous agreement.

## ARTICLE 8

1. The Member States agree that closer European cooperation on security matters is an essential component of the effort to develop Europe's external political identity. The aim of such cooperation shall be to maximise the contribution which Member States can make to the objectives of the organisations specifically established to guarantee Western security, in particular the North Atlantic Treaty Organisation and Western European Union.
2. Member States shall also work to enhance their contribution to the objectives of the Alliance and other relevant bodies by strengthened cooperation in the design, development and production of military equipment and systems.
3. The Member States are determined to maintain the technological and industrial conditions necessary for their security. They shall work both individually and, as appropriate, through their joint institutions for this end.

ANNEX I: THE STRUCTURE OF POLITICAL COOPERATION

**ARTICLE 9**

**Signature and Entry into Force**

(The usual final clauses on signature/entry into force etc would be added.)

It shall in particular be responsible for the timetable and other arrangements for meetings, and for the preparation of and circulation of drafts, agendas, conclusions and other necessary texts.

The Foreign Ministers shall discuss political cooperation matters formally at least four times per year, and informally as appropriate. These discussions may take place on the same occasion as sessions of ministers in the existing framework.

The Political Directors shall meet monthly in the Political Committee in order to maintain the continuity of Political Cooperation and to prepare discussions among Ministers.

The Working Groups of experts from the Foreign Ministries of Member States, whether of a continuing nature or ad hoc to deal with particular problems, shall meet as directed by the Political Committee.

ANNEX I: THE STRUCTURE OF POLITICAL COOPERATION

(a) The Presidency of Political Cooperation shall be held by the same Member State as holds the Presidency of the Communities.

(b) The Presidency shall be responsible for the day to day management of Political Cooperation. It shall in particular be responsible for the timetable and other arrangements for meetings, and for the preparation of and circulation of drafts, agendas, conclusions and other necessary texts.

(c) The Foreign Ministers shall discuss Political Cooperation matters formally at least four times per year, and informally as appropriate. These discussions may take place on the same occasion as meetings of Ministers in the Community framework.

(d) The Political Directors shall meet monthly in the Political Committee in order to maintain the continuity of Political Cooperation and to prepare discussions among Ministers.

(e) The Working Groups of experts from the Foreign Ministries of Member States, whether of a continuing nature or ad hoc to deal with particular problems, shall meet as directed by the Political Committee.

(f) The Political Committee or, if necessary, a Ministerial meeting, shall convene within 48 hours at the request of three Member States.

(g) The Presidency shall be assisted by a small Secretariat based in the main place of work of the Communities. The office space and services shall be provided by arrangement with the Council Secretariat. The Head of the Secretariat shall be appointed by agreement among the Member States.

(h) The functions of the Secretariat, which shall work under the direction of the Presidency, will include those set out in Annex II. The size and functions of the Secretariat may be amended by unanimous agreement.

(i) Formal Political Cooperation meetings at Ministerial level may take place in the capital of the Presidency. At official level they will normally take place at the places of work of the Communities unless otherwise agreed.

ANNEX II: FUNCTIONS OF THE POLITICAL COOPERATION

SECRETARIAT

The Secretariat shall:

- (a) Advise the Presidency as necessary on the conduct of Political Cooperation, in particular on maintaining coherence between the external policies of the Communities and the policies agreed in European Political Cooperation;
- (b) provide support for Political Cooperation meetings - including as necessary the preparation and circulation of texts, keeping of records and preparation of conclusions;
- (c) assist the Presidency in the preparation of texts to be issued on behalf of the Member States including replies to European Parliament questions;
- (d) keep a Political Cooperation archive;
- (e) prepare, and update as necessary, a full codification of Political Cooperation rules and practices.

ANNEX III: AREAS FOR COOPERATION AMONG THE MISSIONS OF  
MEMBER STATES IN THIRD COUNTRIES

1. Exchange of Political and Economic Information.
2. Shared Information on Administrative Problems.
3. Mutual Assistance and Sharing of Organisational Infrastructure.
4. Cooperation on Communications.
5. Exchange of Information and Joint Planning for Local Crises.
6. Cooperation on local Security Measures.
7. Cooperation on Consular Matters.
8. Cooperation on Health Matters.
9. Cooperation on Information Matters.
10. Cooperation on Cultural Matters.
11. Cooperation on Development Aid Matters.

DECISION-TAKING: FOUR POINTS CIRCULATED BY THE FOREIGN  
SECRETARY AT THE INFORMAL MEETING OF FOREIGN MINISTERS,  
STRESA, 8/9 JUNE

- a) In the enlarged Community more use will need to be made of the majority voting provisions of the Treaties.
- b) Member States agree to make greater use of abstention as provided for in Article 148(3) of the EC Treaty so as not to prevent the adoption by the Council of acts which require unanimity.
- c) Where it is agreed (by heads of government in the European Council) that a specific objective should be achieved it may also be agreed that member states will aim not to impede progress by invoking the unanimity rule in relation to the measures necessary for its implementation.
- d) When a member state asks that discussion should continue until unanimous agreement is reached, the member state concerned should be required to explain fully and formally, through a special procedure of the General Affairs Council, why its government considers very important interests in fact to be at stake.

## EUROTYPE PRODUCT WARRANT

### An outline

#### Introduction

European manufacturers of high technology products are at a significant disadvantage compared with their American and Japanese counterparts because of the fragmented nature of the European market and the nationalism of most public procurement in Europe.

European progress on the internal market, standards and public procurement is real but slow. By various means, however, domestic markets for high technology goods often remain protected. Something more is needed.

#### The Eurotype Warrant

The Eurotype product warrant is designed to meet this need. The scheme would be open to European manufacturers of high technology products who can demonstrate that the product in question is being developed in collaboration with a company from at least one other European country. The partner manufacturers of a superior high technology product will have the option of registering it at an appropriate point in the research and development stage with a specification, description and supporting evidence for its superiority over existing products. If the registration is accepted it will be warranted a EUROTYPE product and a brief description and specification will be circulated to other European manufacturers. They, in turn, will have the option to contact the originating manufacturers and offer, on a risk sharing basis, to participate in the research and development, production and marketing of the product.

#### The benefits to a manufacturer of a Eurotype Warrant

In return for this disclosure and possible sharing of his product, the originator will receive the following warrant:

a EUROTYPE product is warranted as a domestic product for all purposes, including public procurement, in all Community (or participating European) countries;

A EUROTYPE product warranty would last for a fixed period of time but would, de facto, be superseded by the granting of a new EUROTYPE to a similar product which showed a substantial improvement in specification or performance.

### Organisation

One possibility would be to administer the EUROTYPE scheme through the European Patent Office in Munich, which would have to be assisted by a small team of independent industrial consultants. Suitable criteria for judging the eligibility of products would need to be established.

### Scope of Scheme

With its focus on high technology products, the scheme would apply to those technical areas which are eventually decided as falling within the EUREKA programme, as well as to such other areas as are deemed appropriate by the participating countries. The scheme might also be extended to services based on high technology.

### Effects of EUROTYPE

EUROTYPE would encourage industrial collaboration which would go beyond research and development and which would be developed organically by manufacturers themselves. The products would therefore be the result of manufacturers' own judgement of the market place.

The use of the EUROTYPE Warrant would encourage public agency procurers to support products which are the outcome of collaboration by European firms and act as an incentive to cooperation in the development of new products.

MILAN EUROPEAN COUNCIL, 28/29 JUNE 1985

### INSTITUTIONAL AFFAIRS

The European Council held a wide-ranging discussion on the proposals of the Ad Hoc Committee for Institutional Affairs set up at Fontainebleau and the draft mandate of the Italian Presidency, and in particular on the improvement of the Council's decision-making procedure, the enlargement of the European Parliament's role, the Commission's administrative powers and the strengthening of political cooperation in the general context of the transition to European union.

It confirmed the need to improve the operation of the Community in order to give concrete form to the objectives it has

### **CONCLUSIONS OF THE MILAN EUROPEAN COUNCIL, 28/29 JUNE 1985**

including the need to promote a technological Europe.

The European Council noted that the President of the Council would submit proposals for the improvement of the Council's decision-making procedure, the exercise of the Commission's administrative powers and the Parliament's powers with a view to their early adoption.

The European Council discussed in detail the convening of a conference to work out the following with a view to achieving concrete progress on European union:

- a treaty on a common foreign and security policy on the basis of the Franco-German and United Kingdom drafts;
- the amendments to the EEC Treaty, in accordance with Article 114 of that Treaty, required for the implementation of the institutional changes concerning the Council's decision-making procedure, the Commission's

MILAN EUROPEAN COUNCIL, 28/29 JUNE

INSTITUTIONAL AFFAIRS

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It confirmed the need to improve the operation of the Community in order to give concrete form to the objectives it has set itself, in particular as regards the completion of the internal market by 1992 and measures to promote a technological Europe.

The European Council noted that the President of the Council would submit proposals for the improvement of the Council's decision-making procedure, the exercise of the Commission's administrative powers and the Parliament's powers with a view to their early adoption.

The European Council discussed in detail the convening of a conference to work out the following with a view to achieving concrete progress on European union:

- a Treaty on a common foreign and security policy on the basis of the Franco-German and United Kingdom drafts;
- the amendments to the EEC Treaty, in accordance with Article 236 of that Treaty, required for the implementation of the institutional changes concerning the Council's decision-making procedure, the Commission's

executive powers and the powers of the European Parliament and the extension to new spheres of activity in accordance with the proposals to the Dooge Committee and the Adonnino Committee, as set out elsewhere, and taking into account certain aspects of the Commission proposal concerning the freedom of movement of persons.

The President noted that the required majority as laid down in Article 236 of the Treaty had been obtained for the convening of such a conference. The Portuguese and Spanish Governments would be invited to take part in that conference. The Belgian, German, French, Irish, Italian, Luxembourg and Netherlands delegations were in favour of holding that conference.

The Presidency would consequently take the steps necessary to convene that conference with a view to submitting the results for a decision by the Heads of State and of Governments at the European Council meeting in Luxembourg.

#### A PEOPLE'S EUROPE

The European Council thanked the Ad Hoc Committee on a People's Europe for its initial report and for its final report submitted in Milan, both of which contained numerous concrete measures aimed at involving the citizens of Europe more determinedly in the construction of the Community.

With regard to the latter report, the European Council approved the proposals which it contained. Those proposals concerned inter alia citizens' rights, culture, youth, education and sport. The European Council instructed the Commission and the member states, acting within their respective powers, to take the necessary implementing measures, and instructed the Council to report to it at its December meeting on the progress achieved.

The European Council accepted the suggestions along the same lines contained in the French memorandum on a People's Europe and emphasized in particular the sections of that document concerning young people, culture and health. In this context, the European Council emphasized the value of launching a European action programme against cancer.

With regard to the measures contained in the initial report and approved by the European Council in March 1985, the European Council expressed its concern at the delay in implementing them and asked the Council, the member states and the Commission, each acting within its own powers, to take the necessary decisions to remedy this situation as soon as possible.

#### ECONOMIC AND SOCIAL SITUATION

The European Council discussed the economic and social situation on the basis of two reports submitted by the Presidency on the future of the EMS and on the problem of investment and employment in the context of the implementation of the strategy defined in Dublin in December 1984.

As regards the EMS the Commission was invited to continue its consideration of its development, including the role of the ECU, at Council meetings on economic and financial affairs and with the Governors of the Central Banks.

As regards short-term economic policy, the Council of Ministers for economic and financial affairs was invited to consider the extent to which the convergence which had already been achieved between the member states in the field of inflation and imbalances made it possible to intensify the battle against unemployment.

On a more general level, the European Council invited the Commission to submit to the European Council meeting in December a detailed report on current inadequacies as regards growth and employment in the European economy compared to that of its major competitors amongst the industrialized countries and on the new strategies that could be implemented to remedy the situation.

### COMPLETION OF THE INTERNAL MARKET

The Council welcomed the White Paper on completing the internal market, submitted at its request by the Commission.

It instructed the Council to initiate a precise programme of action, based on the White Paper and the conditions on the basis of which customs union had been brought about, with a view to achieving completely and effectively the conditions for a single market in the Community by 1992 at the latest, in accordance with stages fixed in relation to previously determined priorities and a binding timetable.

Progress towards this objective should be both gradual and visible and the European Council therefore requested the Commission to submit its proposals swiftly and the Council to ensure that they were adopted within the deadlines established in the timetable.

The following fields and measures were considered to be of high priority:

- the removal of physical barriers to the free movement of goods within the Community;
- the removal of technical barriers to the free movement of goods within the Community (in particular the adoption of common or compatible standards for major new technologies in order to open up public purchasing and satisfy the needs of the economy);

- the creation of a free market in the financial services and transport sectors;
- the creation of full freedom of establishment for the professions;
- liberalisation of capital movements.

In deciding on the above measures the Community will make every effort to ensure that the creation of a single free market contributes to furthering the more general objectives of the Treaty including those of harmonious development and economic convergence.

As regards the method: application whenever the situation permits of the principle of the general equivalence of the member states' legislative objectives and of its corollaries; the fixing of minimum standards, mutual recognition and monitoring by the country of origin; an undertaking on the part of the member states not to take measures, throughout the realisation of the programme, that would have the effect of delaying the Community's achievement of the above objective.

As regards the approximation of VAT and excise duties, the European Council invited the Council of Ministers for financial affairs to examine on the basis of the White Paper any measures which might be necessary for the achievement of the objective of a single market and the possible timetable for the application of those measures.

The Council of Ministers was asked to study the institutional conditions in which the completion of the internal market could be achieved within the desired time limits.

## TECHNOLOGY

The European Council noted that a collective effort to master new technology was a condition for maintaining European competitiveness. It therefore decided to give the Community a new technological dimension.

The European Council approved and endorsed the Commission report on the strengthening of technological cooperation in Europe.

The European Council gave its support to the French Eureka project for creating a technological Europe and to the Commission's constructive proposals in the same direction, and noted with interest the agreements already signed by several European companies.

It expressed the wish that the Eureka project should be open to those non-Community countries which had already shown interest in taking part in it. France, the originator of the project, would continue the steps it was taking by convening, in collaboration with the Presidency and the Commission, an Ad Hoc Committee before 14 July to hold a session on European technology. The Committee would bring together the Ministers for research or other qualified representatives of the Governments of countries which had responded positively to the initiative and representatives of the Commission.

The European Council considered that these steps should exploit the Community dimension in order to:

- establish a close link between technological development and the effort to unify the internal market, for example by means of practical incentive measures such as the Euro-type proposal;

- ensure that the technological effort was closely tied in with common policies, in particular trade policy towards the Community's main partners;
- reduce the risk of unnecessary duplication of national efforts and assemble a critical mass of financial and human resources;
- obtain the maximum benefit from the immediately available Community technical and financial instruments, including those of the EIB.

## JAPAN

The European Council examined the question of trade relations with Japan, in particular in the light of the serious concern which the Council had expressed at its meeting on 19 June and which the European Council fully shared.

More particularly, the European Council's discussions were held in the context of the responsibilities which Japan shares with its Western partners for safeguarding and strengthening the system of multilateral trade.

The European Council endorsed the request made by the Council that Japan should undertake to increase significantly and continuously its imports of manufactured products and processed agricultural products. It also emphasized the importance of liberalising Japanese financial markets and internationalising the yen.

The European Council asked the Commission to put all these concerns to the Prime Minister of Japan during his forthcoming visit to Europe.

## FAMINE IN AFRICA

The European Council, aware of the critical situation confronting those African countries affected by drought, noted with satisfaction that the objectives of the Dublin plan had been achieved and that 1.2 million tonnes of cereals or their equivalent had finally been mobilized by the Community and the member states to meet emergency requirements. It also welcomed the fact that two-thirds of that aid had already reached the recipients or was en route.

If felt, however, that new food aid requirements could arise if the rains which had just started on the continent of Africa were again to be insufficient. In that context it welcomed the Commission proposal for a special reserve allocation which would make it possible to mobilize 500,000 tonnes of cereals equivalent over and above the normal aid programme. The European Council instructed the Council meeting on development to examine that proposal as a matter of urgency.

The Council was aware of the possibility that such disasters might recur and it considered it necessary for the future to set up a general coordinated strategy against short and long term drought, and in that context welcomed the Commission communication.

As regards the long-term, the Council considered it necessary above all to support the African countries' policy redirection effort in the field of food security. The Council noted that this objective was included in Lome III and expressed the hope that the member states would also give priority in their national aid programmes to support for this policy so that together they would achieve the indispensable critical financial mass.

In the field of environmental protection, in particular the battle against desertification, the Council considered it vital, in the light of the importance of present requirements, for all European aid, Community and bilateral, to give priority to that type of action, to give long-term commitments and to organise their contributions coherently by setting up an appropriate coordination structure.

The European Council held an exchange of views on the recent letter from COMECON to the EC Commission proposing the resumption of their mutual relations. It noted that an exploratory mandate had been given to the Commission. It considered that the results of those contacts should now be sought.

More generally the Heads of State or Government also discussed the interest in the political role of the sea recently demonstrated in a statement by the Secretary-General of the CPAC. They noted these developments with interest.

#### EC/CMEA RELATIONS

The European Council held an exchange of views on the recent letter from COMECON to the EEC Commission proposing the resumption of their mutual relations. It noted that an exploratory mandate had been given to the Commission. It considered that the results of these contacts should now be awaited.

More generally the Heads of State or Government also discussed the interest in the political role of the ten recently demonstrated in a statement by the Secretary-General of the CPSU. They noted these developments with interest.

The Committee on a People's Europe is hereby submitting its second and final report to the European Council, in accordance with the work programme proposed to and approved by the European Council in Dublin in December 1964. In so doing the Committee has fulfilled the mandate given to it by the European Council. From the outset the Committee decided to draw up its final report for June 1965, since it was convinced that the best way of responding to the expectations of the people of Europe - on which the European Council in Fontainebleau had focused its attention - was to demonstrate also an ability to take decisions within a short time. The European Council, when approving at its March session in Brussels the first report of the Committee dealing with such matters as facilitating language teaching, right of residence and the recognition of professional qualifications, the right of establishment, legal and administrative unification. The Committee therefore considered that any obstacles to the full implementation of these conditions should be eliminated in the shortest time normally to be expected for political decisions taken at the highest level.

REPORT TO THE EUROPEAN COUNCIL

OF THE AD HOC COMMITTEE

ON A PEOPLE'S EUROPE

This time again, the Committee thinks that the joint efforts of its members have resulted in a set of proposals which do not require further protracted discussion and are likely to meet with the broad approval of the European Council. The Committee therefore asks the European Council to adopt the recommendations contained in this final report and to invite the Community institutions, the Member States and other relevant authorities to implement these recommendations in the most timely and effective manner.

As the Committee stated from the outset, policies of interest to the European citizen do of course extend to the full range of Community activities and cover fundamental social and economic problems such as employment, technological progress, growth and the environment, wide fields which a report like the present one could not possibly claim to cover, let alone solve. However, the proposals, limited as they are by the nature of the report, do deal with important aspects of social rights of citizens, of education, culture and communication.

## 1. INTRODUCTION

1.1. The Committee on a People's Europe is hereby submitting its second and final report to the European Council, in accordance with the work programme proposed to and approved by the European Council in Dublin in December 1984. In so doing the Committee has fulfilled the mandate given to it by the Fontainebleau European Council. From the outset the Committee decided to draw up its final report for June 1985, since it was convinced that the best way of responding to the expectations of the people of Europe - on which the European Council in Fontainebleau had focused its attention - was to demonstrate also an ability to take decisions within a short time. The European Council, when approving at its March session in Brussels the first report of the Committee dealing with such matters as facilitating border crossings, right of residence and the recognition of diplomas for the exercise of the right of establishment, lent strong support to this conviction. The Committee therefore requests that the remaining obstacles to the full implementation of each of its recommendations should all be eliminated in due time, as should normally be expected for political decisions taken at the highest level.

This time again, the Committee thinks that the joint efforts of its members have resulted in a set of proposals which do not require further protracted discussion and are likely to meet with the broad approval of the European Council. The Committee therefore asks the European Council to adopt the conclusions contained in this final report and to invite the Community institutions, the Member States and other relevant authorities to implement these recommendations in the most timely and effective manner.

1.2. As the Committee stated from the outset, policies of interest to the European citizen do of course extend to the full range of Community activities and cover fundamental social and economic problems such as employment, technological progress, growth and the environment; wide fields which a report like the present one could not possibly claim to cover, let alone solve. However, the proposals, limited as they are by the nature of the report, deal with important aspects of special rights of citizens, of education, culture and communication, .../...

exchanges, and the image and identity of the Community; they are meaningful to the citizen in various aspects of his daily life and are a substantial contribution to the realization of an ever closer union among the peoples of Europe. The Committee has kept in mind that most of what has been achieved until now in Europe has been the work of those who experienced the horrors and destruction of war. Continuation of this venture rests on the assumption that future generations will also understand and appreciate one another

across borders and will realize the benefits to be derived from closer co-operation and solidarity.

1.3. In view of the need for new action of direct benefit to the citizens of the Community, the Committee has tried to make an overall political assessment to overcome the technical difficulties on the various problems it has considered and to reconcile the various needs and interests.

1.4. Several proposals of the Committee build on and aim at promoting work already in hand at Community level, where meetings of the Council and meetings of the Ministers for Education, for Culture and for Health have come to enlarge the scope of common activities in an opportune manner.

1.5. In drawing up its report, the Committee established close contact with the European Parliament, whose work has been a valuable source of inspiration to it. The Committee also benefited from the full support of the Commission. Very useful contributions were provided by the Economic and Social Committee and many other bodies which are developing a considerable amount of activity in this sector.

The European Foundation which has been given the task of encouraging activities in the field of culture, communication, information, education and exchanges, will certainly be able to make a meaningful contribution on several items in the report. The Committee renews its call for the earliest possible ratification of the agreement on the European Foundation.

Care was taken to keep the representatives of Spain and Portugal, whose accession to the Community has been agreed upon in the meantime, informed of proceedings.

Whilst suggesting concrete measures that will strengthen and expand practical co-operation in the Community and between the Member States, the Committee has, at the same time aimed at extending co-operation between the European Community countries and other European countries because of the conviction that in some fields broader co-operation is, in fact, necessary in order to achieve the declared goals. In this context, the Committee has had useful exchanges with the Council of Europe.

- 1.6. The Committee, in its work, has always taken into account the respective fields of competence of Community institutions and its proposals do not of course affect the right of initiative of the Commission in conformity with the Treaties.

1.7. Throughout its work and in its two reports to the European Council the Committee has taken the view that its best contribution to the People's Europe should be by a combination of specific proposals to be implemented without further delay, and longer term objectives which would make the Community more of a reality for its citizens.

In this context the Committee wants to stress that the task of simplifying administration and restraining over-regulation is a continuous one. But, beyond this objective, the European Community will respond to the views of its citizens only if it fully reflects their wish to work together more closely and provides a channel for their ideals. That is why we now put forward proposals on:

- the special rights of citizens
- culture and communication
- information
- youth, education, exchanges and sport
- volunteer work in Third World Development
- health, social security and drugs
- twinning
- strengthening of the Community's image and identity

## 2. THE SPECIAL RIGHTS OF CITIZENS

On 14 December 1973 at the Copenhagen Summit, the Heads of State and Government adopted a report on European Identity. That report set forth some guidelines and objectives which might be taken as pointers for the development of special rights for citizens in that it gave expression to a determination to defend the principles of representative democracy, the rule of law, social justice and respect for human rights.

On the basis of the report and subsequent developments in the Community and among the Member States concerning special rights of citizens, in particular the European Council in Paris in December 1974, the Committee submits proposals to the European Council in the following areas:

### 2.1. The citizen as a participant in the political process in the Community

It is desirable to increase the citizen's involvement in and understanding of the political process in the Community institutions. Accordingly, the Committee suggests that the European Council advocate the following as some of the ways in which this might be achieved:

- (i) Putting all Community citizens in the same position as regards elections for the European Parliament by way of the introduction of a uniform electoral procedure as required by the Treaty. The Committee considers that the provisions of the Treaty and the subsequent Act concerning a uniform electoral procedure should be implemented as soon as possible before the next election in 1989. Failing that, the electoral procedure which will in the meantime remain a matter for individual Member States should ensure either that a citizen should be entitled to vote for candidates from his own country regardless of whether on election day he is temporarily staying or is resident for a period of time in another Member State, or that a citizen residing in another Member State should be allowed to vote for candidates from that Member State. Dual entitlement to

vote is ruled out by the Act on direct elections.

(ii) Ensuring greater transparency in administration in the Community by the following means:

- a) The European Council should support the European Parliament's efforts to strengthen, in the framework of an interinstitutional agreement, and facilitate, in an appropriate manner, the citizen's right of petition.
- b) It would be for the European Parliament, as a complement to its current efforts, to investigate whether there would be a role for an ombudsman attached to and nominated by it. Such a system could cover the administration and implementation of Community law. If the European Parliament were to follow this path, the Committee's feeling would be that an ombudsman's <sup>(1)</sup> task could be to investigate complaints, advise citizens on the procedure for complaints and issue regular reports to the European Parliament on his investigations, conclusions and recommendations. <sup>(2)</sup>
- c) Both systems would have to be implemented without altering the existing institutional balance.

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<sup>(1)</sup> Mr Ripa di Meana drew the Committee's attention to the fact that, at its sitting on 10 June, the European Parliament had already adopted a position.

<sup>(2)</sup> Mr Vranidiotis stated that the institution of Ombudsman could not be transferred to the Community system without legal and institutional consequences which would upset the existing balance established by the treaties setting up the Communities. Furthermore, the European Parliament recently responded negatively to the idea of establishing an Ombudsman system.

.../...

2.2. The citizen as a participant in the political process in the Member States

The Committee recommends that the European Council invite the Community institutions and the Member States

- to pursue in more depth the discussions begun previously on voting rights and eventually eligibility in local elections <sup>(1)</sup> for citizens from other Member States under the same conditions as for citizens of the host country, subject to a certain period of prior residence in the host country. This question falls within national jurisdiction. Special arrangements should be possible where particular circumstances in a Member State militate in favour of these,
  
- to ensure, inasmuch as these are not already fully in force at all levels, that all Community citizens enjoy the same rights as nationals to freedom of speech and of assembly,
  
- to hear the views of resident citizens from other Member States where decisions of special importance to them are to be taken. This should be done by giving them access to information and the possibility of making their views known prior to any decision on such matters as foreign-language teaching, housing conditions and news broadcasts in other languages.

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(1) Mr Kranidiotis stated that this arrangement could not be valid in Greece because the Constitution at present in force laid down that only Greek citizens had the right to vote and to stand for election.

Mr Ripa de Meana pointed out that, as far as the Commission was concerned, the participation of European citizens in local elections, wherever in the Community they lived, was an essential feature of a People's Europe. He considered that an effort had to be made to grant these voting rights speedily.

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- c) Both systems would have to be implemented without altering the existing institutional balance.

<sup>(1)</sup> Mr Ripa di Meana drew the Committee's attention to the fact that, at its sitting on 10 June, the European Parliament had already adopted a position.

<sup>(2)</sup> Mr Vranidiotis stated that the institution of Ombudsman could not be transferred to the Community system without legal and institutional consequences which would upset the existing balance established by the treaties setting up the Communities. Furthermore, the European Parliament recently responded negatively to the idea of establishing an Ombudsman system.

.../...

2.2. The citizen as a participant in the political process in the Member States

The Committee recommends that the European Council invite the Community institutions and the Member States

- to pursue in more depth the discussions begun previously on voting rights and eventually eligibility in local elections <sup>(1)</sup> for citizens from other Member States under the same conditions as for citizens of the host country, subject to a certain period of prior residence in the host country. This question falls within national jurisdiction. Special arrangements should be possible where particular circumstances in a Member State militate in favour of these,
- to ensure, inasmuch as these are not already fully in force at all levels, that all Community citizens enjoy the same rights as nationals to freedom of speech and of assembly,
- to hear the views of resident citizens from other Member States where decisions of special importance to them are to be taken. This should be done by giving them access to information and the possibility of making their views known prior to any decision on such matters as foreign-language teaching, housing conditions and news broadcasts in other languages.

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<sup>(1)</sup> Mr Kranidiotis stated that this arrangement could not be valid in Greece because the Constitution at present in force laid down that only Greek citizens had the right to vote and to stand for election.

Mr Ripa de Meana pointed out that, as far as the Commission was concerned, the participation of European citizens in local elections, wherever in the Community they lived, was an essential feature of a People's Europe. He considered that an effort had to be made to grant these voting rights speedily.

2.3. Consultation of citizens on transfrontier issues within the Community

The Committee recommends that the European Council advocate that the population of frontier areas be informed and have the opportunity of expressing their views on both sides of the border prior to the adoption of measures with transfrontier significance such as major public works, environmental issues, transport, and matters having significance for the health and safety of citizens. Such involvement could be achieved by formalizing the right to obtain information and express views prior to a decision.

2.4. The citizen in relation to Community legal instruments

The Committee asks the European Council to recommend that steps be taken to accelerate the systematic codification and simplification of Community law, priority being given to those areas of greatest importance to the citizen in his daily life.

It is often difficult for him to determine what is the prevailing law in a particular area of Community legislation and he may have to look at a number of earlier legal acts, amendments, repeals, etc. Consolidation of Community law, the initiative for which lies with the Commission, would strengthen the legal security of citizens.

The Committee recommends that the European Council express its support for the principle of the gradual abandonment both of Community and national legal acts in areas where they are no longer necessary. Steps should therefore be taken to repeal or simplify certain acts, to appraise strictly whether new laws are necessary at all, and to ensure that new measures are formulated simply. In addition Community law should more frequently be used in such a way that it leads to a simplification by reduction of divergent national laws.

.../...

In some cases national authorities implement Community legislation in such a way as to leave citizens in an uncertain legal position. Member States must ensure that their application is in compliance with Community law principles in order to provide citizens with the proper protection. It is crucial for the Community's image that its law be implemented in the Member States without discrimination and without unnecessary formalities and delays, which hamper achievement of the aims of the Treaty and considerably irritate the citizen. The Committee proposes that the European Council call upon the Member States to implement Community law fully, simply, and swiftly.

- 2.5. The implementation of Council Directive 80/1263/EEC of 4 December 1980 on the introduction of driving licenses of a model Community format will simplify administrative formalities for citizens changing residence. The Committee therefore suggests that the European Council call upon the Member States to do their utmost to ensure that the Community model driving licence provided for in the Directive is in fact available for use not later than 1 January 1986 as foreseen therein. As a next step, when use of the Community model driving licence is more widespread, abolition of the need to exchange the driving licence within the Community in the event of a change of residence will enhance the usefulness of the model licence for the European citizen. The introduction of a truly Community driving licence should be kept in view.

2.6. The citizen as traveller outside the Community

A Community citizen in need of assistance during a temporary stay in a third country where his own country is not represented by an embassy or a consulate should be able to obtain assistance from the local consular representation of another Member State. The Committee recommends that the European Council invite Member States to intensify work for such consular co-operation in third countries and to formulate more precise guidelines.

### 3. CULTURE AND COMMUNICATION

- 3.1. It is also through action in the areas of culture and communication, which are essential to European identity and the Community's image in the minds of its people, that support for the advancement of Europe can and must be sought. The European cultural heritage is not however confined to the territories of the Member States of the Community, nor, for that matter, to the frontiers of the states of the Council of Europe. We must therefore avoid any exclusivity in this area and seek co-operation with other European countries.
- 3.2. The Committee is pleased to note that the meetings of the Council and the Ministers for Culture of the Community are continuing on a regular basis and that progress has been made in this area, including the decision on an annual European city of culture, beginning with Athens for 1985.
- 3.3. The Committee has chosen from amongst the various aspects of culture, four areas of action which deserve the special attention of the European Council.
- 3.4. Television ("the audiovisual area")
- Developments in technology will lead to an increase in the number of channels and hours of broadcasting and create a substantial additional need for audiovisual productions. This will present both a challenge - the need for increased production - and an opportunity so that the most can be made of the cultural wealth of Europe.
- 3.5. The Committee proposes that the European Council should invite the Council and the Ministers of Culture to bring the current discussions to a successful conclusion before the end of the year on the best means to encourage at Community level European audiovisual co-productions in order to promote a truly European and competitive industry. This concerns the financing of co-productions when made by European cinema or television producers from at least two Member States.

- 3.6. The introduction of a system of advances on receipts for Member States' co-productions would be one way of achieving this goal. Schemes which could be started by programming organizations in certain Member States for the allotment of a certain proportion of their general programming funds for European TV co-productions would be of significant assistance in this direction too.
- 3.7. In celebration of a hundred years of film-making, the Committee proposes that 1988 should be declared "European Film and Television Year".
- 3.8. In order to bring the peoples of Europe closer together, the Committee proposes that the European Council recommend to each Member State of the Community and to the Community institutions that they consider which legal and technical steps, taking into account the differing situations that exist in this field, should be taken so that every citizen may have access to the greatest number of programmes broadcast by the various channels of the Community countries, in conformity with the Treaty.
- 3.9. The Committee has noted with great interest the current initiatives and experiments in joint television programmes.

The Committee proposes that the European Council ask the Ministers of Culture to consider, at the Community level and together with broadcasting authorities and with the European Broadcasting Union, the possibility of building on such experiments or other initiatives, bearing in mind the potential importance for the knowledge of European co-operation and development of a truly European television channel, emphasis being laid on the need for broadcasting to be multilingual.

3.10. Academy of Science, Technology and Art

Europe needs an institution with international influence to highlight the achievements of European science and the originality of European civilization in all its wealth and diversity.

To this end, the Committee proposes to the European Council that there should be a European Academy of Science, Technology and Art, having regard to the following considerations:

- The Academy should be an independent body; its role should be to award prizes in the main areas of science, technology and art and to give opinions in these fields for the different Community institutions.
- The Academy would be composed of personalities eminent in the various disciplines and independent from political authority. The first College would be composed of two members designated by each Head of State or Government. These members would themselves select their peers to make up the Academy which would comprise about forty members. The Member States, assisted by the Commission and in close co-operation with the group of the first members nominated by the Heads of State or Government, would draw up the framework for the organization of the Academy.

### 3.11. Euro-Lottery (\*)

To make Europe come alive for the Europeans, an event with popular appeal could help promote the European idea.

The European Council could therefore request the Commission to examine whether there would, for instance, be scope for organizing a Euro-lottery and how it could be set up, taking into account the different laws and practices of the Member States. The Lottery would serve to finance projects in the field of culture. The draw and the announcement of results would be public and would be televised throughout the Community. The result might be expressed eventually in ECJ.

### 3.12. Access to museums and cultural events

In addition, the European Council should ask Member States to ensure that all special conditions and reductions for admission to museums, similar institutions and cultural events generally available to the young are extended to young people from all Member States.

(\*) Mr Williamson stated that this proposal would not be in line with the United Kingdom practice of not operating state lotteries. ....

#### 4. INFORMATION

- 4.1. The Committee believes that the people of Europe do not receive satisfactory information about the construction of Europe. This is a problem for all the Community institutions and for the Member States.

Information about the Community should aim to explain the fundamental themes which underly the crucial importance of the Community for the Member States - the historical events which led to the construction of the Community and which inspire its further development in freedom, peace and security and its achievements and potential in the economic and social field. Member States can show how national action is reinforced by Community action. It is also necessary to point out to people what the costs would be if the Community did not exist.

- 4.2. At the same time need is felt for greater factual information about the specific policies and actions of the Community and to disseminate information on their significance for the citizen in his daily life. Examples are the impact of programmes under the Regional and Social Funds, the European Investment Bank and programmes in the field of modern technology.
- 4.3. The Committee proposes that the European Council invite the Community institutions and the Member States to co-operate more closely and to improve the effectiveness of services, particularly at regional and local level, to provide the citizen with information about the Community.

## 5. YOUTH, EDUCATION, EXCHANGES AND SPORT

- 5.1. It is essential to involve and interest young people in the further development of Europe. The following suggestions constitute an extension of what has already been achieved in the Community. These achievements are the work of organizations which have proved their worth and whose services should therefore continue to be used.

Without wishing to draw up an exhaustive list, mention must nevertheless be made, in addition to the Community Institutions, of: the European Foundation, which should soon start its activities, the University Institute in Florence, the College of Europe in Bruges, the Cultural Foundation in Amsterdam, the European Institute of Public Administration in Maastricht, the European Vocational Training Centre in Berlin, the European Schools, and the Youth Forum of the European Communities.

The Committee therefore adopted the following proposals which are aimed at all young people, without singling out particular categories, while respecting equal rights, especially those of men and women.

### 5.2. Language teaching

The languages spoken in the Community form an essential part of its cultural heritage and contribute to its richness and diversity. In order that people may get on together across frontiers, they must first of all understand one another. A practical knowledge of the languages, cultures and living conditions of the other Member States consequently takes on special importance and should be encouraged from an early age.

The Committee proposes to the European Council the priority implementation of the guidelines adopted on 4 June 1984 at the meeting of the Council and Ministers for Education concerning in particular:

- the acquisition by a maximum number of young people, before the end of compulsory education, of a practical knowledge of two languages in addition to their mother tongue, including at least one Community language,

.../...

- the possibility for future foreign-language teachers to spend a significant part of their training in a country whose language they are preparing to teach, in particular by recognizing courses of study completed by teachers abroad. With the same aim of improving the quality of teaching, modern technology methods should be exploited to the full. Those already teaching should be encouraged to take refresher courses in the countries whose languages they teach,
- the possibility for the highest possible number of pupils to have the benefit during their compulsory education of an educational visit to another Member State, preferably one where a different language is spoken.

### 5.3. Exchanges between schools

Exchanges between schools can be seen as complementary to the above suggestion. A valuable contribution could be made by twinning schools, possibly in connection with the twinning of towns. The aim is also to promote cultural and human links across frontiers. These exchanges must be viewed as part of the exchanges of young people in general. (\*)

The Committee proposes to the European Council the priority implementation of the conclusions of the meeting of the Council and Ministers for Education on 3 June 1985:

- to foster school exchanges and meetings between schools and to remove the obstacles in their way,
- in the Member States where this is not yet the case, to establish a centre or department to be given the task of helping schools and teachers to make the necessary contacts and of advising them on the educational and organizational aspects of school exchanges. The Committee considers that to help the realization of these actions, ways must be found to deal for example with the problem

(\*) See paragraphs 5.8. and 8.

of the cost of such exchanges through the medium of special rates, direct or indirect financial assistance and arrangements for providing accommodation with families.

#### 5.4. Voluntary work camps for young people

Voluntary work camps where young people of different nationalities and cultures come together, for instance during their holidays, for a shared experience warrant particular attention. Such work camps, both inside and outside the Community, involve work often for social purposes, for the preservation of the heritage, or the restoration of historic buildings.

A Community programme for such camps should aim at promoting more effective information, removing legal and administrative barriers to participation, training leaders and involving new groups of young people.

The Committee proposes that the European Council invite the Commission to submit a proposal for a Community pilot programme for voluntary work camps for young people in co-operation with the organizations concerned.

#### 5.5. The European image in education

The past achievements and the future potential of Europe are an integral part of education in the Member States and in many other countries. The Committee suggests to the European Council that it should, pursuant to the conclusions of the meeting of the Council and the Ministers for Education on 3 June 1985, give new impetus to a European dimension in education.

The Committee proposes to the European Council:

- the creation by each Member State, wherever this has not yet been done, of centres whose task, as for the centres designated for higher education, it would be to facilitate the work of schools and teachers and inform and help them from an educational viewpoint;

- the preparation and availability of appropriate school books and teaching materials;
- confirming 9 May of each year as "Europe Day" with a view to creating awareness and giving information in schools in particular as well as on television and in the other media. The date of 9 May, which is of great significance to the Community, will fit in with similar initiatives taken by the Council of Europe;
- the setting-up of a Centre displaying European achievements and the common heritage, backed up by a collection of documents and works relating thereto.

#### 5.6. University co-operation

University co-operation and mobility in higher education are obviously of paramount importance. There already exists, between the Member States, an embryonic form of co-operation which should be developed and built upon, including the Community Joint Study Programme Scheme.

Higher-education establishments and universities enjoy a high degree of autonomy. It is therefore necessary to take as a starting point the fact that a decisive role in the matter must be left to the establishments concerned.

The Committee has noted with interest recent initiatives on co-operation, in particular those taken by the rector of the Academy of Paris, aiming at the promotion of scientific and technological progress in Europe.

The importance for higher education of the European University Institute in Florence should be underlined, and the Committee asks the European Council to ensure that the conclusions of the meeting of the Ministers for Education on 3 June 1985 on the national recognition of the Florence doctorate are implemented without delay.

The Committee proposes to the European Council that:

- the discussions in the framework of the meetings of the Council and the Ministers for Education on inter-university co-operation be pursued and a firm appeal be made to universities and higher-education establishments to establish cross-frontier co-operation aimed at enabling students, and in particular those who are concerned with a knowledge of languages and European studies, to pursue part of their studies in an establishment in a Member State other than their own;
- it request the relevant authorities to:
  - (i) implement, on the basis of the experience acquired, a comprehensive European inter-university programme of exchanges and studies aimed at giving this opportunity to a significant section of the Community's student population; and
  - (ii) examine the possibility of introducing a European system of academic credits transferable throughout the Community (European Academic Credit Transfer System). This system (\*) would be implemented by means of bilateral agreements or on a voluntary basis by universities and higher-education establishments which, by arrangement with one another, would determine the procedures for academic recognition of such credits.

As a future step towards student mobility, the Committee asks the European Council to

- invite the Commission to follow up with the representatives of European Universities its suggestion of the possible introduction of a European Award which would be based on achievement in higher education establishments in different Member States,

(\*) Under this system, which has proved its worth in the United States, each course followed in a higher-education establishment as part of the normal curriculum entitles the student to a credit which can be taken into account in other establishments at a similar level or re-assessed with other credits to entitle him to a diploma or certificate corresponding to the whole of the studies thus undertaken.

- request the competent academic authorities in the Member States to recognize, where this is not yet the case, in the same way as for their own nationals, certificates and diplomas issued by establishments under their control to nationals of other Member States.

#### 5.7. Vocational training

The encouragement of suitable vocational training should make it possible to assist with the transition to working life and hence contribute to a reduction in unemployment. In June 1983 the Council undertook to achieve by the end of 1988 the objective of enabling all young people leaving school to have a basic training programme or an initial period of vocational experience lasting at least six months at the final stage of compulsory education.

The Committee proposes to the European Council that:

- the Member States do their utmost, within national policies, whenever possible in association with enterprises and social partners, to ensure that all young people wishing to do so receive one year's, or if possible two years', vocational training in addition to their compulsory education.

## 5.8. Exchanges of young people and professional exchanges

Action at Community level to encourage exchanges of young people between different Member States helps to promote the identity of Europe for young Europeans. Often such planned exchanges are an important aid to personal development. The Council of Europe and the representative organizations of the regional and local authorities in Europe play a prominent part in exchanges in the wider European context. The Commission has already suggested as broad policy outlines the encouragement of information about exchanges and the removal of barriers, training of youth leaders, help for difficult exchanges (e.g. under-privileged young people), and assistance for exchanges in peripheral regions of the Community. The Commission in its further proposals should be invited to give special attention to Community actions to assist initiatives taken by young people, including job seekers, to organize exchanges for themselves. The broad range of European youth organizations, through the Youth Forum of the European Communities made proposals on youth exchanges in the Community; the Committee took these proposals into account.

### 5.8.1. European Community Exchange Scheme - "Europe Exchange"

Community exchanges include the Young Worker Exchanges Programme and a more recent experimental programme with limited funding, an initiative of the European Parliament. It is time to complement the existing Community exchanges with a new exchange scheme.

The new scheme would multiply exchanges rather than itself fund large numbers of exchanges directly, and progressively give a European direction and focus to exchanges already taking place at national level. It should have a clear Community identity and a distinctive title.

While mainly but not exclusively aimed at younger people, it would promote exchanges and meetings with a distinct European dimension (e.g. journalists who deal with European affairs or junior or middle-managers who need to learn about the internal market). Funding should be available from Community and other sources including the European Foundation.

Accordingly the Committee proposes that a scheme for educational and professional exchange be established to be known as the "Europe Exchange" scheme.

The Committee proposes to the European Council that it invite:

- the Commission, in co-operation with the European Foundation, to make proposals for a "Europe Exchange" scheme and its operation;
- the Member States, with the help of the Commission, to ensure that an effective information network (\*) exists in each Member State for informing all young people about exchanges and for co-ordinating exchanges nationally.

#### 5.8.2. Actions for youth

The Committee proposes that the European Council request the Ministers to highlight International Youth Year by arranging a general policy debate in the last quarter of 1982 to give a concrete follow-up to all proposals made, or to be made, by the Commission and the suggestions presently made by this Committee.

(\*) for instance through national centres. The various centres referred to in this chapter should be closely co-ordinated or, where possible, be identical.

## 5.9. Sport

Since ancient times sport has been an important forum for communication among peoples. It is an important part of the lives of a large number of people within the Community. That is why it is all the more regrettable that the enjoyment of international competitive sport has been drastically marred recently by hooliganism. The Committee has therefore considered both of these important aspects below.

- 5.9.1. The administration of sport is predominantly the responsibility of sports associations independent of government. The Committee proposes that the sports associations be invited to encourage action where it is consistent with their responsibilities, along these lines:
- for certain sectors of sport, organization of European Community events such as cycle and running races through European countries,
  - creation of Community teams for some sports to compete against joint teams from geographical groupings with which the Community has special links,
  - inviting sporting teams to wear the Community emblem in addition to their national colours at major sporting events of regional or worldwide interest,
  - exchanges of sportsmen, athletes and trainers between the different Community countries, to be encouraged by programmes at the level of the Community and the Member States,
  - support for sporting activities especially for particular categories of persons, such as the handicapped. Student sport activities should be organized in conjunction with the twinning of schools and towns.

5.9.2. Combating violence in and around the stadium

Recent tragic events have demonstrated that a much closer co-operation between the authorities and the sports organizations is indispensable in order to prevent and stamp out hooliganism and to allow such competitions to continue to take place under acceptable conditions.

The recent initiative of several Sports Ministers of Community countries in the framework of the Council of Europe is a valuable starting point for such action. Accordingly, such strengthened and concerted action should cover preventive policies and tight security measures including effective controls and rigorous sanctions for offenders. The objective responsibility of the clubs and their associations should be firmly applied.

The European Council is invited to ask the Ministers responsible in the Member States to meet and to step up concerted action in the appropriate fora as a matter of urgency to this end.

6. VOLUNTEER WORK IN THIRD WORLD DEVELOPMENT

- 6.1. Volunteer development work in the Third World must be based on the real needs of those countries. Mature and professionally qualified personnel are required if effective development work is to be carried out. The average age for Member States' volunteers is about thirty.

Volunteer development workers are represented at Community level through the Liaison Committee of Development Non-Governmental Organizations to the Community and its Subcommittee on Volunteer Development Work. The Committee shares the European Parliament's view on the necessity of securing the full participation and co-operation of the non-governmental organizations. The sending organizations are also represented on the Regional Conference on International Voluntary Service with consultative status with the Council of Europe.

6.2. Volunteer action to combat drought and famine in the world

The European Council has on several occasions underlined the necessity for Community action to respond to the great human suffering in regions of the world afflicted by drought and famine, especially in the Sahel region of Africa. The Community is making a major contribution to emergency aid with the NGOs as the main channel. Much more needs to be done. Long-term projects to deal with the root causes are essential.

6.3. Community Trainee Volunteer Development Workers

The Committee considered the feasibility of involving younger volunteers - of about 21 to 25 years of age - in Third World development. There is scope for an action at Community level with trainee volunteers selected on the basis of qualifications, maturity and experience, provided that it is carefully organized and monitored by the Volunteer Development Organizations. Such an action would extend to several professions or skilled trades an opportunity for a first constructive and supervised encounter with the Third World along the lines of the schemes of "electives" already undertaken by medical students in several Member States. The action would begin on a selective basis as a pilot project. The Commission, in co-operation with the sending agencies and their counterpart organizations in the Third World, should make an inventory of the sectors where the need for such personnel exists. Many electives return later to full time volunteer assignments in the Third World. The Community action would provide training for volunteer development work. It would be co-financed by the Community and the volunteer development organizations.

Volunteer organizations in various Member States successfully use the services of volunteers from several Community countries with the active support of governments. In addition, there is the Franco-German joint initiative to send young volunteers to work in projects in the Third World under the guidance and within the framework of existing volunteer organizations, although by way of a separate scheme. A programme drawn up on a wider European basis could be carried out in the light of such experiences.

6.4. The Committee proposes that the European Council:

- confirm its support for volunteer development workers and their organizations;
- ask the Commission to intensify consultation with the volunteer sending organizations with a view to:

- (a) maximizing the contribution that volunteer workers can make to developing countries and especially to regions stricken by drought and famine;
- (b) devising a Community action for trainee volunteer development workers on a pilot basis;
- (c) encouraging further concertation among volunteer development workers and their organizations, for instance through joint projects;

- call on all the Member States to put into effect the Council's recommendation of 13 June 1985 on the protection of the social security of volunteer development workers.

## 7. HEALTH, SOCIAL SECURITY AND DRUGS

Health and social security are closely linked with the quality of life of the citizens within the Community.

7.1. The Committee proposes that the European Council invite the Ministers of Health to give an appropriate follow-up to the Commission's communication to the Council on co-operation at Community level on health related problems. The Committee considers that it is time that a decision be taken on:

- the recommendation on dialysis for kidney patients,
- the programme of action on toxicology, for health protection.

7.2. The Committee also believes that the Ministers of Health and, where appropriate, Community institutions should consider whether there is in the medium term scope for further co-operation:

- for the improvement of the living conditions of handicapped persons and of the socially deprived;
- for the encouragement of medical research and technology, for instance in the field of cancer.

7.3. Although public health problems generally fall within national responsibility, the Committee consider that it is a real concern of Community citizens that medical assistance within the Community should be easily available to them even when they are abroad. Because of the different systems of medical care, medical insurance and payment, many people travelling in the Community do worry that there may be unforeseen difficulties or expenditure if they become ill or have an accident away from home.

For this reason the Committee draws attention to two points:

- Emergency Health Card: The possibility has been considered of making available to citizens, on a voluntary basis, a card containing certain details (for example, blood group, allergies or specific conditions such as diabetes) which could be helpful in an emergency away from home. Some Member States already offer such facilities for persons with particular medical conditions.

The Committee considers that the European Council should endorse the proposal that the Emergency Health Card to be issued by those Member States which agree to take part in such action should be in a uniform European format.

- Access to medical treatment throughout the Community: Under the Community arrangements, eligible Community citizens are able, when in a Member State other than their own, to claim medical treatment on the same terms as insured nationals of that Member State. The Committee doubts whether very many citizens know that this is the case. From the citizen's point of view, the cumbersome system, which involves - in most Member States - the need to obtain at frequent intervals the "E111" certificate, could be improved. The Administrative Commission of Social Security for Migrant Workers is already actively considering alternatives to the E111 system.

The Committee proposes that the European Council ask the competent authorities to ensure, as a matter of priority, the simplification of the procedures (for example, the document might be of unlimited duration where national health provisions are equally unlimited), so that the arrangements are readily accessible and comprehensible to Community citizens.

- 7.4. The Committee has also given particular attention to the drug problem. The need for common action to step up the struggle against the traffic in and use of drugs is evident at a time when it is the aim of the Community to abolish frontier controls on goods and proceed towards the free movement of people. The action should not duplicate work in the fields already covered by international organizations such as the Council of Europe, the World Health Organization, the United Nations, or by specialized institutions - Customs Co-operation Council, Interpol. This does, however, not diminish the importance of ensuring optimal co-operation between the Member States at Community level in this sector and the most effective rationalization of existing forms of international co-operation.

The Committee proposes that the European Council call upon the Member States and, where appropriate, the Community institutions to

- co-operate systematically in order to strengthen the Pompidou Group's action pursued within the Council of Europe concerning prevention, research and treatment of drug addicts, as well as to help with the social reintegration of addicts,
  
- improve co-operation between the different judiciary and police authorities of the Member States, as well as review the existing procedures in order to accelerate delivery and handling of international letters rogatory concerning traffic in narcotics and improve co-operation on information activities covering drug abuse,
  
- in order to combat drug abuse, establish co-operation at European level with third countries most involved.

## 8. TWINNING

Solidarity between the citizens of the Member States and mutual understanding and co-operation - essential for the building of Europe - have been widely promoted and facilitated by the twinning of towns and cities, which has in many instances already been organized under the aegis of the representative international organizations of local and regional authorities.

The Committee proposes that the European Council:

- encourage such measures, while respecting the autonomy of initiative and organization of the local authorities involved, stressing the need for twinings to be organized between towns or cities with similar features and that all structures and categories of the population, in particular schools <sup>(1)</sup>, should take part,
- invite the Commission to contribute by taking initiatives to promote twinning, above all by creating favourable conditions, including more information, for their development.

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<sup>(1)</sup> See paragraphs 5.3. and 5.8. above.

9. STRENGTHENING OF THE COMMUNITY'S IMAGE AND IDENTITY

The Committee, taking account of the reference to initiatives of symbolic value in the conclusions of the European Council at Fontainebleau, proposes the following:

- 9.1. There is clearly a need, for both practical and symbolic reasons, for a flag and an emblem to be used at national and international events, exhibitions and other occasions where the existence of the Community needs to be brought to public attention. A decision on this matter is required in order to avoid misunderstanding and confusion. The Committee agrees with the European Parliament's idea that a design which could be used for both a Community emblem and a flag should be basically that chosen by the Council of Europe. However, bearing in mind the independence and the different nature of the two organizations, the Committee proposes to the European Council that the European Community emblem and flag should be a blue rectangle with, in the centre, a circle of twelve five-pointed gold stars which do not touch, surrounding a gold letter E, of the design already used by the Commission.

The European Council should express the hope that the emblem and flag will be used at appropriate places and on suitable occasions, without of course affecting the use of national flags, and asks the institutions to agree to regulate the use of flag and emblem.

- 9.2. The music of the "Ode to Joy" from the fourth movement of Beethoven's ninth symphony is in fact used at European events. This anthem has also been recognized by the Council of Europe as being representative of the European idea.

The Committee recommends to the European Council that this anthem be played at appropriate events and ceremonies.

- 9.3. Stamps are very widely used both inside and outside each individual country and thus, if suitably designed, can be appropriate vehicles for drawing attention to ideas and events in the Community.

The Committee proposes to the European Council that the postal organizations should be invited to consider national issues of certain stamps in the individual countries bearing identical designs of subjects which highlight the Community or its underlying values, or which commemorate particularly important events in Community history, such as the accession of Spain and Portugal, as was done to mark the first direct elections to the European Parliament. The European Council should invite the competent postal authorities and the Commission to instigate early action on these lines.

The Committee furthermore proposes to the European Council that it request all postal administrations to study the possibility of extending the internal tariff for postcards and standard letters to destinations in all other Member States.

- 9.4. Even now, neither at the external frontiers nor at internal borders is there any visible sign that the traveller is entering the Community or moving within it. On the contrary, several of the features of border posts are increasingly becoming anachronisms, for instance the sign "customs" at internal borders, in that they ignore the existence of the common market and thus undermine the credibility of the Community.

The European Council should therefore invite the Member States to remedy the present unsatisfactory and uninspiring state of affairs at the borders, through a concerted effort in the framework of the Community. It cannot indeed be beyond the imagination of a Community which strives for a "Europe sans frontières" and which should now endow itself with a common emblem - without of course prejudice to the use of national flags - to abolish inadequate and obsolete signs at internal borders and devise border signs of a common design correctly reflecting the progress made towards a genuine single market and the unity of the European Community.

C O N C L U S I O N

The Committee considers that these proposals, together with those outlined in the March report, constitute a balanced whole, implementation of which would give the individual citizen a clearer perception of the dimension and existence of the Community.

To ensure the implementation of this report - the agreed conclusions of the representatives of the Heads of State or of Government of all the Member States and of the President of the Commission - it is essential that the European Council should now request the Commission, the Council and the Member States to ensure that it is put into effect.

Furthermore, the European Council should ask the Council to make an initial report on the follow-up in December 1985, on the basis of an assessment by the Commission, and a second report in a year from now. Within twelve months decisive progress should have been made on a considerable number of these proposals.

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List of Members of the ad hoc Committee on a People's Europe

Mr Pietro ADONNINO (Chair)  
Representative of Mr Bettino Craxi, President of the Italian Council  
of Ministers

Mr T. Mailand CHRISTENSEN  
Representative of Mr Poul Schluter, Prime Minister of Denmark

Mr Max GALLO  
Representative of Mr François Mitterrand, President of the  
French Republic

Mr Albert HANSEN  
Representative of Mr Jacques Santer, President of the Government  
of Luxembourg

Mr Yannis KRANIDIOTIS  
Representative of Mr Andreas Papandreou, Prime Minister of Greece

Mr Hans NEUSEL  
Representative of Mr Helmut Kohl, Federal Chancellor of the  
Federal Republic of Germany

Mr Eamon O TUATHAIL  
Representative of Mr Garret FitzGerald, Prime Minister of Ireland

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

Mr Prosper THUYSBAERT  
Representative of Mr Wilfried Martens, Prime Minister of Belgium

Mr Edmund WELLENSTEIN  
Representative of Mr Ruud Lubbers, Prime Minister of the Netherlands

Mr David WILLIAMSON  
Representative of Mrs Margaret Thatcher, Prime Minister of the  
United Kingdom

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Mr Karl BUCK

