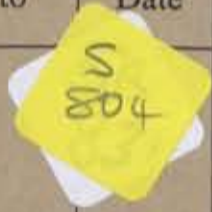


CONFIDENTIAL FILING

European Parliament: Attendance by the President
of the European Council: Strasbourg, December 1981
POLICY

EUROPEAN
POLICY

NOVEMBER 1980

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
7-9-81 14-12-81 10-12-81							
 PREM 19/465							

European Act

ADDRESS

BY

The Rt. Hon. Margaret Thatcher, MP
President of the European Council

to the

European Parliament

Strasbourg

16, December, 1981.

Press Office,
10, Downing Street,
London, S.W.1.

(Tel: 01-930 4433)

Madam President, Ladies and Gentlemen.

This occasion is a pleasure and a privilege for me. It marks an important point in the development of the European Community.

This is the first time that the Head of Government of the Member State occupying the Presidency has attended a session of the European Parliament to give an account of a meeting of the European Council.

And the fact that we meet today recognises^{that} among other things that the European Council has become an important part of the European scene.

It gives Heads of Government the opportunity to discuss matters where Community business and political considerations overlap. We need this opportunity for a general exchange of views as well as for the resolution of the Community's most important problems.

/Throughout

The European Council held in London on 26/27 November was just such an occasion. The atmosphere throughout was friendly and constructive. Certainly there was more detailed discussion than usual because of the nature of the agenda. Nevertheless, we spent several hours discussing the commanding problems of world recession and East/West relations. Indeed, this European Council well illustrated the two features of our relationship -

the first, the problems that have to be resolved between us;

and the second, our relationship with the outside world. Both are equally important to the well-being of the people whom it is our privilege to represent.

The Mandate

The main subject we discussed was the Mandate of 30 May. It is worth recalling how it originated.

The problem arose when one of the Member States, my own country, found itself bearing an unacceptable and increasing budgetary burden as a result of the combined effect of Community policies. As the Community analysed this problem, it became clear that the real issue was not confined to budgetary matters. It concerned the whole balance of Community policies, including the relationship of agricultural expenditure to regional, social and industrial expenditure.

/Agriculture absorbs

Agriculture absorbs the preponderant share of the Community budget and leaves insufficient resources for other areas equally relevant to the problems of advanced industrial societies, especially at a time of economic recession.

The Community agreed, on 30 May 1980, that the problem should be resolved, and I quote - "By means of structural changes". The Commission was given a Mandate to produce proposals as to how this could be achieved without infringing basic Community principles. The Commission's Report was produced in June and concentrated on three main areas or "Chapters". These were the reform of the Common Agricultural Policy, the development of other Community policies, in particular economic, regional and social policies, and the Community budget, and it was agreed that all three Chapters must be considered in parallel.

Behind the prosaic words of the Mandate lies the essential belief that, if it is to endure, a venture as bold and imaginative as the European Community must adapt to changing circumstances and to the hopes of generations yet to come. To the Community, as well as to its Member States, the dictum of that distinguished political thinker Edmund Burke applies. He said, in the 18th Century:-

/"A State

-4-

"A State without the means of change
is without the means of its conservation".

Speaking for myself, I believe that the Community can and will rise to the occasion. For however diverse our national histories, we all know that our future lies in working together. Of course, the modern tendency of politicians is to want more spending on their own particular interests in their own country. Indeed, it is sometimes hard to believe that Parliamentary democracy started with the intent to curb the power of the executive to impose greater taxation on ordinary citizens. Throughout our deliberations in the European Council ran the constant reminder that our resources are limited and that the question is how to allocate them fairly.

The 30 May Mandate laid on the British Presidency the responsibility of reaching decisions by the end of this year. That target was always ambitious. It became more so when a change of Government brought about in one Member State by national elections understandably delayed detailed discussion until well into September.

The responsibility of the Presidency, against the background which I have described, was truly heavy^{and} we have made strenuous efforts to advance the discussions. At the European Council on 26/27 November the three Chapters were talked over in great detail - from the Community loan facility and its extension, through the proper priorities of regional policy and its finance, prudent policies for agriculture,

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national aids, export and import policies to the budgetary decisions themselves. Throughout, we recognised that each conclusion could only be conditional as it rested on a comprehensive agreement about all three Chapters.

I had very much hoped to be able to report to you today that the European Council had been able to reach full agreement on all these matters. Unfortunately I cannot do so.

Much progress was made. But on four main areas we were unable to reach any measure of agreement. These are:-

- first, the problems arising from the Community's milk regime;
- second , the way to deal with Mediterranean agriculture;
- and - third , how to relate the share of agricultural expenditure to the development of the Community budget as a whole;
- and - fourth , how to ensure that no Member State is put into an unacceptable situation as a result of the total effect of the Community budget.

We asked our Foreign Ministers to meet informally as soon as possible in a further effort to resolve these matters and to report to Heads of Government. That meeting took place on 14 and 15 December.

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Despite their best endeavours, Foreign Ministers were not able to reach agreement on the outstanding points. They therefore decided to invite the President of the Commission to make revised proposals for guidelines on the four points in the light of their discussions. They have agreed to meet again to consider these proposals in the first half of January. I hope rapid progress can then be made. Further delay will serve no-one's interests and the need to press ahead remains as strong as ever.

Madame President

This Parliament will wish to know that at the beginning of the Council's proceedings, Mr. Papandreou, the Prime Minister of Greece, made a statement about the economic problems of Greece and his Government's attitude towards the Community. and I should also report that Chancellor Schmidt and Signor Spadolini drew the attention of the European Council to the ideas put forward by their Governments for closer European co-operation. Foreign Ministers will now examine the ideas, some of which are far reaching, and report back to a future European Council.

/WORLD ECONOMIC SITUATION

WORLD ECONOMIC SITUATION

Madam President

Our Community works against the backdrop of world economic problems. The European Council addressed itself to the economic and social situation and the difficulties facing us at a time of continuing world recession.

Accustomed to growth over many years we have entered a period when we do not expect to see it resume at such a rate for some time to come.

This, and advancing technologies and changing patterns of world trade have left our countries with levels of unemployment we thought never to see again.

Every country is especially concerned about unemployment among youth and we all recognised the need for better training. We shall return to this aspect of our work at future Councils.

In our general approach to economic policies we endorsed the view of the Commission namely:

"That the objectives of fighting inflation and unemployment need determined policies to bring deficits under control, and to keep production, distribution and unit labour costs in check."

/Perhaps one

Perhaps one of the most interesting parts of that discussion centred on the effect of high public deficits. They, we were told, lead to unusually high real interest rates which in turn strangle expansion. Thus high public deficits turn out not to be re-flationary but de-flationary.

Madame President

At times of national difficulty the tendency to protectionism is strong. But apart from limited areas where a period of adjustment is necessary, we recognise that it is not in the best interests of our people. Protectionism in some products can so easily lead to retaliation in others.

We were very conscious that we need to pursue a Community policy on trading with Japan. The Community has put its detailed points to the Japanese Government and we now await their response. In the meantime we have to continue to rely on national arrangements so as to re-inforce the efforts of the Community as a whole.

As the third anniversary of the European Monetary System falls next March we agreed to review its operation at that time.

The theme of economic co-operation between countries including the United States ran strongly through all our deliberations. We are each affected by the economic policies pursued by others. We believe that that is something we must ^{each} take into account in order the better to come through recession to expansion of world trade once again.

POLITICAL CO-OPERATION

Madame President

The Community is, and must continue to be, a force for stability in the world - a world that is sadly torn and distracted by conflict. Co-ordination of foreign policies through political co-operation is a key element in that role. It is vital to come together quickly in times of tension.

The European Council welcomed the London report of the Foreign Ministers which provided for important practical improvements in the organisation of political co-operation.

The growing strength and cohesion of Europe in these matters is reflected in the way Heads of Government approached issues and the range of issues they discussed. We were not simply discussing language for resounding communiques. We were constructing European policy - policy which increasingly involves taking initiatives, rather than merely responding to events.

The problems discussed included East/West relations, Afghanistan, Poland and Disarmament and the Middle East. The Federal Chancellor told us about his conversations with President Brezhnev on the occasion of the latter's recent visit to Bonn.

/We all agreed

We all agreed on the importance of keeping open the channels of communication between East and West. We welcome the commitment of the United States, announced in President Reagan's speech of 18 November, to achieve major mutual reductions in nuclear and conventional systems.

The Council restated in strong terms its concern at the continuing Soviet occupation of Afghanistan.

EUROPE AND DEMOCRACY

Madam President, the protection and furtherance of liberty and democracy was the purpose which inspired the founding of the Community. That purpose is as urgent today as when the Community began. With regard to the accession of Spain and Portugal, the European Council reaffirmed our strong political commitment to bringing the negotiations to a successful conclusion. These negotiations involve problems. But we all have a common interest in strengthening these newly restored democracies and in supporting them in their solidarity with the aims of Western Europe.

/Madam President,

The representation of the people is an essential principle of democracy. The Presidency have worked/^{hard}to improve the dialogue between the Council and the Parliament. Thanks to the co-operation we received from you, I believe we have had some success.^{And} this is one reason why I am here today. The meeting between the Ten Foreign Ministers and you, Madam President, and Leaders of the Parliament, with the participation of the Commission, marked another important innovation.

The common aim of all these deliberations is to help create a Community which functions more effectively, which protects the democracy and freedom which Europe cherishes and which takes all available opportunities to extend that democracy.

For, Madam President, this area of stability and democracy in Europe is a priceless asset in a troubled world. We often count our problems ^{and} we should sometimes count our blessings. And I say this in particular in a week when the events in Poland are much on our minds.

The problems of Poland are for the Poles to solve. And we hope they will do so by a process of compromise and negotiation. We must not take our liberties for granted. In the changing world in which we live, we must work if we are to preserve them.^{And} it is that challenge which makes progress on our/^{own}problems so imperative. I hope that by the time the Belgian Presidency comes to report on the outcome of the European Council in March next year, it will be possible to describe substantive conclusions on many of these issues.

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The successful future development of the Community as an instrument for furthering the cause of democracy and freedom depends on making speedy progress in our deliberations. ^{Madame President} For freedom must mean more than freedom to differ. It must mean freedom to act together to conserve our common beliefs - so that our children may enjoy that peace with liberty which is the greatest gift to mankind.

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10 DOWNING STREET

From the Private Secretary

15 December 1981

MESSAGE FROM THE PRIME MINISTER TO "DERNIERES
NOUVELLES D'ALSACE"

Thank you for your letter of 14 December.

I enclose a text of a message to the above
newspaper which the Prime Minister has approved.

E. J. COLES

Roderic Lyne, Esq.,
Foreign and Commonwealth Office.

↓

I shall be in Strasbourg on 16 December for an occasion which is significant for the development of the European Parliament. It will be the first time that the Head of Government who is serving as President of the European Council has attended the Parliament to give an account of a European Council Meeting.

I am glad that this step, which will strengthen the working relationship between the Parliament and the European Council, has been taken during the British Presidency of the European Community. It is one of a number of measures we have taken to try to ensure that all the institutions of the Community work together to find practical solutions to our problems. Lord Carrington, President of the Council of Ministers, will also attend the Parliament tomorrow for debates on foreign policy questions. So, with the presence of Mme. Veil, President of the Parliament, and of course M. Thorn, President of the Commission, we will have the Heads of four major Community institutions in Strasbourg this week.

All those institutions have an important role to play in building the European Community. My visit to the Parliament demonstrates that the European Council has become part of the European scene. It provides a valuable opportunity for Heads of Government to exchange views generally and to try to resolve the Community's most important problems. It is thus able, together with the other institutions, to promote the common aim of a Community which functions more effectively, which protects the democracy and freedom which Europe cherishes, and which takes all available opportunities to extend that democracy.

/ In the Parliament

In the Parliament this week special attention will be given to foreign policy. The Governments of the Community agreed in London on 13 October new guidelines of closer cooperation on world issues. This means real common action on major problems and will guide our approach to vital questions such as Poland, Afghanistan, East/West relations and the Middle East.

Strasbourg is often described as a crossroads for Europe. What is important now is that those who have responsibilities for Europe's future do not pass each other by at the crossroads but work together there to hammer out common approaches to our common problems. The European Community provides the framework for that cooperation. We must build on its successes and lay the foundations for a peaceful and prosperous future for the citizens of Europe.



Foreign and Commonwealth Office
London SW1A 2AH

15 December 1981

Dear John,

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Visit of the Prime Minister to the European
Parliament: 16 December 1981

With reference to your letter of 14 December enclosing the text of the Prime Minister's speech as finally approved, we have one more amendment to propose to cover the outcome of today's Foreign Minister's meeting on the Mandate. This is as follows:-

Delete first paragraph on page 6 and substitute the following:-

"Though they were not able to reach agreement, Foreign Ministers had a useful discussion. They decided that the next step should be to invite the President of the Commission to make revised proposals for guidelines on the four points in the light of their discussions. They have agreed to meet again to consider these proposals in the first half of January. I hope rapid progress can then be made. Further delay will serve no-one's interests. The need to press ahead remains as strong as ever."

The last sentence on page 11 can stand, in our view.

Yours ever,

Francis Richards

(F N Richards)
Private Secretary

John Coles Esq
10 Downing Street



Foreign and Commonwealth Office

London SW1A 2AH

15 December 1981

Dear John,

f.a. MR 16/12

Visit of the Prime Minister to the European Parliament

Thank you for your letter of 14 December to Francis Richards. I attach an up-to-date brief on EC/Japan trade relations as requested.

I am also taking this opportunity to enclose a slightly amended draft of the paragraph for the Prime Minister's speech dealing with this subject. There are two small changes from the version which you sent under cover of your letter. The first (the substitution of 'now' for 'must') is designed to reflect the important fact that the Foreign Affairs Council has in effect set a time limit for the Japanese by saying that it intends to assess their response in February. The second is designed to deal with the Japanese issue, and that continued national measures are a necessary complement to these efforts, rather than an alternative. If time permits I hope it may be possible for you to submit these suggestions to the Prime Minister for her consideration.

*yours ever
Roderic Lyne*

(R M J Lyne)
Private Secretary

A J Coles Esq
10 Downing St

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PRIME MINISTER'S VISIT TO THE EUROPEAN PARLIAMENT

STRASBOURG, 16 DECEMBER 1981

EC/JAPAN

POINTS TO MAKE (If raised)

1. Have read with interest Resolution passed unanimously by European Parliament in July. Agree about importance of common EC approach. While there may be differences of emphasis between individual Member States Council has consistently made clear that Community is united in its concern about excessive concentration of Japanese exports in sensitive industrial sectors and low level of Japan's imports from main industrialised trading partners.

2. On 8 December Foreign Affairs Council agreed detailed list of specific requests for action by Japan. This has now been transmitted to Japanese Ambassador to EC in Brussels by Vice President Haferkamp who will have made it clear that a reply is expected in time for the Foreign Affairs Council meeting on 22 February.

3. (If asked about reports that Japanese are considering cutting tariffs). December Foreign Affairs Council agreed this would constitute a step in the right direction, but would not address the central problem. Effect marginal (e.g. biscuit tariff would go down from 38 per cent to 36 per cent in April 1982 instead of in April 1984).

/4.

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4. (If asked about the possibility of giving up national restraint measures in favour of Community measures). UK for its part would not rule this out if Commission put proposals forward. But would want to ensure that Community measures were at least as effective as existing national arrangements. In present circumstances national arrangements an important complement to Community approach.

5. (If asked about Community involvement in inward investment). Council is agreed that industrial cooperation and investments have an important contribution to make. But UK believes decisions on specific cases must remain a matter for individual member states concerned. So far as UK is concerned we seek to encourage only those projects which offer Europe a real economic benefit.

6. (If asked about EC surveillance of cars, imports of colour TV's and tubes and certain machine tools). Understand Commission figures show no serious overall deterioration in three sectors concerned. But surge in imports of particular products within those sectors (notably light commercial vehicles and 'machining centres' (a type of machine tool) gives cause for concern. Surveillance will continue in 1982.

/BACKGROUND

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BACKGROUND

References:

- A - Conclusions of 8 December Foreign Affairs Council
- B - Text of EP Resolution (passed unanimously on 10 July)

7. 8 December Foreign Affairs Council agreed that it would not be adequate for the Japanese simply to bring forward the tariff reductions due to be implemented in any case in 1984 as a result of the Tokyo Round of GATT Multilateral Trade Negotiations. It was decided that in addition the Japanese should be asked to consider and act urgently upon a list of specific requests. This list sets out the Community's requirements in detail under the following headings:

(a) Effective action by the Japanese Government to encourage imports of manufactures e.g. through public purchasing and reduction of bureaucratic delays in import procedures;

(b) A significant cut in the tariff on a number of processed foodstuffs and alcoholic beverages (including biscuits, chocolate and Scotch whisky of particular interest to the UK);

(c) Improvements in Japanese standards, testing and acceptance procedures and in the conditions for banking, insurance and investment operations in Japan;

(d) Continued insistence on effective moderation of Japanese exports in sensitive sectors (i.e. vehicles, colour TVs and certain machine tools including machining centres).

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The intention is that the Commission should seek the Japanese response at the next round of regular high level EC-Japan consultations which are to take place in Tokyo in late January and that the February Foreign Affairs Council should assess the outcome.

National Restraint Measures

8. There is no common EC regime for imports from Japan. Most Member States retain formal pre-EEC quotas on differing products and at different levels on imports from Japan. France and Italy have most such quotas. UK exceptionally has none, but informal inter-industry understandings covered about one quarter of total UK imports from Japan last year.

9. [Not for use: the Commission have long been unhappy about these various national restraint arrangements and the EP predictably shares their concern. (The EP Resolution was based on a draft prepared by Sir J Stewart Clarke on behalf of the External Economic Relations Committee which in turn is chaired by Sir F Catherwood). However the Commission have in recent months begun to adopt a more pragmatic and less doctrinaire approach to this question; as a result they are now seeking ways in which the Community can exert real pressure on the Japanese rather than simply complaining about the continued national restraint arrangements which will inevitably continue until the Community can put something as effective in their place. As Presidency it would therefore

/be

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be advisable to take the line that national restraints 'complement'
the Community approach, which is now being developed].

Foreign and Commonwealth Office

14 December, 1981

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FM UKREP BRUSSELS 081435Z DEC 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 4771 OF 8 DECEMBER

INFO IMMEDIATE TOKYO

INFO SAVING BRUSSELS COPENHAGEN THE HAGUE ROME DUBLIN PARIS

BONN LUXEMBOURG ATHENS STRASBOURG WASHINGTON UKMIS GENEVA

COUNCIL OF MINISTERS (FOREIGN AFFAIRS): 8 DECEMBER

EC/JAPAN

SUMMARY

1. LIST OF EC REQUESTS ADOPTED. AGREED THAT COMMISSION SHOULD CONVEY LIST URGENTLY TO JAPANESE, SEEK RESPONSE IN HIGH LEVEL CONSULTATIONS, AND REPORT BACK TO FEBRUARY COUNCIL.

DETAIL

2. FROM THE CHAIR, YOU NOTED THAT THE COUNCIL WAS CALLED UPON AGAIN THE DEAL WITH THE EC'S TRADE AND OTHER ECONOMIC RELATIONS WITH JAPAN - RELATIONS WHICH GAVE RISE TO INCREASING CONCERN. THE ARTICLE 113 COMMITTEE HAD DRAWN UP A DRAFT LIST OF EC REQUESTS (DOC 11496/81), AND DRAFT COUNCIL CONCLUSIONS.

3. HAFERKAMP (COMMISSION) SAID THAT, IF THE COUNCIL APPROVED THE WORK OF THE ARTICLE 113 COMMITTEE, THE COMMISSION WOULD CONVEY THE LIST AT ONCE TO THE JAPANESE, WOULD SEEK A RESPONSE IN THE HIGH LEVEL CONSULTATIONS IN JANUARY, AND WOULD REPORT ON PROGRESS TO THE FEBRUARY COUNCIL.

4. THE LIST OF EC REQUESTS WAS ADOPTED, AND THE COUNCIL CONCLUSIONS CONTAINED IN MIFT AGREED, WITHOUT DISCUSSION.

FCO ADVANCE TO:-

FCO - PS, PS/LPS, PS/PUS, MS LAMBERT (ECD(E)), PIRNIE (ECD(I))

CAB - GOODENOUGH

IDI - FARROW, GENT (ICA)

IDT - SUNDERLAND, DUNNING, FOSTER (CRE2)

FCO PASS SAVING COPENHAGEN THE HAGUE ROME DUBLIN PARIS BONN

LUXEMBOURG ATHENS STRASBOURG WASHINGTON UKMIS GENEVA

BUTLER

FRAME EXTERNAL

(REPEATED AS REQUESTED) (ADVANCED AS REQUESTED)

ECD (E)

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-) to intensify its existing programme for informing European businessmen and industrialists, including those from medium and small sized businesses and European trade union representatives, on the best means of penetrating the Japanese market, with the full cooperation of the Council to make the appropriate financial means available to this end, and to enlist the full cooperation of the Japanese in this endeavour;
- (i) to make proposals, after consultation with the Japanese authorities, for extending the Commission's language and business training programmes for the formation of young European business executives and technicians who will specialize in trade and commercial cooperation with Japan and to make financial provision in the 1982 budget to initiate this programme;
- (j) to take steps to ensure that any agreement with Japan will include provisions ensuring full reciprocity of banking and investment facilities between the two partners; any such investments, whether on a wholly-owned or joint shareholding basis, must have written agreements to ensure that a substantial percentage of components or materials used in production are sourced locally and that research and development resources are introduced as a result in order to promote employment possibilities and financial expansion in the area or region concerned;
- (k) to set up a joint EEC/Japan Investment Bureau to facilitate and to encourage appropriate investment from either side. The rôle of such an Investment Bureau should include that of coordinating and extending joint undertakings between Japanese and Community countries in third countries;
- (l) to explore with the Japanese government the means to bring about early collaboration on major development projects in the Third World (outside the scope of the Lomé Agreement) which would permit the mutual enjoyment of sub-contracting opportunities and the purchase of available equipment;
7. Urges the representatives of European industry, wherever appropriate in consultation with the Commission, to cooperate closely in such fields as marketing and Research and Development and rationalization in order to find not only the best means of penetrating the Japanese market but also of achieving viable competitiveness with respect to both Community and third country markets;

... on the Council and Commission to ensure that any agreement concluded
... de for reciprocal measures on the part of Japan in respect of any
concessions which may be granted by the Community to Japan;
... rges the Commission ..

- a) to continue its efforts to ensure the harmonization of trade policy measures taken by individual Member States, and also to ensure that the Community will speak "with one voice" through the Commission in its dealings with Japan;
- (b) to ensure, with respect to the Community's competition policy, that the relevant clauses of the Treaties (Articles 85 to 94) are not applied with the result that industry within the Community is penalised to the advantage of industry from third countries, including Japan;
- (c) to agree with Japan, on a voluntary basis, specific quantifiable restraints in respect of the exports to the Community. This will have to be a continuous process which will require close cooperation, at Community level, not only between Commission and Member States but also between the Commission and representatives of European industry;
- (d) to make clear to Japan that any failure to abide by these restraints must lead to counter-measures on behalf of the Community;
- (e) to be prepared, where it can be established that non-tariff barriers to trade exist, to introduce, at Community level, reciprocal measures within the framework of the GATT;

recommends in this context that the Commission should be endowed with adequate funds to institute a service to investigate allegations of concealed protectionism, recognising that industry itself may find difficulty in dealing with such protectionism;

- (f) to be prepared to accept the need, if necessary, to make existing regulations and directives regarding 'type approval' of manufactured articles, particularly motor vehicle parts, mandatory rather than permissive;
- (g) to help preserve and promote Community exports to Japan in those fields in which the balance of trade is favourable to the Community: in particular, to safeguard the reputation of Community exports of food and drink entitled to 'appellations d'origine' by introducing suitable measures within the Community and by urging the Japanese to make provision for the recognition and protection of such 'appellations';

- regretting that notwithstanding the Council Memorandum of 17 February, Member State Governments found it more convenient to maintain or improve independent arrangements with regard to imports of Japanese cars than to adopt a single Community approach,
- recognising that the effective resolution of the problems created by the deficit in the balance of trade between the Community and Japan can best be achieved by the formulation by the Commission of a vigorous common Community trade policy towards Japan, including -
 - a) closer cooperation and improved efficiencies within European industry,
 - b) working together to eliminate both tariff and non-tariff barriers,
 - c) encouragement of efforts by European exporters to secure a greater share of the Japanese market,
 - d) reciprocity in banking and investment facilities,
 - e) quantifiable self-restraint in exports by Japan in specific sectors, and a substantial increase in its imports from the Community,
- considering that in the absence of an effective Community policy for relations with Japan, Member States will come under increasing pressure to take unilateral protectionist action,
- noting that the problems of the Community's relations with Japan are inextricably linked with the relationship between Japan and the United States,
- having regard to the motion for a resolution tabled by Sir Fred WARNER and others (Doc. 1-966/80),
- having regard to the report of the Committee on External Economic Relations (Doc. 1-240/81),

1. Requests the Council and the Commission of the European Communities to ensure that all negotiations with Japan will be conducted firmly and constructively and be based not only on an understanding of the needs of the Community but also of those of Japan and the USA who together form the world's three most significant trading groups and on whose effective cooperation any lasting global trade arrangements must depend;
2. Regrets the fact that no progress was recorded during the consultations between the EEC and Japan held at the beginning of June;
3. Believes that in the absence of a general agreement between the Ten and Japan, there must inevitably be national agreements to stabilize market penetration by Japanese products in each EEC country at the lowest level;
4. In view of the forthcoming Ottawa Conference, considers that a common Community position in regard to trade with the United States and Japan must be established and that this must be directed towards the voluntary limitation of trade surpluses;

Ep: 10.7.81

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M. Kouchin, CCB (L)

Ref B

RESOLUTION

on trade relations between the EEC and Japan

The European Parliament,

- concerned by the persistent and increasing deficit in the Community's balance of trade with Japan,
- aware that this deficit, although comparatively small in the context of the Community's overall trade figures implies a severe threat to the Community in certain specific sectors, particularly in manufacturing industry,
- convinced that a reduction of the present trade imbalance would contribute towards a better overall understanding between the Community and Japan which would go further than purely commercial considerations and in turn lead to closer cooperation in fields such as development aid, security, monetary stability, energy conservation, and the supply of raw materials,
- recognising that it is in Japan's interest to work towards greater understanding with the Community in view of her vulnerability both in terms of national security and energy supplies,
- recognising that the problem is one which can primarily be satisfactorily resolved by increasing the competitiveness of European products vis-à-vis the Japanese in all markets and stressing therefore the need for greater effort by European industry in this respect,
- acknowledging the risk that protectionist measures may be taken by individual Member States, with resultant serious consequences not only for EEC/Japan commercial relations but also for inter-Community and world trade, and convinced that this can be averted by a greater degree of understanding by Japan of the problems that the present trade deficit poses both economically and politically for the Community,

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Foreign and Commonwealth Office

London SW1A 2AH

14 December 1981

Dear John,

Visit to European Parliament:
Wednesday 16 December 1981

I enclose briefing for this visit. The text of the Prime Minister's speech was sent to you last week; I understand details of the travel arrangements have been sent separately.

The briefing consists of:

- (i) programme;
- (ii) steering brief;
- (iii) short notes for remarks at lunch;
- (iv) brief on the budget;
- (v) background note on the Parliament and topics which may affect Council/Parliament relations;
- (vi) note on FRG/Italian European Union proposals;
- (vii) guest list and personality notes on those the Prime Minister will meet at lunch.

yours ever
RM/Lyno

FR (F N Richards)
Private Secretary

John Coles Esq
10 Downing Street

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PRIME MINISTER'S VISIT TO EUROPEAN PARLIAMENT

WEDNESDAY 16 DECEMBER 1981

PROGRAMME

11.00 The President of the European Council, Mrs Thatcher, arrives at Strasbourg (Entzheim) airport. Met by the President of the European Parliament, the Mayor of Strasbourg (M. Pflimlin), the UK Delegate to the Council of Europe (Mr Cape) and Mr Marsden (UKREP Brussels).

Short welcome by the city of Strasbourg in the Salle d'Honneur at the airport.

11.10 Leave for the European Parliament building.

11.30 Mrs Thatcher arrives with Mme Veil at the Palais de l'Europe, main entrance. Walk up main staircase.

11.35 Mrs Thatcher meets the European Democratic Group in Room 1 for a photograph.

11.40 Received by Mme Veil in the Presidency's entrance at the back of the chamber (Hemicycle), and takes her seat in the Council seats in the Hemicycle, with Mr Hurd.

11.45 Mrs Thatcher's statement on the European Council meeting. Followed by short speeches by the leaders of the political groups.

13.00 Session ends for lunch. The Prime Minister leaves by main entrance.

The Prime Minister briefly visits Mr Cape's house in Rue Massenet.

13.20 Mrs Thatcher arrives for Mme Veil's lunch at the Crocodile Restaurant.

14.40 Mrs Thatcher leaves the restaurant for the airport.

15.00 Take off for London.

STEERING BRIEF

Appearance before Parliament

1. It will be the first time a President in Office has made a statement to the European Parliament about a meeting of the European Council (Mr Lynch addressed the Parliament during the Irish Presidency in 1979 but not about the European Council). The Parliament attaches great importance to the Prime Minister's visit, a major new development in their relations with the Council and the climax to the attention paid to them during the British Presidency.
2. The Prime Minister will be expected only to make her statement, then listen to the speeches of the leaders of the political Groups before leaving for lunch.
3. Unlike Westminster, there is no provision for exchanges or debate as we know them; Members do not get up to make points during speeches. MEPs do, however, resort to inventing 'points of order' in order to be able to interrupt the speaker. It is quite likely that Dr Paisley or Mr Panella (a left-wing Italian who is pressing for more food aid to the third world) will try to interrupt. Under the Parliament's rules of procedure any such interruptions are dealt with from the chair; Madame Veil's practice is to let the point be made and then firmly put down the interrupter.
4. It will therefore not be for the Prime Minister to respond to interruptions but to leave them to Madame Veil to deal with. Should she be particularly pressed on Northern Ireland, however, she may like to take the line that she is attending the Parliament not in her national capacity but as President of the European Council so it would be inappropriate for her to comment on an internal United Kingdom matter, although she might add she is sure the House would share her wish for a peaceful solution to the problem.

/Lunch

Lunch given by Madame Veil

5. We understand that Madame Veil is to make a few informal remarks at the lunch; some points on which the Prime Minister may care to draw in reply are included in the briefing.

British Ministers in Strasbourg

6. Mr Ridley will be in Strasbourg to represent the Council while the Parliament debates the Budget (see separate brief) while Mr Hurd will be there for the Presidency on 16 December both to be present during debates and to take question time; they are both invited to Madam Veil's lunch for the Prime Minister. The following day, Thursday 17 December, Lord Carrington will attend the Parliament to deliver the traditional statement summing up the six months of our Presidency.

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[May be raised over lunch].

PRIME MINISTER'S VISIT TO EUROPEAN PARLIAMENT : 16 DECEMBER 1981
1981/82 BUDGETS

POINTS TO MAKE

1. President of Budget Council, Nicholas Ridley, is here with mandate to negotiate on behalf of Council.
2. Presidency hopes very much to avoid a budget dispute this year. Have put special effort into improving relations with Parliament during budgetary process.
3. Essential point is compromise. Council willing to go quite a long way to meet Parliament's wishes, but Parliament must also be flexible.
4. /Classification of expenditure - if raised/. Do not see how Council could agree to classifying all reserve expenditure as non-obligatory. Council has, for the first time, offered to have discussions with Parliament on classification. These will be early next year. Better to settle our differences then than push the issue to break-point now.

/ESSENTIAL FACTS

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ESSENTIAL FACTS

5. The European Parliament is to vote on the 1981 Rectifying Budget no 2 and the 1982 Budget on the morning of 17 December, and could then declare both budgets adopted. Mr Ridley, as President of the Budget Council, will be in Strasbourg from 14 to 17 December with a mandate to negotiate on the Council's behalf. The key issue as usual is the size of the increase in non-obligatory expenditure, particularly the Regional and Social Funds. On this expenditure Parliament has the last say on what goes into the budget, but has to keep the total within the maximum rate, which can only be increased with the Council's agreement. A dispute between the two institutions has become almost an annual event, and if we manage to get the budget adopted this year without one, it will be a major Presidency achievement. Last year's budget row was only settled in September when the first 1981 Rectifying Budget was adopted and France, Germany and Belgium, who had been withholding part of their contributions for eight months, agreed to pay up.

6. We have made particular efforts to develop close relations during our Presidency with the Parliament in the budgetary, as in other areas. We invited the Parliament's delegation to meet the Budget Council on the day before Council meetings, instead of the same day, so that the Council would have more time to hear, and reflect on, Parliament's views. These meetings have been successful and together with the regular attendance of Presidency Ministers at the Parliament and close informal contacts, have certainly improved the atmosphere. Lange, the Chairman of the European Parliament Budgets Committee, has gone out of his way to speak well of the Presidency's efforts.

7. Even so, his Committee has recommended increases of 370m ECU in multi-annual commitments and 350m ECU in 1982 payments. The Council believes that the Parliament has already used up its whole margin for increases within the maximum rate, but Mr Ridley has authority from the Budget Council to agree to a further 30m ECU in commitments and 130m ECU in payments. (We had asked for a mandate to go up to 49m ECU in commitments, but the French and Germans would not agree). This difference between the two institutions over figures is complicated by a procedural difference. The majority in the EP Budgets Committee agreed with the rapporteur Spinelli that far from having used up its margin the Parliament still has a margin of 374m ECU for commitments and 448m ECU for payments. The increases they are recommending are less than this, and they therefore argue that the Parliament could vote for such increases and legally adopt the 1982 budget without having to go back to the Council to ask for an increase in the maximum rate. If they did this however most, if not all, Member States would regard the budget as illegal and there would be a major inter-institutional dispute. Not all in the Parliament however agree with Spinelli. His case depends on what expenditure is classified as non-obligatory. The Parliament has long disagreed with the Council over this and has sought to extend the number of budget items which are non-obligatory. Spinelli is now arguing that all items in the reserve chapter of the Budget, Chapter 100, are non-obligatory, even when they are intended as a reserve for obligatory expenditure such as FEOGA. Both the European Democratic Group and the Liberals believe that this is going too far. In their view, the Parliament has a remaining margin of 49m ECU on commitments and 123m ECU on /payments

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payments - almost the same as Mr Ridley's negotiating limits - and these two groups will probably have a decisive effect in the voting since a majority of the total membership of the Parliament (215 votes) is needed to get any increases agreed.

8. The main complicating factor is also the key issue raised by the 1981 Rectifying Budget - social measures to help redundant steel workers. The Parliament would like to see 62m ECU in the Budget for 1981 and another 50m ECU in 1982. If the Council agreed to raise the maximum rates for the two years to accommodate these increases, it would make an overall compromise much easier to reach. But the Council has so far been deeply divided between those who would like to see the money found from the budget and those who favour ad hoc contributions from Member States. Four countries are strongly opposed to the latter route, and France and Germany at the last Budget Council blocked the budgetary route. That Council said that a decision would be taken at the Foreign Affairs Council on 7/8 December, but although a formula was found to meet French objections the German reserve stands. The budget however is determined strictly by qualified majority voting and without the French the Germans can no longer block. An attempt will therefore be made at the ECO/FIN Council on 14 December to engineer a vote on this issue. If successful, this will help over the budget, but no money can be paid until unanimous agreement on a new regulation.

/9.

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9. At best therefore Mr Ridley will be able to offer the Parliament Council's agreement to the provision for steel social measures as well as his present negotiating limit, and the EDG and Liberals will keep the ambitions of other MEPs within check so that a compromise can be found. At worst, the Spinelli doctrine will prevail, and we shall enter 1982 with no legal budget and a major inter-institutional clash.

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EUROPEAN PARLIAMENT: BACKGROUND

General

1. The present Parliament of 434 members (MEPs) was directly-elected in June 1979, replacing the previous Parliament of 178 MEPs nominated from national parliaments. The next direct elections will be held in 1984. The Parliament has a right of centre balance.

UK Membership

2. The UK, France, Italy and Germany each have 81 MEPs. 60 Conservatives (together with 1 Official Ulster Unionist and 3 Danes) form the European Democratic Group, with whom the Prime Minister is to be photographed on 16 December. There are 17 UK Labour MEPs who sit with the Socialist Group, one SDLP (Mr John Hume), 1 Scottish Nationalist (Mrs Ewing) and Dr Paisley.

Presidency of the Parliament

3. The leader of the EDG, Sir James Scott-Hopkins, is standing for the Presidency of the Parliament; Madame Veil's term of office expires in January 1982. HMG have not openly backed his candidature. To do so might have been to damage his chances, since the Parliament is jealous of its independence and would resent interference from Member States. There is, moreover, no easily identifiable trade-off in this case. Sir J Scott-Hopkins' rivals are Herr Klepsch (German Christian Democrat) and Mr Dankert (Dutch Socialist). We cannot say how the voting will go; there has also been some suggestion that Madame Veil may be prepared to stand again if there was a stalemate and if she was sure to win.

UK Presidency

4. Although not prepared to concede any ~~significant~~ increase in the Parliament's influence or powers, we have paid careful attention to relations with the Parliament during our Presidency. Apart from the Prime Minister's visit, the first by a President in

/office

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office reporting on the European Council, our Presidency saw the innovation of a meeting between all 10 Foreign Ministers and the President of the Parliament and leading MEPs on 17 November. Mr Hurd has been responsible for answering questions and has always tried to give the fullest possible reports; the Parliament has much appreciated that, as it has the fact that some 17 UK Ministers will have been to either plenary or Committee meetings of the Parliament. The Prime Minister's speech includes a passage on this subject.

Powers of the Parliament

5. A separate note on the Parliament's powers is attached.

1981 and 1982 Budgets

6. There is a separate brief on this question.

Council/Parliament Relations

7. The Parliament is trying through various ways to extend its influence in the decision-making process, for example through requests to the Council in Resolutions (named after their authors, Messrs Hansch and van Miert) on Council/Parliament relations. Some aspects of Council/Parliament relations were discussed at the 17 November Council/Parliament meeting, others were raised by the FRG/Italian draft Act on European Union, which the respective Foreign Ministers presented in person to the Parliament on 19 November. A summary of the draft Act's main proposals is also attached. The Council is keeping the Parliament at arm's length on all these questions by offering to discuss them but ensuring that no rapid progress is made.

Pay and Pensions of MEPs

8. MEPs continue to be paid by national governments at national rates with allowances paid by the Parliament. MEPs are, however, beginning to press for a system of retirement and invalidity pensions for those MEPs whose Member States do not make provision.

There is no agreed Council position on this yet, nor have negotiations opened with the Parliament.

Seat of the Parliament

9. Tired of their peripatetic life - plenary sessions in Strasbourg and Luxembourg, Committee meetings in Brussels and Secretariat in Luxembourg - MEPs agreed in July that plenary sessions should be held in Strasbourg only; they have also asked for a study of the costs and recommendations for improvements to be made. Luxembourg has asked the European Court of Justice for a ruling, since it is anxious not to lose the revenue the Parliament's presence brings in. Any decision on a single seat must be taken unanimously by the Member States; their position remains that agreed by the European Council at Maastricht on 23-24 March, when the Heads of State or Government decided unanimously to confirm the status quo in regard to the provisional places of work of the European Institutions.

Common Electoral System

10. The first direct elections were held under national systems in each Member State but the Treaties require the Parliament to make proposals to the Member States for a common electoral system. A sub-committee of the Parliament is bogged down on the question but, eventually, is almost certain to recommend a form of proportional representation (probably a mixture of national lists with multi-member constituencies). It is unlikely there will be time for any new system to be in place for the next direct elections, due in 1984.

Mme Veil

11. A personality note is attached.

Powers of the European Parliament

A: Budgetary

1. The Parliament's rights in the budgetary field derive from the Treaty of Rome, as amended by two Budgetary Powers Treaties of 1970 and 1975. It has acquired further functions within the Treaty framework in documents agreed between the Institutions, eg. the Joint Declaration of 1975 on a conciliation procedure between Parliament and Council. The Parliament's powers are greatest and best established in the field of the Budget. The essential points are:

- (a) According to the Budgetary procedure laid down in Article 203 of the Treaty, when it receives the Commission's provisional draft Budget, as altered and 'established' by the Council, the Parliament can amend any provisions in it which are 'non-obligatory' - i.e. are not strictly necessitated by the Treaty of Rome or subsequent Acts. The precise definition of non-obligatory expenditure is a matter of disagreement between the Institutions. At present it is taken to cover almost all expenditure items except those connected with the CAP.. The Parliament's amendments to non-obligatory expenditure can be challenged by the Council but the Parliament has the last word on them, subject to a ceiling on non-obligatory expenditure (the so-called maximum rate - calculated by the Commission) which can only be over-stepped by agreement of both Parliament and Council.
- (b) The Parliament can also propose to modify items of obligatory expenditure. If these modifications increase expenditure they fall unless approved by a majority vote in the Council. If they do not increase overall expenditure they stand unless rejected by the Council's majority vote.
- (c) The Parliament can also alter the Budget nomenclature during the budgetary process, eg. by adding new items of expenditure for new policies. The Parliament has claimed

/ that such

that such inscription in the Budget provides sufficient authority for the expenditure to take place. The Commission (endorsed by the Council) take the view that in some cases it does, but generally expenditure cannot take place until the Council has embodied the new policy in a legislative act. The contradiction between the institutions' views has not yet come to a head.

- (d) It is the Parliament which adopts the Budget (Budgetary Powers Treaty of 1970). This is the only Act of a legislative nature the Parliament is empowered to take.
- (e) The Parliament also has the power to reject the entire draft Budget by a majority of its members and two-thirds of the votes cast (Budgetary Powers Treaty, 1975). It did so with the 1980 Budget in December 1979.
- (f) Under the Joint Declaration of March 1975 the Parliament has a particular right to consultation on proposed legislative Acts which have appreciable financial implications or are not required by Treaty (i.e. the same definition as for non-obligatory expenditure). If the Council proposes to act contrary to the Parliament's Opinion the Parliament can request the Council to meet it first to discuss the disputed points in a 'conciliation committee'. The Council has the formal last word, but the expectation is that at least some of the disputed points will be resolved by compromise.


B: Other

- 2. (a) On legislation outside the Budget the Parliament's role is limited in the Treaties to delivering Opinions. Many Treaty articles specify that the Council can only take action after receiving such an Opinion from the Parliament.
- (b) Action on the Parliament's Opinions not falling into the 'conciliable' category depends mainly on the Commission,

which can amend its own proposals in the light of the Parliament's views. The Council has gone on record as offering to let the Parliament know in each case whether and why it has departed from its Opinion on such matters but this rarely happens in practice.

- (c) The Parliament may pass Resolutions on any subject whether it has the right to express an Opinion or not. The Council takes note of such 'own initiative' Resolutions, but so far this has largely been a formality.
- (d) The Parliament can hold a debate on any subject and ask Presidency Ministers to attend!! The practice is for at least one Minister to attend each Parliament plenary Question Hour at which the Presidency (for the Council) and Commission are obliged to answer oral questions. Ministers may also be invited to Parliament Committee sessions.
- (e) The Parliament may pass a vote of censure on the Commission by a majority of two-thirds of its Members, in which case the Commission must resign. (Treaty of Rome. This power has never been used).
- (f) The Parliament has to be consulted (Budgetary Powers Treaty 1975) before the Council appoint new Members of the European Court of Auditors.
- (g) The Council must consult the Parliament before concluding association agreements. (Treaty of Rome). Non-treaty arrangements have been made between the Institutions to allow the Parliament to be informed on negotiations for trade and co-operation as well as association agreements ('Luns' and 'Westerterp' procedures).
- (h) Since Political Co-operation (POCO) falls outside the Treaty framework the Parliament has by definition no Treaty rights in this sphere. The Council has however agreed to let certain forms of contact develop. Thus the Parliament can put questions to the Council on PoCo matters, debate these

/ and pass



and pass Resolutions on them within limits laid down in two letters from the President of the Council to the President of the Parliament. The Council has also agreed to hold regular colloquies with the Parliament on PoCo questions.

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BACKGROUND BRIEF: EUROPEAN UNION

Current State of Play

1. The European Council agreed [redacted] that Foreign Ministers should 'examine and clarify' the German/Italian proposals. No timetable was set. The Irish and Danes insisted that the German/Italian initiative should not be 'welcomed' by the European Council.

2. At lunch on 8 December, Foreign Ministers discussed how they should proceed. In the absence of Genscher and Colombo the Secretary of State concluded that it would be wrong to reach any firm decisions on procedure and invited the incoming Presidency to put forward proposals early next year. This was agreed. We understand that the Germans and Italians were disappointed at the discussion by the European Council and do not wish to rush ahead.

Position of the Ten

3. European Council 'received' the German/Italian proposals. Foreign Ministers will 'examine and clarify' and report back to the European Council.

UK Position

4. Welcome the German/Italian initiative. Sympathise with wish to restore political impetus to the Community.

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EUROPEAN UNION

SUMMARY OF THE OPERATIVE PROVISIONS OF THE DRAFT 'EUROPEAN ACT'

1. The draft Act formally establishes the merging of the structures for decision-making in the European Communities and Political Cooperation under the responsibility of the European Council, which is defined as the organ of political guidance for both.
2. The European Parliament's right to seek comments from Foreign Ministers on its resolutions is reaffirmed; the President of the European Parliament is to be consulted before the appointment of the President of the Commission. There is a vague formula for the extension of the conciliation procedure to particularly significant decisions (currently it applies only to decisions with significant financial implications). Parliament to be informed on a continuous basis of negotiations for accession or association of states with the Community.
3. Councils of Ministers of Culture and Justice are established.
4. No separate Council of Ministers is established for security matters but the draft Act provides that the Foreign Affairs Council may convene 'in a different composition' for detailed discussions on security matters. The draft stresses the importance of 'common action in matters of security'.
5. The draft calls for greater use of voting in Community institutions and for written explanations by any Member State invoking the 'Luxembourg compromise' to avoid a vote.
6. Provision is made for Foreign Ministers to submit to the European Council a draft Treaty on European Union five years after the signature of the Act, to incorporate in Treaty form the progress achieved.

MME VEIL'S LUNCH FOR PRIME MINISTER:

STRASBOURG, 16 DECEMBER

GUEST LIST:

1. Bureau of the Parliament

President

Mrs Simone Veil (Liberal - France)

Vice-Presidents

Mr Marcel Vandewiele (EPP - Belgium)
Mr Guido Gonella (EPP - Italy)
Mr Hans Katzer (EPP - Germany)
Mr Pierre Pflimlin (EPP - France)
Mr Bruno Friedrich (Socialist - Germany)
Mr Gerard Jaquet (Socialist - France)
Mr Pieter Dankert (Socialist - Netherlands)
Mr Basil de Ferrnati (European Democrat - United Kingdom)
Mr Mario Zagari (Socialist - Italy)
Mr Poul Moller (European Democrat - Denmark)
Mr Alan Rogers (Socialist - United Kingdom)
Mrs Danielle de March (Communist - France)

2. Chairmen of the Political Groups

Mr Ernest Glinne (Socialist - Belgium)
Mr Egon Klepsch (EPP - Germany)
Sir James Scott-Hopkins (European Democrat - United Kingdom)
Mr Guido Fanti (Communist - Italy)
Mr Martin Bangemann (Liberal - Germany)
Mr Christian de la Malene (EPD - France)
Mr Marco Pannella (Group for Technical Coordination - Italy)

3. Chairmen of Committees

Mr Mariano Rumor (EPP - Italy) Political Affairs Committee
Sir Henry Plumb (European Democrat - United Kingdom)
Committee on Agriculture
Mr Erwin Lange (Socialist - Germany) Committee on Budgets
Mr Jacques Moreau (Socialist - France) Committee on Economic
and Monetary Affairs
Mrs Hanna Walz (EPP - Germany) Committee on Energy and Research
Sir Fred Catherwood (European Democrat - United Kingdom)
Committee on External Economic Relations
Mr Mauro Ferri (Socialist - Italy) Legal Affairs Committee and
Committee on the Verification of Credentials
Mr Frans Van der Gun (EPP - Netherlands) Committee on Social Affairs
and Employment
Mr Pancrazio de Pasquale (Communist - Italy) Committee on Regional
Policy and Regional Planning
Mr Horst Seefeld (Socialist - Germany) Committee on Transport



Mr Kenneth Collins (Socialist - United Kingdom) Committee on
Environment, Public Health and Consumer
Protection

Mr Mario Pedini (EPP - Italy) Committee on Youth, Culture, Education
Information and Sport

Mr Michel Poniatowski (Liberal - France) Committee on Development
and Cooperation

Mr Heinrich Aigner (EPP - Germany) Committee on Budgetary Control

Mr Kai Nyborg (EPD - Denmark) Committee on the Rules of Procedure
and Petitions

Mr Ludwig Fellermaier (Socialist - Germany) Delegation to the Joint
Parliamentary Committee of the EEC-Turkey
Association

4. Quaestors

Mr Anthony Simpson (European Democrat - United Kingdom)

Mr Ludwig Fellermaier (Socialist - Germany)

Mr Jean Hamilius (Liberal - Luxembourg)

Mr Patrick Lalor (EPD - Ireland)

Mr Richie Ryan (EPP - Ireland)

5. Commission

President, M. Gaston Thorn

Mr Christopher Tugendhat

Mr Ivor Richard

Mr Frans Andriessen

6. Parliament Officials

Dr. Enrico Vinci, Head of Mme Veil's Cabinet

Mr Hans Opitz, Secretary-General

7. Council Secretariat

Mr Kenneth Christofas

Mr G de Thomasis

8. British Guests

The Hon Douglas Hurd

The Hon Nicholas Ridley

Mr Michael Franklin (Cabinet Office)

Mr Bill Nicoll (UKREP)

Mr William Marsden (UKREP)

MADAME SIMONE VEIL (Pronounced as in English word 'veil')

President of the European Parliament since July 1979

French. Born 1927 in Nice, of Jewish parents. Deported and imprisoned by the Nazis in Auschwitz and Bergen-Belsen in 1944-1945, surviving the rest of her family. On her return studied Law and Political Science before entering the Ministry of Justice in 1957. 1970-74 Secretary-General of the Conseil Supérieur de la Magistrature, the first woman to occupy this post. Appointed Minister of Health May 1974. In June 1979 elected to European Parliament in first direct elections (Liberal and Democratic Group) and President the next month. Term of office is expected to run for two and a half years.

Madame Veil's career in the Ministry of Justice was brilliant but discreet. She specialised in social affairs, particularly in legislation concerning family life. She was co-author in 1969 of a book on the medical, social and psychological aspects of adoption. As Minister of Health she was an outstanding success. In 1974 she courageously carried through the French Parliament the controversial Bill to reform the abortion laws and won universal respect for her performance. She has often been talked of as a possible Prime Minister. After an unsteady start as President of the Parliament she has increasingly asserted her authority and, with her strong and independent mind, should certainly not be regarded as a tool of the French Government.

Madame Veil attends a Reform synagogue in Paris but does so discreetly. She is by no means an ardent Zionist. Nor is she an ardent advocate of feminist causes for their own sake.

She is married to Antoine Veil, Managing Director of the airline company UTA and a Centrist municipal councillor for Paris. They have three sons.

In June and July 1980 she was awarded honorary degrees at Cambridge and Edinburgh respectively; in November 1980 she paid an official visit to the UK during which she met the Prime Minister, was offered luncheon by the Foreign and Commonwealth Secretary and dinner by the Lord Chancellor.

TUGENDHAT, CHRISTOPHER SAMUEL (BRITISH)

Vice-President of the European Commission, since 1981; since 1977 he has been responsible for Budget and Financial Control, Financial Institutions. From 1977-1980 he was also responsible for Personnel and Administration.

Born 1937, son of Dr Georg Tugendhat, an international oil expert. Educated Ampleforth College and Gonville and Caius College, Cambridge. President of the Union at Cambridge University.

Oil correspondent for the Financial Times, 1960-70. Conservative MP for the Cities of London and Westminster, 1970-75. Various directorships with oil companies (Sunningdale and Phillips (UK)) in early 70's and was consultant to Wood Mackenzie (Stockbrokers) and Aer Lingus.

Married, his wife is an author of children's history books. Two young sons.

VAN DER GUN, FRANS (DUTCH)

Chairman of the Social Affairs and Employment Committee of the European Parliament. Member of the European People's Party (Christian Democrat).

Born Utrecht 1918. With the Dutch Catholic Trade Union Federation and former member of the Dutch Parliament. Member of the European Parliament since 1971.

VANDEWIELE, MARCEL (BELGIAN)

Vice-President of the European Parliament. Member of the European People's Party (Christian People's Party).

Born Flanders 1920. Active in the workers' movement since 1939. Former Minister and now Senator for Bruges. Member of the European Parliament since 1972.

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GONELLA, GUIDO (ITALIAN)

Vice-President of the European Parliament. Member of the European People's Party (Christian Democrat).

Born Verona 1905. Graduate in philosophy and law from the Universities of Milan, Rome, Paris, London and Berlin. Member of the Italian Parliament since 1948 and of the Senate since 1972. Former Secretary-General of the Christian Democrat Party and held various Ministerial offices (education, without portfolio, and Justice) in the 40s, 50s, and 60s.

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KATZER, HANS (GERMAN)

Vice-President of the European Parliament. Member of the European People's Party (Deputy Chairman, Christian Democrats).

Born Cologne 1919. President of the European Union of Christian Democrat Workers. Member of Cologne City Council and member of the Bundestag since 1957. Federal Minister for Labour 1965-9.

PFLIMLIN, PIERRE (FRENCH)

Vice-President of the European Parliament. Member of the European People's Party (Union for France in Europe). Mayor of Strasbourg.

Born Roubaix 1907. Educated Paris and Strasbourg. Lawyer and Deputy for Bas-Rhin. Held various ministerial posts in the 1950s, culminating as the last Prime Minister of the Third Republic in 1958.

Identified closely with the Strasbourg interest in preventing the European Parliament being moved elsewhere. So far has played his cards very successfully in the new Parliament.



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FRIEDRICH, BRUNO (GERMAN)

Vice-President of the European Parliament. Member of the European People's Party (Socialist Democrat).

Born Franconia, 1927. Journalist and member of the Bundestag, where he is Deputy-Chairman of the SPD. Also Deputy-Chairman of the Confederation of Socialist Parties in the European Community.

JACQUET, GERARD (FRENCH)

Vice-President of the European Parliament. Member of the Socialist Group (French Socialist Party).

Born Malakoff 1916. Doctor and former Minister. Member of the Socialist Party Committee.

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DANKERT, PIETER (DUTCH)

Vice-President of the European Parliament. Member of the Socialist Group (Labour Party).

Born Stiens, (France) 1934. Trained as a teacher with a Dip. Ed. in history. Former international secretary of the Dutch Labour Party and member of the Assembly of the Council of Europe and the WEU assembly. Member of the Dutch National Parliament; and member of the European Parliament since 1977.

Achieved a blaze of publicity in the new European Parliament by pressing his views about cutting CAP expenditure as Rapporteur for the 1980 Budget. Although against the Parliament's rejection of the Budget, has come to be considered as its main protagonist. Promoted Vice-President when Vondeling was killed in a car crash.

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DE FERRANTI, BASIL (BRITISH)

Vice-President of the European Parliament. Twice-Chairman of the European Democratic Group (Conservative). Former President of the Economic and Social Committee.

Born Cheshire 1930. Member of the Ferranti family and director of their overseas operations 1957-62. With International Computers and Tabulators, 1963-72.

Conservative MP for Lancashire, 1958-64. Parliamentary secretary, Minister of Aviation, July-October 1962. Member of the economic and Social Committee 1973-9 and Chairman 1976-9.

Married (three times) with one daughter and three sons.

DE MARCH, DANIELLE (MRS) (FRENCH)

Vice-President of the European Parliament. Member of the Communist and Allies Group (French Communist Party).

Born circa 1939. Civil servant. Member of the central committee of the French Communist Party.

ZAGARI, MARIO (ITALIAN)

Vice-President of the European Parliament. Member of the Socialist Group (Italian Socialist Party).

Born Milan 1913. Graduate in Law. Socialist Democratic member of the Italian Parliament and Under Secretary for Foreign Affairs in the 1960's. Minister of Foreign Trade 1970-71 and Minister of Justice 1973-74. (S 1)

Rejoined European Parliament after Italian elections of 1976 and Vice-President, 1976-9.

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MØLLER, POUL (DANISH)

Vice-President of the European Parliament. Vice-Chairman of the European Democratic Group (Conservative People's Party).

Born Frederikaberg 1919. Lawyer and former Minister of Finance. Member of the Folketing up to 1971.

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RICHARD, IVOR (BRITISH)

Member of the Commission responsible for Employment, Social Affairs, Education and Vocational Training.

Born 1932. Educated Cheltenham College and Pembroke College Oxford. Graduated in jurisprudence 1953; called to the Bar 1955; Queen's Counsel 1971. Member of Parliament for Baron's Court 1964-74. Council of Europe delegate and with Western European Union 1965-68. Parliamentary Private Secretary to Secretary of State for Defence 1966-69. Parliamentary Under-Secretary for Defence (Army) 1969-70. Opposition Spokesman in House of Commons on Posts and Broadcasting 1972-74, and Deputy Spokesman on Foreign Affairs 1972-74.

Married, but apparently separated. One son and one daughter, plus a son by a previous marriage.

ROGERS, ALAN (BRITISH)

A Vice-President of the European Parliament. Secretary/Whip to the UK Members of the Socialist Group (Labour Party).

Born Glamorgan 1932. Geologist. County Counsellor and District Secretary of the Glamorgan Workers' Educational Association. Elected with a reputation as an anti-marketer but has played a critically constructive role in the Parliament.

GLINNE, ERNEST
Belgium, Soc (PSB)



Mr Ernest Glinne was elected chairman of the Socialist Group at the European Parliament in July, 1979; formerly vice-chairman of the group in the nominated Parliament which he joined in 1968. Member of the Belgian Parliament as deputy for Charleroi. A former Minister of Employment and Labour. B March 1931; graduate in political, administrative and diplomatic science. Member, Bureau of Socialist Party.

*Address: 1, Square Salvadore, Allende, 6180
Courcelles. Tel: 071-45 30 66.*

KLEPSCH, EGON
Germany, EPP (CDU)



Mr Egon Klepsch was elected chairman of the European People's Party Group (formerly Christian Democratic Group) of the European Parliament in July 1979. Vice-President of the EPP; chairman of Christian Democratic group in European Parliament, 1977-79; CDU member of Bundestag from 1965. B January, 1930; Doctor of Philosophy. Former lecturer on international politics. President, European Union of Young Christian Democrats, 1964-70; from 1976 chairman of CDU/CSU Bundestag working party on European policy. Married with six children.

Address: Lüderitzstrasse 41, 5400 Koblenz-Pfaffendorf. Tel: 753 42.

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SCOTT-HOPKINS, JAMES
U.K. Hereford and Worcester, ED (C)



Mr James Scott-Hopkins is leader of the European Democrat Group, formerly the European Conservative Group. Member, European Parliament, since 1973; deputy leader, Conservative Group, 1974, and a Vice-President of the Parliament, 1976-79. Conservative MP for West Derbyshire, 1967-79, and for North Cornwall, 1959-66; Parliamentary Secretary, Ministry of Agriculture, Fisheries and Food, 1962-64. Farmer and marketing consultant. An Opposition spokesman for agriculture, 1964-66, and on Europe, 1974-79. B November, 1921; ed Eton and New College, Oxford, and Emmanuel College, Cambridge.

*Address: European Democrat Group, St Stephen's House, Victoria Embankment, London.
602 Nelson House, Dolphin Sq, London.
Tel: 01-828 6682.*

FANTI, GUIDO
Italy, Comm (PCI)



Sgr Guido Fanti became an Italian MP in 1976. Journalist. Party member since 1945; Secretary of party's Provincial Federation of Bologna (1959). Elected to Central Committee, 1960; member, national leadership, since the XI Congress. Mayor of Bologna, 1966-70. Chairman, Regional Council of Emilia-Romagna, 1970-76. Former member, Presidency of the World Council on Peace. Member, executive committee, World Federation of Twinned Towns. Member of Parliamentary Committees on Public Works and Chairman of Committee for Regional Affairs. Member, parliamentary group's steering committee. B May, 1925.

*Address: Corso Vittorio Emanuele 147a, Roma.
Tel: 6567777.*

BANGEMANN, MARTIN
Germany, LD (FDP)



Herr Martin Bangemann was elected chairman of the Liberal and Democratic Group of the European Parliament in July 1979; deputy chairman since 1975, and member of the Parliament since 1973. FDP member, Bundestag, since 1972; chairman of the European working party of FDP parliamentary party. Deputy chairman, Federation of European Liberals and Democrats. B November, 1934. Barrister. Member, national executive, FDP and deputy "Land" chairman since 1969; 1974-78 "Land" chairman of Baden-Wurttemberg FDP. Secretary-General of FDP, 1974-75; member, bureau of FDP since 1978. Married with five children.

*Address: Sannentalstrasse 9, 7418 Metzingen.
Tel: 50 70.*

DEL

DE LA MALÈNE, CHRISTIAN
France, DEP (DIFE)



M Christian de la Malène unsuccessfully contested the election for the Presidency of the European Parliament in July, 1979. Elected chairman of European Progressive Democrats Group, in July, 1979, a position he held in the outgoing nominated Parliament. Senator for Paris and First Assistant to Mayor of Paris. Former minister. B December, 1920; doctor of law. Sociologist.

*Addresses: 31, rue Saint Dominique, 75007
Paris. Hôtel de Ville, 75196 Paris R.P.*

PANNELLA, MARCO
Italy, TCDG (PR)



Sgr Marco Pannella was elected to the Italian Parliament in 1976; chairman, parliamentary group of Partito Radicale. Journalist. One of party's founders. Chairman, League of Conscientious Objectors, since 1973. Founded "Socialist Movement for Civil Rights and Liberties. May 13th League". Using unorthodox methods such as hunger strikes, has helped pass bills on divorce, conscientious objection, vote for 18-year-olds, etc. Promoted referendum on abortion. Member, committee for general guidance and supervision of the broadcasting services. B May, 1930; degree in jurisprudence.

Address: Via Collalto Sabino 40, 00199 Roma.

CONFIDENTIAL

RUMOR, MARIANO (ITALIAN)

Chairman of the European Parliament's Political Affairs Committee.

Born 1915. Formerly a major figure in Italian politics; was Prime Minister. Christian Democrat from Vicenza. Devotes a considerable amount of time to European Parliament work but does not have a reputation as a decisive chairman. Does not speak English.



CONFIDENTIAL

PLUMB, SIR (CHARLES) HENRY (BRITISH)

Chairman of the Agricultural Committee of the European Parliament. Member of the European Democratic Group (Conservative).

Born 1925. Educated King Edward VI School, Nuneaton. Farmer. President of the National Farmer's Union 1970-79.

LANGE, ERWIN (GERMAN)

Chairman of the Budget Committee of the European Parliament. Member of the Socialist Group (SPD).

Born Essen 1914. Writer and publisher. American prisoner-of-war 1943-46. Entered Bundestag 1949 and European Parliament in 1970.

A powerful, but rather stubborn and rigid Chairman of one of the Parliament's most important committees.

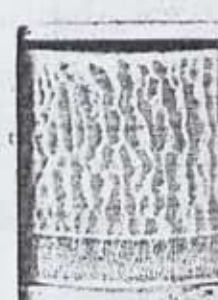
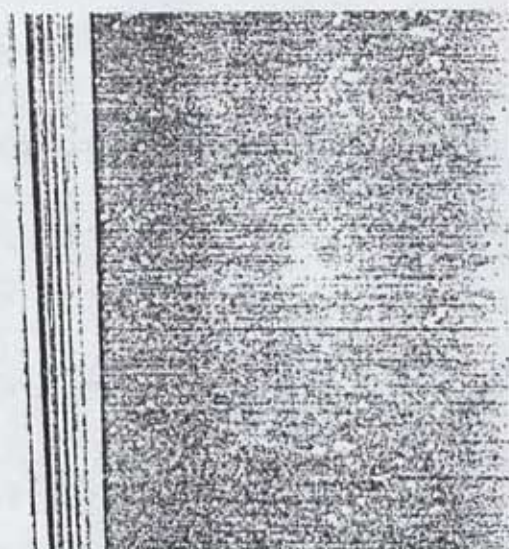
Married. Speaks English.

MOREAU, JACQUES
France, Soc (PS)



M Jacques Moreau is a trade union official
(CFDT). B 1933.

Address: 5, allée de Tourvoile, 94260 Fresnes.
Tel: 237 22 97.



CONFIDENTIAL

WALZ, DR HANNA (GERMAN)

Chairman of the Energy and Research Committee of the European Parliament. Member of the European People's Party (Christian Democrat).

Born Templin 1918. Lawyer, Member of the Bundestag and Deputy-Chairman of the Hesse CDU. Chairman of the Energy and Research Committee in the last European Parliament.

CATHERWOOD, SIR (HENRY) FREDERICK (ROSS) (BRITISH)

Chairman of the external Economic Relations Committee of the European Parliament.
Member of the European Democratic Group (Conservative).

Born 1925, Londonderry. Educated Shrewsbury and Clare College, Cambridge. Chartered accountant, originally with Price Waterhouse and Company. Managing director of British Aluminum Company 1962-64. Chief industrial adviser, Department of economic Affairs, 1964-6. Director-General, National Economic Development Council, 1966-71. Director of several companies and Chairman of the British Overseas Trade Board since 1975.

Married with two sons and one daughter.

CONFIDENTIAL

FERRI, MAURO (ITALIAN)

Chairman of the Legal Affairs Committee of the European Parliament. Member of the Socialist Group (Italian Democratic Socialist Party).

Born Rome 1920. Lawyer. Head of the foreign section of the Italian Democratic Socialist Party. Former Minister.

CONFIDENTIAL

SEEFELD, HORST (GERMAN)

Chairman of the Transport Committee of the European Parliament. Member of the Socialist Group (Social Democrat).

Born Berlin 1930. Press Officer. Member of the Bundestag. President of the German Council of the European Movement. Member of the Bureau of the Socialist Group in the last European Parliament.

CONFIDENTIAL

COLLINS, KEN (BRITISH)

Chairman of the Environment, Public Health and Consumer Protection Committee of the European Parliament. Member of the Socialist Group (Labour Party).

Born 1939. Lecturer. Member of the East Kilbride District Council and East Kilbride Development Corporation.

DE PASQUALE, PANCRAZIO (ITALIAN)

Chairman of the regional policy and regional planning committee of the European Parliament. Member of the Communist and Allies Group (Italian Communist Party).

Born Messina 1925. Graduate in philosophy. Former President of the Sicilian region.

19

CONFIDENTIAL

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PEDINI, MARIO (ITALIAN)

Chairman of the youth, culture, education, information and sport committee of the European Parliament. Member of the European People's Party (Christian Democrat).

Born Brescia 1918. Graduate in philosophy and law. Teacher and former minister. Senator.

CONFIDENTIAL

PONIATOWSKI, MICHEL C (FRENCH)

Chairman of the European Parliament's Development Committee.

Born 1922. Formerly Gaullist Minister.

AIGNER, DR HEINRICH (GERMAN)

Chairman of the Budgetary Control Committee of the European Parliament. Member of the European People's Party (Christian Social Union).

Born Ebrach 1924. Lawyer. Member of the Bundestag. Member of the Executive of the Central Catholic Agency for Development Aid.

CONFIDENTIAL

NYBORG, KAI (DANISH)

Chairman of the Rules of Procedure and Petitions Committee of the European Parliament.
Vice-Chairman of the European Progressive Democrats Group (Progress Party).

Born Sønderborg 1922. Commercial training. Member of the Folketing for Storstrøm.
Member of the European Parliament since 1974.

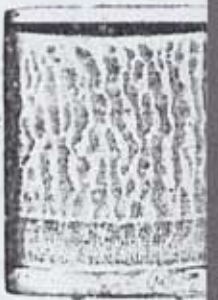
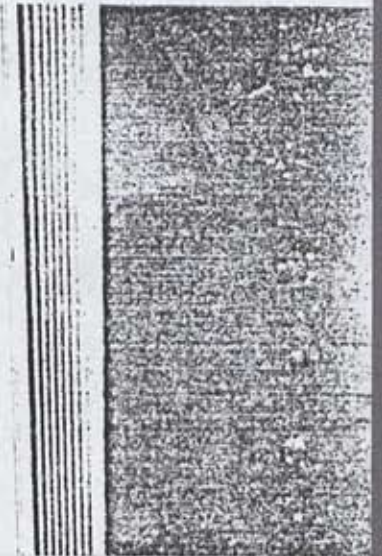
EDWARD THOMAS (IRISH)

FELLERMAIER, LUDWIG
Germany, Soc (SPD)



Herr Ludwig Fellermaier was elected vice-chairman of the Socialist Group of the European Parliament in July, 1979; chairman of group in outgoing nominated Parliament. Businessman. Member of Bundestag. B July, 1930.

Address: Emsstrasse 8, 7910 Neu-Ulm.

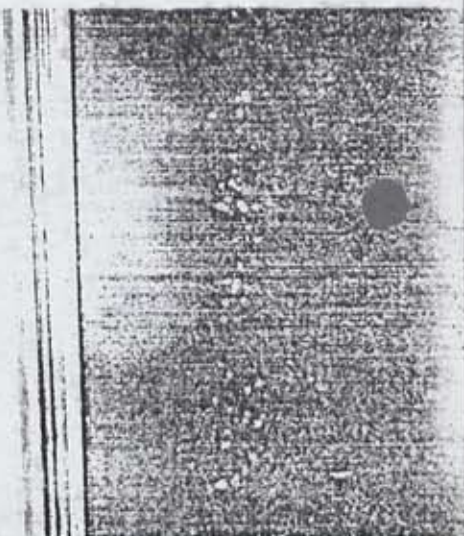


SIMPSON, ANTHONY
UK, Northamptonshire, ED (C)



Mr Anthony Simpson, a barrister, has worked in the legal service of the European Commission in Brussels since 1975. Contested Leicester, West, in both 1974 general elections. B October, 1935; ed Rugby and Magdalene College, Cambridge. In Brussels he has been chairman of the European Democrat Forum, and a member of the committee of the British Conservative Association in Belgium. Member, Oadby Urban District Council, 1968-71. Special interests: defence, and Community law, legal affairs, transport and environmental matters.

*Addresses: Avenue Michel-Ange 57, 1040 Brussels:
Bassers, Great Glen, Leicestershire.*



HAMILIUS, JEAN
Luxembourg, LD (DP)



Mr Jean Hamilius, who replaced Mr Gaston Thorn as an MEP, was Minister of Agriculture and Viticulture and Minister of Public Works; a deputy and municipal councillor for the city of Luxembourg since 1969. Held office at various levels in Democratic Party since 1946. B February, 1927; ed Luxembourg. Brussels University, l'Ecole du Commerce, Solvay, and Cornell University, where he graduated in the school of business and public administration. Worked in Luxembourg steel industry, 1952-53, and then as an independent accountant until 1968, when he became president of the board of a bank in Luxembourg.

Address: 10 Eicherfeld, Luxembourg. Tel: 432119.



LALOR, PATRICK J.
Ireland, DEP (F-Fáil)



Mr Patrick J. Lalor became a vice-chairman of the DEP group at the European Parliament, in July 1979. Appointed Parliamentary Secretary to the Taoiseach and to the Minister for Defence and Government Chief Whip in July 1977. B July 1926; ed Knockbeg College, Co. Carlow. Formerly a general merchant. Elected to the Dail, for Laois-Offaly, in 1961 and at all elections since. Minister for Industry and Commerce, 1970-73; Minister for Posts and Telegraphs, 1969-70; Parliamentary Secretary to the Minister for Posts and Telegraphs and to the Minister for Transport and Power, 1966-69; Parliamentary Secretary to the Minister for Agriculture and Fisheries, 1965-66. Opposition chief whip, 1973-77.

Address: Upper Main St, Abbeyleix, Co. Laois.

SAL

RYAN, RICHIE
Ireland, EPP (F-Gael)



Mr Richie Ryan was President of the EEC Council of Finance and Economic Ministers. January to June, 1975, being the Republic of Ireland's Minister for Finance, 1973-77, and Minister for the Public Service, 1973-77. Lawyer. B November, 1929. Chairman, International Monetary Fund and World Bank 1977; Governor, European Investment Bank and International Monetary Fund and World Bank Group, 1973-77. Won Dublin South-West in July 1959 and represented the constituency until 1969. Following the revision of the constituency, he won a seat in 1969 and 1973 in Dublin South-Central. Member, European Parliament, 1973; Assembly of the Council of Europe, 1968-73; Dublin City Council, 1960-73. Address: St Mary's, 127 Templeogue Road, Terenure, Dublin 6.

CONFIDENTIAL

THORN, GASTON, GCVO (1976), GCMG, (1972) (LUXEMBOURG)

President of the Commission since January 1981.

Born 1928. Deported briefly as a schoolboy to Germany during the Nazi occupation. Educated Luxembourg, Montpellier (where his father was employed as a railway engineer), Lausanne and Paris. Doctor of Law. Practised at the Luxembourg Bar, and was active in Luxembourg and international student activities. 1959 elected Deputy and Member of the European Assembly; subsequently Secretary-General of its Liberal Group; 1961-4 Luxembourg Municipal Council; 1961-9 President of the Democratic Party. 1969-74 Minister of Foreign Affairs. 1974 Prime Minister of the Country's first Socialist-Liberal coalition. President since 1970 of the Liberal International and President of the Federation of Liberal Parties of the EEC. President of the General Assembly of the United Nations 1975/76. He took over responsibility for Economic Affairs and the Middle Classes in September 1977, having dropped his Ministerial responsibility for Sport and having appointed a Deputy Minister of Foreign Affairs, M Hamilius to assist him.

After the 1979 elections he stood unsuccessfully for election as Liberal candidate for the Presidency of the European Parliament, and returned to Government with six portfolios: Deputy Prime Minister, Minister for Foreign Affairs, External Trade, the National Economy, the Middle Classes and Justice. With his appointment as President of the Commission he has filled just about every office open to a Luxembourg politician.

He is amusing and clever but is vain and has no bottom. Cannot be relied on to keep a secret. Has a passion for foreign orders and decorations.

He was a poor Chairman of the Council during the Luxembourg Presidency of 1980 and is reported to be making no better a fist of the Commission. Getting things done is not his strong suit. He speaks excellent English, but the United Kingdom does not seem to enter much into his calculations, Germany and France looming far larger on the Luxembourg horizon. Until recently, his handling of the press had been a distinct plus, but they are beginning to see through his verbal fireworks to the emptiness behind.

His wife Liliane is an intelligent and capable free-lance journalist who holds particularly strong views on women's rights. Good English. One son born in 1963.

ANDRIESSEN, FRANS H J J (DUTCH)

Member of the Commission responsible for Competition Policy and Relations with the EP since January 1981.

Born 1929. Studied law at University of Utrecht. Former Managing Director, Catholic Housing Institute, and Chairman, Provincial Public Health Council at Utrecht. Elected to Second Chamber for Catholic Party (KVP) 1967. KVP floor leader 1974-77. Minister for Finance in Christian Democrat (CDA)-led government 1977-80; resigned over public spending cuts. Member of First Chamber September 1980 to January 1981.

As KVP floor leader he acquired a conservative image in his Party. A strong supporter of the merger of the three confessional parties into the Christian Democratic Alliance, he was regarded as too controversial to lead the CDA, and van Agt was elected instead. As Minister of Finance, he was one of the strong men in the government, but he was unable to impose a sufficiently rigorous programme of reducing the growth of public expenditure on his cabinet colleagues and resigned in February 1980. As a Commissioner he has not yet made much of a mark, but he seems determined to be a keen watchdog over competition policy. He seems reasonably well-disposed to many of our arguments about the CAP and the budget.

Paid a sponsored visit to England in 1972.

He and his wife are friendly, easy and sociable. Their English is good. She is a politician in her own right, and has been active in support of the Peace Movement in Northern Ireland. They have four children; one son spent a year at Leeds University.

CHRISTOFAS, KENNETH C, CMG MBE (BRITISH)

Director-General of the Council Secretariat responsible for economic and monetary questions and relations with the European Parliament since January 1973.

Born 1917. Educated University College London. Served in HM Forces 1939-48. Joined the Foreign Service in 1948. First Secretary and Head of Chancery, Rio de Janeiro 1949-51. Foreign Office 1951-55. First Secretary (Commercial) Rome 1955-59. Deputy Head of the UK Delegation to the European Communities 1959-61. Seconded to the Commonwealth Relations Office as Counsellor in the British High Commission, Lagos, 1961-64. Sabbatical year at University College, London 1964-65. Seconded to the Colonial Office as head of Economic Department 1965-66. Counsellor and Head of Department in Commonwealth Office, then FCO, 1966-69. Minister UK Delegation to the European Communities, 1969-72. 1972 Under-Secretary, Cabinet Office. Retired from the Diplomatic Service, Autumn 1976.

Married, 2 daughters. He lives alone in Brussels and commutes to join his wife in England at the weekends.

CONFIDENTIAL

DE THOMASIS, (BARON) GIACINTO (ITALIAN)

Deputy Director-General in the Council Secretariat responsible for parliamentary and institutional affairs.

Born 1918 in Rome. After working in journalism in Italy went to Geneva to work with the Intergovernmental Commission on Migration. Joined the Council Secretariat in the late 1950s and has worked his way up. Appointed A1 à titre personnel in late 1973.

Affable, approachable and helpful, though very much under the thumb of his Director-General (Christofas). In addition to Italian, speaks French and adequate English.

Married (his wife speaks a little English) with two daughters. Is a Baron of the Kingdom of the Two Sicilies. Keen on bridge, riding, shooting and sailing. Obviously well-off: owns a shoot in Belgium and a yacht in Italy.





Foreign and Commonwealth Office

London SW1A 2AH

14 December 1981

Dear John,

Message from the Prime Minister to
"Dernieres Nouvelles D'Alsace"

The Strasbourg newspaper "Dernieres Nouvelles d'Alsace" have accepted the offer of a message from the Prime Minister to mark her visit to Strasbourg on 16 December to address the European Parliament about the November European Council. This follows informal discussion between News Department here and your Press Office. I enclose a draft prepared in consultation with UKREP Brussels. In order to achieve publication on the day of the Prime Minister's visit, the newspaper would like the message by 1400 UK time tomorrow 15 December.

A copy of the message will be in Lord Carrington's box overnight.

Yours ever
R M J Lyne

(R M J Lyne)
Private Secretary

John Coles Esq
10 Downing St

I SHALL BE IN STRASBOURG ON 16 DECEMBER FOR AN OCCASION WHICH IS SIGNIFICANT FOR THE DEVELOPMENT OF THE EUROPEAN PARLIAMENT. IT WILL BE THE FIRST TIME THAT THE HEAD OF GOVERNMENT WHO IS SERVING AS PRESIDENT OF THE EUROPEAN COUNCIL HAS ATTENDED THE PARLIAMENT TO GIVE AN ACCOUNT OF A EUROPEAN COUNCIL MEETING.

I AM GLAD THAT THIS STEP, WHICH WILL STRENGTHEN THE WORKING RELATIONSHIP BETWEEN THE PARLIAMENT AND THE EUROPEAN COUNCIL, HAS BEEN TAKEN DURING THE BRITISH PRESIDENCY OF THE EUROPEAN COMMUNITY. IT IS ONE OF A NUMBER OF MEASURES WE HAVE TAKEN TO TRY TO ENSURE THAT ALL THE INSTITUTIONS OF THE COMMUNITY WORK TOGETHER TO FIND PRACTICAL SOLUTIONS TO OUR PROBLEMS. ~~THIS WEEK IN STRASBOURG, APART FROM MY VISIT,~~ LORD CARRINGTON, PRESIDENT OF THE COUNCIL OF MINISTERS, ^{ALSO} WILL ATTEND THE PARLIAMENT ~~ON THURSDAY~~ ^{THIS WEEK} FOR DEBATES ~~ON FOREIGN POLICY QUESTIONS~~ ^{TO MORROW}

SO, WITH THE PRESENCE OF M THORN, THE PRESIDENT OF THE COMMISSION, AND OF COURSE MME VEIL, PRESIDENT OF THE PARLIAMENT, WE WILL HAVE THE HEADS OF FOUR MAJOR COMMUNITY INSTITUTIONS IN STRASBOURG THIS WEEK.

[The European Council has become an important part of the European scene. Heads of Government need ^{the opportunity it gives} ~~this opportunity~~ for a general exchange of views as well as for the resolution of the Community's most important problems. We discussed many of these at the European Council on 26 and 27 November. I believe ^{that} as a result ~~that~~ we have made useful progress towards our common aim of creating a Community which functions more effectively, which protects the democracy and freedom which Europe cherishes, and which takes all available opportunity ^{ies} to extend that democracy.]

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10 DOWNING STREET

From the Private Secretary

14 December 1981

*h-a.
102 15/12.*

Visit of the Prime Minister to the European Parliament

I enclose the text of the Prime Minister's speech as finally approved.

It may now be sent for translation, though you will wish to exclude from the translation text the paragraphs describing the outcome of today's meeting of Foreign Ministers and the sentence which appears at the end of the penultimate paragraph of the speech.

While the Prime Minister accepted the suggested rewording of the paragraph on the Community's trade with Japan, she would like an up-to-date brief on this subject before her visit to Strasbourg. The brief should, in particular, describe the recent decisions taken by the Council. I should be grateful if this could reach me in the next 24 hours.

I am copying this letter and enclosure to Michael Franklin (Cabinet Office).



F.N. Richards, Esq.,
Foreign and Commonwealth Office.

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RESTRICTED As at 14 December 1981

DRAFT FOR PRIME MINISTER'S SPEECH TO THE EUROPEAN PARLIAMENT
ON THE EUROPEAN COUNCIL ON 16 DECEMBER 1981

Madam President, Ladies and Gentlemen.

This occasion is a pleasure and a privilege for me. It marks an important point in the development of the European Community.

This is the first time that the Head of Government of the Member State occupying the Presidency has attended a session of the European Parliament to give an account of a meeting of the European Council.

The fact that we meet today recognises among other things that the European Council has become an important part of the European scene.

It gives Heads of Government the opportunity to discuss matters where Community business and political considerations overlap. We need this opportunity for a general exchange of views as well as for the resolution of the Community's most important problems.

/Throughout

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The European Council held in London on 26/27 November was just such an occasion. The atmosphere throughout was friendly and constructive. Certainly there was more detailed discussion than usual because of the nature of the agenda. Nevertheless, we spent several hours discussing the commanding problems of world recession and East/West relations. Indeed, this European Council well illustrated the two features of our relationship -

the first, the problems that have to be resolved between us;

the second, our relationship with the outside world.

Both are equally important to the well-being of the people whom it is our privilege to represent.

The Mandate

The main subject we discussed was the Mandate of 30 May. It is worth recalling how it originated.

The problem arose when one of the Member States, my own country, found itself bearing an unacceptable and increasing budgetary burden as a result of the combined effect of Community policies. As the Community analysed this problem, it became clear that the real issue was not confined to budgetary matters. It concerned the whole balance of Community policies, including the relationship of agricultural expenditure to regional, social and industrial expenditure.

/Agriculture absorbs

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- 3 -
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Agriculture absorbs the preponderant share of the Community budget and leaves insufficient resources for other areas equally relevant to the problems of advanced industrial societies, especially at a time of economic recession.

The Community agreed, on 30 May 1980, that the problem should be resolved, and I quote - "By means of structural changes". The Commission was given a Mandate to produce proposals as to how this could be achieved without infringing basic Community principles. The Commission's Report was produced in June and concentrated on three main areas or "Chapters". These were the reform of the Common Agricultural Policy, the development of other Community policies, in particular economic, regional and social policies, and the Community budget. It was agreed that all three Chapters must be considered in parallel.

Behind the prosaic words of the Mandate lies the essential belief that, if it is to endure, a venture as bold and imaginative as the European Community must adapt to changing circumstances and to the hopes of generations yet to come. To the Community, as well as to its Member States, the dictum of my great fellow countryman, Edmund Burke applies. He said, in the 18th Century:-

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"A State without the means of change
is without the means of its conservation".

Speaking for myself, I believe that the Community can and will rise to the occasion. For however diverse our national histories, we all know that our future lies in working together. Of course, the modern tendency of politicians is to want more spending on their own particular interests in their own country. Indeed, it is sometimes hard to believe that Parliamentary democracy started with the intent to curb the power of the executive to impose greater taxation on ordinary citizens. Throughout our deliberations in the European Council ran the constant reminder that our resources are limited and that the question is how to allocate them fairly.

The 30 May Mandate laid on the British Presidency the responsibility of reaching decisions by the end of this year. The target was always ambitious. It became more so when a change of Government brought about in one Member State by national elections understandably delayed detailed discussion until well into September.

The responsibility of the Presidency, against the background I have described, was truly heavy. We have made strenuous efforts to advance the discussions. At the European Council on 26/27 November the three Chapters were talked over in great detail - from the Community loan facility and its extension, through the proper priorities of regional policy and its finance, prudent policies for agriculture,

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national aids, export and import policies to the budgetary decisions themselves. Throughout, we recognised that each conclusion could only be conditional as it rested on a comprehensive agreement about all three Chapters.

I had very much hoped to be able to report to you today that the European Council had been able to reach full agreement on all these matters. But unfortunately I cannot do so.

Much progress was made. But on four main areas we were unable to reach any measure of agreement. These are:-

- first, the problems arising from the Community's milk regime;
- secondly, the way to deal with Mediterranean agriculture;
- thirdly, how to relate the share of agricultural expenditure to the development of the Community budget as a whole;
- fourthly, how to ensure that no Member State is put into an unacceptable situation as a result of the total effect of the Community budget.

We asked our Foreign Ministers to meet informally as soon as possible in a further effort to resolve these matters and to report to Heads of Government. That meeting took place on 14 and 15 December.

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/Despite their

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Despite their best endeavours, Foreign Ministers were not able to reach agreement on the outstanding points. I am afraid that will complicate the task of the Belgian Presidency in trying to reach agreement by the time of the next European Council in March. Further delay will serve no-one's interests. The need to press ahead remains as strong as ever.

This Parliament will wish to know that at the beginning of the Council's proceedings, Mr. Papandreou, the Prime Minister of Greece, made a statement about the economic problems of Greece and his Government's attitude towards the Community. I should also report that Chancellor Schmidt and Signor Spadolini drew the attention of the European Council to the ideas put forward by their Governments for closer European co-operation. Foreign Ministers will now examine the ideas, some of which are far reaching, and report back to a future European Council.

/WORLD ECONOMIC SITUATION

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WORLD ECONOMIC SITUATION

Madam President

Our Community works against the backdrop of world economic problems. The European Council addressed itself to the economic and social situation and the difficulties facing us at a time of continuing world recession.

Accustomed to growth over many years we have entered a period when we do not expect to see it resume at such a rate for some time.

This, and advancing technologies and changing patterns of world trade have left our countries with levels of unemployment we thought never to see again.

Every country is especially concerned about unemployment among youth and we all recognised the need for better training. We shall return to this aspect of our work at future Councils.

In our general approach to economic policies we endorsed the view of the Commission:-

"That the objectives of fighting inflation and unemployment need determined policies to bring deficits under control, and to keep production, distribution and unit labour costs in check."

/Perhaps one

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Perhaps one of the most interesting parts of this discussion centred on the effect of high public deficits. They, we were told, lead to unusually high real interest rates which in turn strangle expansion. Thus high public deficits turn out not to be re-flationary but de-flationary.

At times of national difficulty the tendency to protectionism is strong. But apart from limited areas where a period of adjustment is necessary, we recognise that it is not in the best interests of our people. Protectionism for some products can so easily lead to retaliation in others.

We were very conscious that we need to pursue a Community policy on trading with Japan. The Community has now put its detailed points to the Japanese Government. We must await their response. In the meantime we have to continue to rely on national voluntary arrangements.

As the third anniversary of the European Monetary System falls next March we agreed to review its operation at that time.

The theme of economic co-operation between countries including the United States ran strongly through all our deliberations. We are each affected by the economic policies pursued by others. We believe that that is something we must take into account in order the better to come through recession to expansion of world trade once again.

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/POLITICAL CO-OPERATION

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POLITICAL CO-OPERATION

The Community is, and must continue to be, a force for stability in the world - a world that is sadly torn and distracted by conflict. Co-ordination of foreign policies through political co-operation is a key element in that role. It is vital to come together quickly in times of tension.

The European Council welcomed the London report of the Foreign Ministers which provided for important practical improvements in the organisation of political co-operation.

The growing strength and cohesion of Europe in these matters is reflected in the way Heads of Government approached issues and the range of issues they discussed. We were not simply discussing language for resounding communique. We were constructing European policy - policy which increasingly involves taking initiatives, rather than merely responding to events.

The problems discussed included East/West relations, the Middle East, Afghanistan, Poland and Disarmament. The Federal Chancellor told us about his important conversations with President Brezhnev on the occasion of the latter's recent visit to Bonn.

/We all agreed

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We all agreed on the importance of keeping open the channels of communication between East and West. We welcome the commitment of the United States, announced in President Reagan's speech of 18 November, to achieve major mutual reductions in nuclear and conventional systems.

The Council restated in strong terms its concern at the continuing Soviet occupation of Afghanistan.

EUROPE AND DEMOCRACY

Madam President, the protection and furtherance of liberty and democracy was the purpose which inspired the founding of the Community. That purpose is as urgent today as when the Community began. With regard to the accession of Spain and Portugal, the European Council reaffirmed our strong political commitment to bringing the negotiations to a successful conclusion. These negotiations involve problems. But we all have a common interest in strengthening these newly restored democracies and in supporting them in their solidarity with the aims of Western Europe.

/Madam President,

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Madam President, the representation of the people is an essential function of democracy. The Presidency have worked to improve the dialogue between the Council and the Parliament. Thanks to the co-operation we received from you, I believe we have had some success. That is one reason why I am here today. The meeting between the Ten Foreign Ministers and you, Madam President, and Leaders of the Parliament, with the participation of the Commission, marked another important innovation.

The common aim of all these deliberations I have described is to help create a Community which functions more effectively, which protects the democracy and freedom which Europe cherishes and which takes all available opportunities to extend that democracy.

For, Madam President, this area of stability and democracy in Europe is a priceless asset in a troubled world. We often count our problems. We should sometimes count our blessings. I say this in particular in a week when the events in Poland are much in our minds. I have no wish to say anything which might make that situation worse. The problems of Poland are for the Poles to solve. And we hope they will do so by a process of compromise and negotiation. We must not take our liberties for granted. But in the changing world in which we live, we must work if we are to preserve them. It is that challenge which makes progress on our problems so imperative. I hope that by the time the Belgian Presidency comes to report on the outcome of the European Council in March next year, it will be possible to describe substantive conclusions on many of these issues.

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/The successful

RESTRICTED

- 12 -

The successful future development of the Community as an instrument for furthering the cause of democracy and freedom depends on making speedy progress in our deliberations. For freedom must mean more than freedom to differ. It must mean freedom to act together to conserve our common beliefs, - so that our children may enjoy that peace with liberty which is the greatest gift to mankind.

RESTRICTED

PRIME MINISTER

Speech to the European Parliament: 16 December

I attach a first draft (there are two alternative versions depending on the outcome of the Foreign Ministers' meeting on 14/15 December).

I am concerned at the shortage of time for dealing with this speech. The difficulty is that it has to be translated in advance since the debate begins as soon as you sit down and Euro MPs may wish to respond to what you have said. They therefore need a text in advance in a language they understand. If we do not meet this requirement, the reception of your speech may be less good than it otherwise would be.

The FCO want to send the speech to Brussels for translation by the weekend. I do not think they can. But I hope we could aim to let them have a text straight after the weekend. Even then, it is not easy because you are not here on Friday and will have little time on Thursday.

If I could have your first reactions to the FCO draft at 1430 tomorrow (provided for in your programme), I will let you have a further draft as soon as possible to work on over the weekend. The language of the draft can of course be greatly improved. As to content, it is necessary to bear in mind that you speak in your capacity as President of the Council and that the purpose of the speech is to report on the last session of the Council (Lord Carrington will be speaking to the Parliament the following day on the UK Presidency in general and on political cooperation in 1981).

① There is no structure to the speech. It is
A.S.C. 12
a dull orderly linguistic
maneuver. I think I should say at
the outset that we discussed
(ii) the Mandate - giving the background
to the Mandate and its
3 chapters. The usual

8 December 1981

point about it is
whether the Community can adapt
the mechanisms to changing circumstances.
Change is constant... (Disraeli - an
excellent quote) Also in reaching
our conclusions we must have some regard
to their effect on other economies
because the need is for greater cooperation not
less. Further decisions taken on agricultural
inputs can have consequences for other
Community exports

Also crucial is whether we tackle the
problem in a ^{long term} long way or resort
to a further round of temporary palliatives.
The demands made by our G7 economies
are in danger of exceeding their resources.
There is little more to say - perhaps we can
have a word.

(ii) World Recession & the Economy
- your first emphasis on the need
to cooperate, on finding answers to youth
unemployment - problem of Japanese inputs
GMS to be discussed at next Council.

010

(iii) *Kindred Affairs* - then too
must be set in a framework
of a catalogue of sentences



Foreign and Commonwealth Office

London SW1A 2AH
for independence
Communique.

(2) I now have been asked to finish up with
2 more interlocking papers. I suggest we go

8 December 1981

Dear John,

depth - reflecting our
belief in the community as an
area of stability in a troubled world and

Prime Minister's Speech to the European Parliament on
the European Council: 16 December

as a demonstration of the advantages of

I enclose a first draft of the speech which the
Prime Minister will be giving in the European Parliament
in Strasbourg on 16 December. The draft has not yet
been seen by the Foreign and Commonwealth Secretary, who
is in Brussels until 10 December, and to whom a copy has
been sent.

freedom & democracy.

The occasion is primarily intended for the Prime
Minister, as President, to report on the outcome of the
European Council on 26/27 November. There are two
versions of the draft, both based on the assumption that
the informal Foreign Minister's meeting on the Mandate
will take place on 14/15 December, but one catering for
the eventuality that guidelines are not agreed at that
meeting, the second for the eventuality that they are.
In both versions, the draft attempts to urge the impor-
tance for the Community of making agreement on the
Mandate since, even if Foreign Ministers were to agree
on guidelines, much work will remain to be done. Lord
Carrington will also be making a major statement to the
Parliament the following day on the UK Presidency in
general and on Political Cooperation in 1981. There is
a need, therefore, to avoid duplication and the draft
prepared for him takes account of this.

The speech is made on the Presidency's own
responsibility, since it is not practicable to clear it
with partners. Nor is it likely that they would wish such
a precedent to be set on this, the first occasion that a
Head of Government has reported in person to the Parliament
on the outcome of a European Council. It will however be
necessary to send it to Brussels in advance for translation,
ideally by the weekend. Translation is important because
Members of the European Parliament, particularly the
leaders of the political groups, will wish to respond to
the Prime Minister's remarks in the debate which follows
it on 16 December and continues on 17 December. To do so

//properly



properly they need a sight of the text in advance and in a language they understand. Separate arrangements can then be made to circulate it (but not inviting comments) to partners shortly before the speech is given.

I am copying this letter to John Kerr (Treasury) Kate Timms (Ministry of Agriculture, Fisheries and Food) and to David Wright (Cabinet Office).

yours ever
Roderic Lyne

(R M J Lyne)
Private Secretary

John Coles Esq
10 Downing Street

DRAFT FOR PRIME MINISTER'S SPEECH TO THE
EUROPEAN PARLIAMENT ON THE EUROPEAN COUNCIL
16 DECEMBER 1981

1. Madam President, Ladies and Gentlemen, I am delighted to be here on what is something of a historic occasion. It is the first time that the Head of Government of the Member State occupying the Presidency has attended a session of the European Parliament to give an account of a meeting of the European Council.

2. The European Council held in London on 26 and 27 November was characterised throughout by a good, constructive and relaxed atmosphere. There was a good deal of detailed discussion, and some frank speaking. But there was also a clear determination on the part of all delegations to make as much progress as possible on the difficult issues under discussion.

3. The European Council welcomed the new Prime Minister of Greece, Mr Papandreou, who made an interesting statement about the position of his Government in relation to the European Community.

4. The main subject we discussed was of course what has come to be known as the 30 May Mandate. This piece of jargon refers to a problem which is central to the development of the Community and it is worth briefly examining how it originated. The problem came to a head when one of the Member States, my own country, found itself bearing an entirely unacceptable, and increasing budgetary burden as a result of the imbalance of Community policies. But as the Community discussed this problem, it became clear that the real issue was much wider. There was clearly something fundamentally wrong with the way the balance of Community policies was developing. Expenditure on agriculture, already absorbing a preponderant share of the Community budget, was rising by 23% per annum. Insufficient resources were being left for the development of policies in other areas equally relevant to the problems of our advanced industrial economies, where it was agreed that the Community had a potentially valuable role to play.

5. Thus it quickly became clear that the problem was one which affected the working of the whole Community, not just one Member State. And so the Community agreed, on 30 May 1980, that the problem should be resolved by means of structural changes. The Commission was given a mandate to produce proposals as to how this could be achieved, without calling basic Community principles into question. The Commission's report produced in June and the subsequent discussions in the Community have centred on three main areas or "chapters". These are the development of Community policies, in particular economic, regional and social policies, the reform of the Common Agricultural Policy, and the problem of the Community budget. The Community has agreed that all these matters need to be taken forward together.

6. Behind the torrent of words which this issue has provoked lies one clear fact. The Community is standing at present at a major turning point in its history. The ambitious nature of the European venture, and the flexibility deliberately built into its institutions by its founders, mean that the Community must constantly be adapting itself to keep pace with changing circumstances. The Community, perhaps even more than any individual nation, bears out the dictum of that great English political thinker, Edmund Burke: "A state without the means of change is without the means of its conservation". The question which lies at the heart of the mandate discussions is whether the Community can indeed adapt effectively enough to enable it to survive and prosper. I myself am sure that it can and will, because its members all know that this is where their interests lie. The increasingly difficult economic situation we all face can best be tackled by greater cooperation between us, not less. It must be better to tackle our problems in a long-term way, by finding lasting, not temporary solutions to them. It must make sense to recognise that in seeking these solutions there are no untapped resources in our countries, waiting to be allocated to increased Community spending, but rather that in the Community as in our national Governments we are dealing with the fair

allocation of scarce and overstretched resources.

7. Against this background, the responsibility laid on the British Presidency by the deadline set by the 30 May agreement of decisions by the end of this year can be seen as heavy indeed. But we have not shirked it. We have done our utmost to advance the discussions. At the European Council on 26 and 27 November all the matters I have mentioned under the three "chapters" were discussed intensively and in great detail.

8. I had very much hoped to be able to report to you today that the European Council had been able to reach total agreement on all these matters. Unfortunately, however, I cannot do so. Much progress was made, but on four of the main areas we were unable in the time available to reach agreed conclusions. These are, first, the problems arising from the Community's milk regime, secondly, the way to deal with Mediterranean agriculture; thirdly, how to relate the share of agricultural expenditure to the development of the Community budget as a whole; and, fourthly, how to ensure that no Member State is put into an unacceptable situation as a result of the outturn of the Community budget. We therefore asked our Foreign Ministers to meet informally as soon as possible in a further effort to establish a consensus on these matters and to submit a report forthwith to Heads of Government. That meeting took place on 14 and 15 December.

9. Despite their best endeavours, Foreign Ministers were not able to reach full agreement on the outstanding points of disagreement.

It is certainly disappointing that it has not been possible to reach agreement on all the major issues. That will certainly complicate the task of the Belgian Government, which will now assume the Presidency, in trying to reach agreement by the time of the next European Council in March. But the need to press ahead remains as strong as ever; further delay serves no-one's interests.

10. Highly relevant to our discussions about the development of

Community policies is the general question of the economic and social situation, and the difficulties facing the Community at a time of continuing world recession. This was also discussed at the European Council. There was general endorsement for the views put forward by the Commission, in particular that the objectives of fighting inflation and unemployment needed determined policies to bring public deficits under control, and to keep production, distribution and unit labour costs in check. It is clear that Member States are not shrinking from the difficult task of sustaining such policies. Inevitably, national Governments must lead in efforts to restore balance and prospects of growth to our domestic economies. But cooperation in a Community framework can make a valuable contribution. I am also glad therefore that it was agreed that the next meeting of the European Council, in March 1982, would return to the theme of greater economic stability leading to better employment prospects. It was also agreed that it should take stock of the European Monetary System on the third anniversary of its establishment. I am glad that the Council agreed that special attention must be given to cooperation over youth unemployment, and that there should be more training of young people. Advanced technology, too, has a vital role to play in ensuring better employment prospects, and I therefore welcome the modest progress we have been able to make in this area, particularly in the fields of research and development.

11. Another good reason for pressing ahead with the Mandate discussions is the need to put the Community on a solid economic basis to enable it to sustain its new and growing strength in world affairs. In its economic relations with the outside world, the Community has already achieved a good deal. It has come to grips with, if not yet resolved, a number of the problems involved in its trade with other leading industrial powers such as the US and Japan. It has realised that on the whole these problems are best dealt with by negotiation rather than by threats; and on such matters as the balance of our trade with Japan, for instance, this approach has already borne some first fruits. Member States have also concluded firmly, and rightly, that there is nothing to be

gained from resorting to unilateral protectionism, either against the outside world or indeed against each other. Rather, solutions to problems of trade imbalances are better solved by cooperation, for instance in the GATT framework, rather than by frontation.

12. The development and strengthening of the coordination of Member States' foreign policies through the system of political cooperation is a key element in developing Europe's rightful role as a force for stability and moderation in the world. The agreed report on political cooperation issued by Foreign Ministers on 13 October, which was received by the European Council, registers some important improvements which will make a significant contribution to this. And the wide range of important international issues which we discussed at the Council testifies to the growing strength and cohesion which Europe has gained through political cooperation. These included East/West relations, the Middle East, Afghanistan, Poland and disarmament questions. And let me make it clear that what we were discussing was not simply language for resounding communiqués, but real questions of European policy on these matters; policy which increasingly involves taking initiatives, rather than merely responding to events.

13. Europe's emergence as a major force in the world for the protection and promotion of democratic values should come as a surprise to no-one. This is the purpose which underlay the founding of the Community. The balance between its institutions was designed to reflect the unswerving adherence of all its members to the principles of liberty, democracy and the rule of law. As regards this Parliament's role, the view of the Presidency, shared I believe by all Member States, has been that within the framework of the existing powers provided under the Treaties there were a number of significant ways in which the dialogue between Council and Parliament could be improved. Thanks to the cooperation we have enjoyed from the Parliament, I believe our efforts in this direction have had some success. My presence

here today reflects our aim of increasing the frequency of contacts between the Parliament and Presidency in all areas of Community business. We have also sought to improve the process of joint decision-making in other ways, such as consultation on budgetary matters, and improvements in the quality of the regular colloquies on political cooperation. The meeting between the Ten Foreign Ministers and you, Madam President, and leaders of the Parliament, with the participation of the Commission, marked another important innovation.

14. Another very important facet of the Community's activity in promoting and buttressing democratic values is seen in the current negotiations for the accession to the Community of Spain and Portugal. The European Council reaffirmed our strong political commitment to bring these negotiations to a successful conclusion.

I am glad that it has been possible to advance them during the current Presidency. The accession of these countries undoubtedly involves some difficult problems. But the common interest we all have in strengthening their newly restored democracies, and in supporting them in their solidarity with the aims of Western Europe, is surely overriding.

15. I have also been encouraged by the strong recent indications of a renewed concern within the Community about giving a new political impetus to the development of Europe. The Presidency itself made clear, in outlining its objectives in July, the importance it attached to this. The European Council discussed the proposal put forward by the Governments of Italy and the Federal German Republic for a "European Act", which Foreign Ministers have been invited to examine. I should also mention the idea put forward by the French Government for the "relaunching" of the Community, with particular reference to the development of its internal policies.

16. Madam President, the conclusion which I draw from the deliberations of the European Council and indeed from the period during which my country has held the Presidency is this. The

European Community represents a priceless asset in the constant struggle to protect and extend democratic values, in Europe and elsewhere. Since one of the basic pillars of those values is economic freedom, it is vital that we make progress in resolving the internal problems which still obstruct the way to more effective economic integration. I believe that useful advances have been made during the last six months, though the Presidency would have wished for more. What I think we must all now work for, with steadfast resolve, is to ensure that by the time the Belgian Presidency come to report on the outcome of the European Council to be held in March next year, it will be possible to report that substantive conclusions have been made on many of these issues. The successful future development of the Community as an instrument for furthering the cause of democracy and freedom depends on making speedy progress in our deliberations. The people of Europe are entitled to expect nothing less; and I do not believe that we shall disappoint them.

ALTERNATIVE PARAS 8 and 9 FOR USE IF FOREIGN MINISTERS
AGREE GUIDELINES ON 14/15 DECEMBER

8. I am very glad to be able to report to you that the informal meeting of Foreign Ministers, convened in London on 14/15 December, reached agreement on all the outstanding points on which the European Council had been unable to agree in the time available. This agreement will now be submitted in writing to myself and to my other colleagues on the European Council. Subject to their confirmation, and I am sure the House will not expect me today to anticipate that, the Community will have laid down a set of guidelines or broad principles which constitute a major step towards overall agreement on the implementation of the 30 May Mandate. There remains of course much work to be done if substantive agreement is to be reached by the time of the next European Council meeting, which will take place under the Belgian Presidency in March. I am confident that the sense of urgency which has informed our deliberations on this matter will be maintained.

9. I am particularly pleased that the agreement on guidelines covering all three chapters of the Mandate means that we can carry forward the work on the first chapter, that is the development of Community policies, on which there was a substantial measure of agreement at the European Council. I must of course stress that we are talking at this stage only about guidelines. The effective measures can only be implemented on the basis of normal Community procedures in full consultation with your Parliament.)

> ✓ With these important provisos I will outline in rather more detail than has been given so far some of the areas of agreement. We agreed a number of specific areas in which Community policies can make a special contribution to our objectives of combatting inflation and unemployment. For employment policy there is agreement on the need for full use to be made of Community instruments and policies - especially the Social Fund - to alleviate unemployment. We agreed in principle to ^asubstantial increase in the new Community instruments loan capacity for increasing investment in infrastructure, industrial renewal and development and self-sufficiency ⁱⁿ and energy. We agreed that, as

part of an industrial strategy at the Community level in order to develop industry and to create jobs, we must make progress with the completion of the internal market in accordance with the Treaties. We set out a number of objectives in specific areas affecting the internal market and competition policy. In the field of innovation, research and development we agreed that the Community should concentrate efforts in areas where the Community has a comparative advantage. And we welcomed the recent decisions of the Council in the field of micro-electronics and innovation and we propose to invite the Commission to go forward with proposals for improving technological training in the Community. There was agreement on guidelines for action in support of energy policy objectives. In the extremely important field of regional policy there was provisional agreement that the financial resources of the regional development fund should continue to grow in real terms. We agreed on the need for Community action in transport to improve communications, particularly with the more remote areas of the Community. We also agreed on ^{the} importance of intensifying work in the field of transport infrastructure and examining in a positive spirit the Commission proposals on air services and air fares.

cio

From: THE PRIVATE SECRETARY

Europa ④



NORTHERN IRELAND OFFICE
GREAT GEORGE STREET,
LONDON SW1P 3AJ

John Coles Esq
No 10 Downing Street
LONDON
SW1

Prime Minister
Dr. Paisley would surely be the loser
with this audience.
A.S.C. 4/12

4 December 1981

Dear John,

MT.

Lady Elles, who is the EDG spokesman on Northern Ireland in the European Parliament, called on the Secretary of State yesterday for a briefing. During the course of discussion, Lady Elles mentioned her concern that Dr Paisley would take the opportunity of a visit which I gather the Prime Minister is paying to the European Parliament on 16 December to stage a demonstration against the Prime Minister. Lady Elles apparently envisages loud and much publicised accusations of treachery and suchlike. We have no evidence that this is likely to happen, but thought it right nevertheless that you should be aware of the anxiety that Lady Elles feels. If word did ever reach us we would of course let you know at once.

A copy of this letter goes to Roderic Lyne in the Foreign Secretary's Office.

Yours,
S. W. Smith

Mr. Gow
To see and return pl. I should be grateful to know if you hear anything about this.

S W BOYS SMITH

A.S.C. 7/12

p.a.
A.S.C.

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Fun P. JS
cc 60

10 DOWNING STREET

From the Private Secretary

7 September 1981

BF 9.12.81

EUROPEAN PARLIAMENT: ATTENDANCE BY THE
PRESIDENT OF THE EUROPEAN COUNCIL

As I have mentioned to you on the telephone, the Prime Minister has seen your letter to me of 4 September on this subject. She subsequently discussed it with Lord Carrington. The upshot is that the Prime Minister will, assuming an invitation is forthcoming, go to Strasbourg on 16 December to report to the European Parliament on the November European Council and Lord Carrington will go the following day and report on the UK Presidency as a whole.

I am sending a copy of this letter to David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

Francis Richards, Esq.,
Foreign and Commonwealth Office.

JP



(1)

10 DOWNING STREET

Prime Minister.

You would not take on this chore on 15 December (Questions + Speech to the Board of Deputies of British Jews) but there is no insuperable obstacle to your doing it on 16 Dec - tho' it might be necessary to suggest that your meeting with the lobby be put back ~~to~~ from 16.00 to 16.30. The duties in Strasbourg are not arduous (see final para of letter). Agree?

I find it rather odd that Lord Carrington - who will be reviewing the whole of the Presidency - should speak the day before you. What will he say about the European Council? It would be more natural if he spoke on 17 December, tho' this would mean he would miss Cabinet. You may like to have a word with him.

Phyllis 4.9.87

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Foreign and Commonwealth Office

London SW1A 2AH

4 September 1981

Dear Michael,

There is no point in my speaking the day after Lord C. There will be nothing more to say. ref

European Parliament: Attendance by President of the European Council

Clive Whitmore wrote to Brian Fall on 31 July confirming the Prime Minister's readiness, subject to her Parliamentary and other domestic duties at the time, to report to the European Parliament on the November European Council.

We would now like, if possible, to take our planning for this event a stage further. The Secretary of State believes that there is some urgency about this. Our chances of setting up the occasion in a way which would maximise its impact while minimising the demands on the Prime Minister will be much greater if we make some precise proposals ourselves rather than find ourselves having to resist what might be somewhat fanciful and demanding suggestions from the Parliament. Mr Hurd will be lunching with the President of the European Parliament, Madame Veil, on 16 September; and she has now also sent the Secretary of State a message that she would like a meeting with him in the course of September (in fact the only possible day would be 10 September). We should be most surprised if Mme Veil does not at one or both of these occasions raise again the question of the Prime Minister's attendance at the December session of the European Parliament and we should like to be ready with some proposals to put to her.

The December plenary session of the European Parliament runs from 14-18 December, with 15, 16 and 17 December being the only realistic dates to consider for any appearance by a member of the Council (the Monday of a Parliamentary week is preparatory and by the Friday MEPs are drifting away). An important consideration will be whether or not the Prime Minister wishes to separate the account of the November European Council which she gives the Parliament from the other two major statements to the Parliament which the Presidency, in the person of Lord Carrington, will need to make during the same December plenary session: the reports on the British Presidency and on Political Cooperation during 1981. Since the press is unlikely to give space on a single day to more than one Ministerial statement to the European Parliament, there could be advantage in separating by twenty-four hours the Prime Minister's statement from Lord Carrington's and thus keeping the media's attention for two days. I understand that it would not be convenient for the Prime Minister to make her statement on 15 December, with the Secretary of State making his on 16 December (a Wednesday, the normal day for Council statements in the European Parliament's week). The obvious solution would be for the Prime Minister to make her statement on 16 December, with Lord Carrington making his on 15 December.

/On

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On the form the Prime Minister's appearance before the European Parliament would take, the Secretary of State recommends that we propose to Mme Veil that the account of the European Council be given towards the end of the morning of 16 December, leaving enough but not too much time before luncheon (which we can expect Mme Veil to offer): for her to remain in the Chamber to hear the main statements from the leaders of the Political Groups in response to her account. This would not involve her in answering questions, though it would certainly be greatly appreciated by the Parliament if she were to make a second short intervention before leaving in order to demonstrate an interest in the Parliament's own deliberations (as the Secretary of State did after his programme speech at the July session). The account of the European Council can be largely based on the one she will already have given to the House of Commons.

*It need
last no
more than
15 minutes.*

Yours ever.

Francis Richards
(F N Richards)
Private Secretary

M O'D B Alexander Esq
10 Downing St



File AH

Euro Pal

10 DOWNING STREET

From the Principal Private Secretary

31 July 1981

Dear Bonni,

EUROPEAN PARLIAMENT : ATTENDANCE BY PRESIDENT
OF THE EUROPEAN COUNCIL

You wrote to me on 3 July 1981 about the possible attendance at the European Parliament of the Prime Minister in her capacity as President of the European Council.

I subsequently told you that the Prime Minister's reaction to your letter had been such that the Foreign Secretary would have to stall if the question of the Prime Minister's attendance was raised with him when he was in Strasbourg in the week beginning 6 July. Lord Carrington told me after his return from Strasbourg that he had come under considerable pressure on this matter while there.

I have now been able to have a further word with the Prime Minister about all this and she has said that she is ready to speak to the European Parliament following the next meeting of the European Council but that her attendance there must be subject to her Parliamentary and other domestic duties at the time.

Yours ever,

Anne Whitmore

Brian Fall Esq.,
Foreign and Commonwealth Office.

AH

010/7

1.

Prime Minister.



When this subject came up on the way back from Luxembourg, Foreign and Commonwealth Office
you were not prepared to say more than that you would consider going to the European Parliament to report on the next European Council.

London SW1A 2AH

The Foreign Secretary is likely to be troubled about this later this week. If he is, may he speak on the lines of X1 below?

3 July 1981

Dear Sir
X1 below? Full 6ii

I would rather not be totally committed because
① my first duty is to the HMC - I report there.
② I inform the European Parliament. I do not report. I can not see what more will be said over what the press summary.

European Parliament: Attendance by President of the European Council

You will recall that there was a brief discussion at the European Council in Luxembourg on 29/30 June about the proposal in the report of the Three Wise Men that the President of the European Council should go to the next meeting of the European Parliament to report on what had happened at the Council. There is a long history about this, summed up in the attached note.

Hitherto the fact that President Giscard d'Estaing felt that, as the French President did not appear before his national Parliament, he should not address the European Parliament, prevented the proposal being agreed. President Mitterrand has now said that he has no objection to appearing. Lord Carrington understands the Prime Minister is considering whether to attend the Parliament in December this year after the November European Council, and he would not normally have wished to urge a decision at this stage. Unfortunately, however, the matter has been publicised by the outgoing Presidency and it is therefore very likely that we shall be asked to say where we stand.

The Dutch Prime Minister, at his Presidency Press Conference, announced that the way was now clear for the European Council President to appear before the Parliament, that unfortunately the Parliament was not in session or he would have done it immediately and that therefore "this happy prospect now fell to the British Presidency". The Dutch Foreign Minister said to a Chatham House audience on 1 July that the European Council had decided that the President in office would in future report to the Parliament. As you know, Lord Carrington will be in Strasbourg next week and is certain to be approached by the President of the European Parliament, who has already raised the matter with Mr Hurd. If Lord Carrington is not able to say what our attitude will be, we would expect this to give rise to some unhelpful speculation and criticism.

/Now



Now that the French opposition has disappeared, we would be alone in standing out against the idea; and it will be recalled that in earlier discussions we had indicated that we could agree if that were the general view. (Lord Carrington's undated minute to the Prime Minister and Michael Alexander's letter of 3 April 1980 to Paul Lever enclosed for ease of reference). There is the additional consideration that we expect during our Presidency, and indeed thereafter, a period of difficult relations between the Council and the Parliament as the latter try to extend their influence over a wide range of Community affairs. We want to limit the danger of our Presidency being marred by a row with the Parliament; a report on the European Council from the President is something which the Parliament would unquestionably welcome and which, inconvenient though it is for the Prime Minister, could take place without increasing the powers of the Parliament in any way. For the Prime Minister to be the first to make such a report should make a considerable impression on the Parliament, and indeed on a wider audience on the Continent and at home.

X | Parliament will no doubt be flexible about the arrangements for a visit by the Prime Minister which will be some time after the Prime Minister has reported to the House of Commons. I therefore hope that Lord Carrington might be able to tell Madame Veil, if the matter is raised when he sees her next week, that the Prime Minister will attend the December session of Parliament and report on the November European Council.

Yours ever,

(B J P Fall)
Private Secretary

C Whitmore Esq
10 Downing Street



European Parliament: Attendance by President of
European Council

In their report on Community institutions which they submitted to the European Council in November 1979, the Three Wise Men recommended that the European Council President should attend the European Parliament to give an account of discussion in the European Council. The aim would be to show the European Council was taking the Parliament seriously and, in turn, to set up at least an informal relationship between the Parliament and European Council since the latter has become the main source of political guidance and decisions for the Community.

During discussion of the recommendation, the UK took the line that we could agree with the consensus. President Giscard D'Estaing, however, refused to agree on the grounds that since he did not appear before the French National Assembly he could not appear before the European Parliament and argued that if he could not appear, none of his colleagues should.

When the President of the European Parliament called on the Prime Minister on 6 November 1980, Mme Veil said that the European Council was now de facto a Community institution where decisions were taken and there must, therefore, be a dialogue between the President of the European Council and the European Parliament. The Prime Minister, after pointing to the difficulties put in the way of the proposal by President Giscard, said that she hoped something could be worked out; she did not wish to have a disagreement with the French Government on this issue.

In the last session of the European Council in Luxembourg on 30 June there was some discussion of the relationship between the Council and the European Parliament. There was a general feeling that relations were unnecessarily bad. M. Mitterrand said that the French President spoke to the press and to the people and there was no reason why he should not speak to the European Parliament. He therefore withdrew the French objection to the recommendation in the Three Wise Men's report that the President of the European Council should give an account of the Council meetings to the Parliament. Mr van Agt welcomed this. If the European Parliament had been in session now he would have liked to have been the first to so report.

/Before



Before there could be any considered discussion of action to take with the Parliament, the Dutch Prime Minister announced at his Press Conference that there was no longer any objection to the European Council President appearing before the European Parliament and that the first President to do so would be during the British Presidency.

cc Euro PA: MW 79
Call on PM by 3 Wise Men

Euro
Pd

Mr Whitmore
Can we have
a word.
cf. 117

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Note for the Record

Copied to:

- Private Secretary
- PS/Lord Privy Seal
- PS/Mr Hurd
- PS/PUS
- Lord Bridges
- Mr Franklin - Cabinet Office
- Mr C Whitmore - 10 Downing Street ✓
- Sir M Butler - UKREP Brussels
- ECD(I)
- ECD(E)
- Presidency Secretariat

Amf

1. Miss Stephens
2. Mr ~~Stephens~~ (OK).

To note.

The Prime Minister
agreed the form of words in
paragraph 2 above on the
very last from Luxembourg
today.

MS
30/6

EUROPEAN COUNCIL: EUROPEAN PARLIAMENT

1. In the last session of the European Council in Luxembourg on 30 June there was some discussion of the relationship between the Council and the European Parliament. There was a general feeling that relations were unnecessarily bad. M. Mitterrand said that the French President spoke to the press and to the people and there was no reason why he should not speak to the European Parliament. He therefore withdrew the French objection to the recommendation in the Three Wise Men's report that the President of the European Council should give an account of the Council meetings to the Parliament. Mr van Agt welcomed this. If the European Parliament had been in session now he would have like to have been the first to so report.
2. The Prime Minister has agreed that she will consider doing this after the November European Council.

D H A Hannay

D H A Hannay

30 June 1981

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of Euro Pd. Mar 79
Call on PM by 3 Wise Men

Assumed, Euro Pd
for - Paul



(1) Foreign and Commonwealth Office

Prime Minister

London SW1A 2AH

Agree that we should

3 November 1980

reiterate your willingness to make
a statement to the European Parliament
when we hold the Presidency next year?

I see no
reason to
decide yet
with the Council
not.

Dear Michael,

Paul 11/11

Reporting on European Council to European Parliament

/ not attached

The Three Wise Men's Report on Community Institutions suggested that the President of the European Council should be prepared to report on its meetings to the European Parliament. The Prime Minister agreed with Lord Carrington's recommendation that she should be prepared to do so during the UK Presidency; for ease of reference I enclose copies of the correspondence.

Foreign Ministers have been unable to agree on the proposal, however, owing to French insistence that the decision is for the European Council as a whole to take, that since President Giscard does not appear before the National Assembly he cannot do so before the European Parliament and that, therefore, no other Head of State or Government should do so either. On 1-2 December the European Council is to consider Foreign Ministers' report on the Three Wise Men's proposals and this will be one of the questions for decision.

On 27 October M. Thorn told Lord Carrington that his Prime Minister was inclined to report to the European Parliament during the Luxembourg Presidency and was under strong pressure to do so from Mr van Agt, who intended to do so during the Netherlands tenure of office; M. Thorn asked what the UK's position was, and said he would raise the question again at the Foreign Affairs Council.

Lord Carrington sees no need for us to become embroiled in this Franco/Benelux dispute. In particular, we have no interest in getting involved in a dispute as to whether the European Council has to agree or it can be left to individual Heads of Government. He told M. Thorn he was inclined to favour the suggestion, but would seek the Prime Minister's views on it. Since we have previously said that the Prime Minister

/would

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would be ready to report to the European Parliament, all we need do is reiterate that line both to M. Thorn and at the European Council. We can then leave it to the French and Dutch to argue out. By the time our Presidency comes in the second half of 1981 it will be clear whether Luxembourg and the Netherlands have stood out against the French.

/ I enclose a draft telegram to Luxembourg asking the Ambassador to make our position clear to M. Thorn.

Yours etc

Paul

(P Lever)
Private Secretary

M O'D B Alexander Esq
No 10 Downing Street
LONDON SW1

cc: D J Wright Esq, Cabinet Office

File No. MWE 021/2
Department ECD(I)
Drafted by
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Tel. Extn.

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[TEXT]

REPORTING ON EUROPEAN COUNCIL TO EUROPEAN PARLIAMENT

1. During his conversation with me on 27 October, M Thorn asked whether the Prime Minister agreed that the President of the European Council should appear before the European Parliament to report on its meeting. I gave no firm reply.

2. Please now inform M Thorn's Office that if the matter is discussed at the December European Council the Prime Minister will say she would be prepared to make a statement to the Parliament when we hold the Presidency in 1981.

BACKGROUND

3. The idea of such a report from the President of the European Council was mooted by the Three Wise Men. Foreign Ministers, however, have been unable to agree owing to French insistence that since President Giscard, does not appear before the National Assembly he cannot do so before the European Parliament. The question is one of those left for the European Council to decide in

The report from Foreign Ministers which is to go to the European Council on 1-2 December.

4. Thorn said that M Werner was inclined to make a statement to the Parliament and was under strong pressure to do so from the Dutch Prime Minister, who intended to. The French, however, continued to argue that it remained for the European Council ^{as a whole} to decide and were likely to try to have the idea rejected.

5. In any discussion at the European Council the Prime Minister will take the line in para 2 above and leave it to the Dutch and French to debate whether there should be a unanimous decision or whether it should be left up to each Member State.

NOTHING TO BE WRITTEN IN THIS MARGIN