PREM 19/1220

PART 2

Confidential Filin

intment of the President of the Commission

ent of the British Commissoners

ent of the Head of the European at

on of European Commission Portfolios

EUROPEAN POLICY

Pt 1: MAY 1980

Pt 2: MARCH 1984

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Da
~~15.3.84~~		30.8.84		26/11/84			
~~5.4.84~~		~~3.9.84~~		~~29.11.84~~			
~~11.4.84~~		~~7/9/84~~		~~12.12.84~~			
~~16.4.84~~		~~10.9.84~~		31.12.84			
~~27.4.84~~		~~11.9.84~~		PART ENDS			
~~1.5.84~~		~~13.9.84~~					
~~22.5.84~~		17.9.84					
~~11/7/84~~		~~20.9.84~~					
~~13.7.84~~		~~21.9.84~~					
~~17.7.84~~		~~26.9.84~~					
~~18.7.84~~		~~4.10.84~~					
~~20.7.84~~		~~16.10.84~~					
~~23.7.84~~		~~18.10.84~~					
~~27.7.84~~		~~22~~					
~~2.8.84~~		~~18.10.84~~					
~~6.8.84~~		~~25.10.84~~					
~~7.8.84~~		~~29.10.84~~					
~~9.8.84~~		~~31.10.84~~					
~~14.8.84~~		~~1.11.84~~					
~~28.8.84~~		~~2.11.84~~					

PREM 19/1220

PART 2 ends:-

FCO to DB 31/12/84

PART 3 begins:-

DB to FCO 2/1/85

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
CC (84) 33rd Meeting Item 4	18/10/1984
CC (84) 31st Item 2	20/09/1984
CC (84) 30th Item 3	13/09/1984
CC (84) 28th Item 3	26/07/1984
CC (84) 27th Item 3	19/07/1984

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate **CAB** (CABINET OFFICE) CLASSES

Signed _____ Date 17/09/2013

PREM Records Team

Prime Minister.
Agree Message?
Duty Clerk 1/1

Foreign and Commonwealth Office

London SW1A 2AH

31 December 1984

Dear David,

Agree message to FitzGerald
MT

Irish Presidency of the Community: Messages to Dr FitzGerald and Mr Barry

As you know, the Irish Presidency of the Community comes to an end today. The Foreign Secretary recommends that the Prime Minister should send a message of appreciation to Dr FitzGerald. The Irish were handed a number of difficult issues at the end of the French Presidency. On the whole they conducted themselves well, particularly over enlargement and the negotiations on budget discipline. On the latter issue, where the Irish national interest is at variance with our own, they nonetheless worked with some determination to secure a text satisfactory to us.

I enclose a draft message in the form of a telegram to Dublin.

Yours Sincerely,

Colin Budd

(C R Budd)
Private Secretary

David Barclay Esq
10 Downing Street

OUT TELEGRAM

Classification and Caveats	Precedence/Deskby
RESTRICTED FRAME GENERAL	IMMEDIATE

ZCZC 1 ZCZC
GRS 2 GRS
CLASS 3 RESTRICTED
CAVEATS 4 FRAME GENERAL
DESKBY 5
FM FCO 6
PRE/ADD 7 IMMEDIATE DUBLIN
TEL NO 8 TELEGRAM NUMBER
9 REPEATED FOR INFO ROUTINE TO UKREP BRUSSELS AND ROME
10 SAVING TO OTHER EC POSTS
11 EUROPEAN COMMUNITY: IRISH PRESIDENCY
12 1. Please deliver the following messages at the conclusion
13 of the Irish Presidency.
14 (a) Message from the Prime Minister to Dr Fitzgerald.
15 Quote. At the conclusion of your Presidency I wanted to send you
16 my thanks and my congratulations on a very successful six months.
17 You faced a number of very tricky issues, most of which
18 inevitably came to a head at Dublin. The fact that Dublin was a
19 success is a tribute to your skill and tenacity. Thanks to your
20 efforts, we can look forward to 1985 knowing that we have already
21 done a great deal to implement the Fontainebleau conclusions and
/// 22 have paved the way for completing our negotiations with Spain and
// 23 Portugal.
/ 24 In sending you my thanks I also send you my best wishes
25 for 1985, when I look forward to working closely with you both in

NNNN ends telegram	BLANK	Catchword: the Community
File number	Dept: ECD(I)	Distribution: FRAME GENERAL
Drafted by (Block capitals): J S WALL		
Telephone number: 233 5629		
Authorised for despatch		
Comcen reference	Time of despatch	

XY 48

Classification and Caveats		Page
RESTRICTED FRAME GENERAL		2

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the Community and bilaterally. Unquote.

(b) Message from me to Mr Barry.

Quote: As you come to the end of your Presidency may I send you my congratulations on the way in which you have chaired the Council over the last six months. The Community has made substantial progress and the Dublin European Council produced real achievement of which you can be justly proud. This is in large measure due to your own patience and skill through the many hours we spent together on Community business in the second half of this year, and I wanted you to know that we are grateful for all that you and your colleagues have done.

With best wishes for 1985. Unquote.

HOWE

NNNN

NNNN ends telegram	BLANK	Catchword

OO UKREP BRUSSELS
GRS 146
UNCLASSIFIED [FRAME GENERAL]
FM FCO 311845Z DEC 84
TO IMMEDIATE UKREP BRUSSELS
TELEGRAM NUMBER 601 OF 31 DEC
INFO SAVING LUXEMBOURG
MESSAGE TO M. THORN

1. PLEASE PASS THE FOLLOWING MESSAGE FROM THE PRIME MINISTER, AND THAT IN MIFT FROM ME, TO THORN BEFORE HE LEAVES OFFICE.
BEGINS

2. AT THE TURN OF THE YEAR, AND AT THE END OF YOUR TERM AS PRESIDENT OF THE COMMISSION, I SHOULD LIKE TO SEND BEST WISHES FOR 1985 TO YOU AND YOUR WIFE. DURING YOUR FOUR YEARS IN OFFICE THE COMMUNITY HAS ACHIEVED A GREAT DEAL, AND ESPECIALLY IN THE LAST TWO YEARS WHEN WE HAVE LAID THE FOUNDATIONS FOR THE COMMUNITY'S FUTURE DEVELOPMENT, FOR THE ACCESSION OF SPAIN AND PORTUGAL, AND DEALT WITH THE BUDGET PROBLEM.

3. I WISH YOU EVERY SUCCESS WHEN YOU RETURN TO THE NATIONAL LIFE OF YOUR COUNTRY. I KNOW THAT YOUR EXPERIENCE WILL CONTINUE TO BE AT THE DISPOSAL OF ALL OF US WHO WISH TO SEE THE COMMUNITY PROSPER.
ENDS

HOWE

NNNN

DISTRIBUTION
FRAME GENERAL
ECD(I)

file bc PC da

10 DOWNING STREET

From the Private Secretary

31 December 1984

Farewell Letter to M. Thorn

Thank you for your letter of 28 December to Charles Powell.

The Prime Minister agrees to send a farewell message to M. Thorn, and has approved the enclosed slightly amended version of the draft which you supplied. I should be grateful if you would arrange for its despatch in the course of today.

David Barclay

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.

MESSAGE FROM THE PRIME MINISTER TO M. THORN

At the turn of the year, and at the end of your term as President of the Commission, I should like to send best wishes for 1985 to you and your wife. During your four years in office the Community has achieved a great deal, and especially in the last two years when we have laid the foundations for the Community's future development, for the accession of Spain and Portugal and dealt with the Budget problem.

I wish you every success when you return to the national life of your country. I know that your experience will continue to be at the disposal of all of us who wish to see the Community prosper.

1

Foreign and Commonwealth Office

London SW1A 2AH

28 December, 1984

As amended
MT

Prime Minister.
Do you wish to send a farewell message to M. Thorn? If so, will the attached draft do?
MT
28/12

Dear Charles,

Farewell Letter from the Prime Minister to M. Thorn, President of the European Commission

The new Commission takes office on 7 January. The Foreign Secretary has been reflecting on whether the Prime Minister should send a farewell message to M. Thorn before he leaves office. He hopes to become President of Radio and Television in Luxembourg though his appointment is opposed by the Luxembourg Government.

Sir Geoffrey is inclined to think that seasonal goodwill should prevail over four years of intermittent frustration. If the Prime Minister feels similarly inclined, then something along the lines of the enclosed draft telegram should issue by 31 December.

I am copying this letter and enclosure to Richard Hatfield (Cabinet Office).

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

OUT TELEGRAM

	Classification and Caveats	Precedence/Deskby
	U/C FRAME GENERAL	PRIORITY

ZCZC
GRS
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CAVEATS
DESKBY
FM FCO
PRE/ADD
TEL NO

ZCZC
GRS
UNCLASSIFIED

FM FCO
TO ROUTINE UKREP BRUSSELS
TELEGRAM NUMBER
AND SAVING FOR INFO TO LUXEMBOURG
MESSAGE TO M. THORN

1. Please pass the following message from the Prime Minister, and that in MIFT from me, to Thorn before he leaves office.

BEGINS

2. At the turn of the year, and at the end of your term as President of the Commission, I should like to send best wishes for 1985 to you and your wife. During your four years in office the Community has achieved a great deal, and especially in the last two years when we have laid the foundations for the Community's future development ~~and~~ for the accession of Spain and Portugal and dealt with the Budget problem. ~~I know there have been frustrations. But there has been real progress as well, of which you and your colleagues in the Commission can feel proud.~~

///
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3. I wish you every success when you return to the national life of your country. I know that your experience will continue to be at the disposal of all of us who wish to see the Community

NNNN ends telegram	BLANK	Catchword prosper.
File number	Dept Private Office	Distribution Frame General
Drafted by (Block capitals) P F RICKETTS		
Telephone number		
Authorised for despatch		
Comcen reference	Time of despatch	

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OUT TELEGRAM (CONT)

	Classification and Caveats		Page
	U/C FRAME GENERAL	PRIORITY	2

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3 ENDS
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NNNN ends telegram	BLANK	Catchword

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10 DOWNING STREET

From the Private Secretary

MR WILLIAMSON
CABINET OFFICE

European Commission: Portfolios

Thank you for your minute of 11 December about the decision on Portfolios in the new Commission. The Prime Minister has noted your comments with which she agrees.

I am sending a copy of this minute to Mr. Budd (Foreign and Commonwealth Office) and to Mr. Hatfield (Cabinet Office).

Charles Powell

12 December 1984

File

Ref

10 DOWNING STREET

From the Private Secretary

MR BIRCH

THE EUROPEAN COMMUNITY:

PORTFOLIOS

The Prime Minister was grateful for Lord Cockfield's minute of 10 December recording the outcome of the negotiations about the distribution of Portfolios in the new Commission. She agrees with Lord Cockfield that the result is very satisfactory.

I am copying this minute to Colin Budd (Foreign and Commonwealth Office) and to Richard Hatfield (Cabinet Office).

(C.D. Powell)

12 December, 1984

(2)

Prime Minister

CONFIDENTIAL

Qz.04083

CDP
11/12

A satisfactory outcome and clever of Delors to have got it sorted out so painlessly.

MR POWELL

EUROPEAN COMMISSION: PORTFOLIOS

The decisions on portfolios of the Commissioners designate are reported in UKREP Brussels telegram No. 4152 of 10 December. I should like to add these comments on the results from the British point of view:-

(i) the result is very good for Lord Cockfield. It largely achieves the original objective of obtaining responsibility for the internal market (including financial institutions, banking, insurance etc) and for a large range of industries. Although Mr Narjes' portfolio includes formal responsibility for industrial affairs, in fact Lord Cockfield's responsibilities cover the "sponsoring" divisions for many important industrial activities.

Because of his own personality Mr Davignon was able to use his power base in his own way. In the new Commission I would expect that Lord Cockfield will carry substantial weight in all the industrial discussions, despite Mr Narjes' apparent responsibility for general issues relating to industrial affairs;

(ii) Mr Clinton Davis' portfolio covers all environment and transport issues and also more general questions of consumer protection. This latter point will give him a direct say in a number of other areas of the Commission's responsibilities. He is also responsible for nuclear safety and for forestry;

/(iii)

CONFIDENTIAL

(iii) Mr Andriessen has obtained the agriculture portfolio, as we wished. He also has responsibility for fisheries (although this may go to a Portuguese Commissioner later);

(iv) Mr Natali has been given the development portfolio (of which a part has been removed for Mr Cheysson). For the present Mr Natali retains his current responsibilities for enlargement. We remain of the view that the allocation of the development portfolio to Mr Natali (who is the senior remaining Commissioner) is the least difficult result for the United Kingdom.

2. We consider that the Commissioners who have come off worst in this distribution are Mr Narjes, whose responsibilities will in practice be more circumscribed than they appear, and Mr Cheysson, who has responsibility for the Mediterranean and North/South relations, while the greater part of foreign affairs is the responsibility of Mr de Clercq.

3. I am sending a copy to Colin Budd (FCO) and to Sir Robert Armstrong.

D F Williamson

D F WILLIAMSON

11 December 1984

GR 540

CONFIDENTIAL

C O N F I D E N T I A L
FM UKREP BRUSSELS 101108Z DEC 84
TO IMMEDIATE F C O
TELEGRAM NUMBER 4152 OF 10 DECEMBER,
INFO BRUSSELS COPENHAGEN THE HAGUE ROME DUBLIN PARIS
BONN LUXEMBOURG ATHENS.

M I P T : MEETING OF COMMISSIONERS DESIGNATE:
ROYAUMONT, 8/9 DECEMBER.

1. FOLLOWING IS ALLOCATION OF RESPONSIBILITIES AMONG NEW COMMISSION AS AGREED AT ROYAUMONT. WHEN PUBLISHED THE BREAKDOWN WILL NOT INCLUDE THE ELEMENTS SET OUT IN BRACKETS NOR THE FOOTNOTES.

JACQUES DELORS	SECRETARIAT GENERAL (SAUF SG 7 ET 12) SERVICE JURIDIQUE GROUPE DU PORTE-PAROLE SERVICE COMMUN INTERPRETATION - CONFERENCES BUREAU DE SECURITE AFFAIRES MONETAIRES (II - D) COORDINATION DES FONDS STRUCTURELS (TASK-FORCE ET II.B.3) ET PROGRAMMES INTEGRES MEDITERRANEENS.
LORENZO NATALI	COOPERATION ET DEVELOPPEMENT (DG VIII SAUF VIII D.3 ET D. DG VIII.A.5 CNUCED) (1) ELARGISSEMENT (I.H SAUF I.H.4)
CLAUDE CHEYSSON	POLITIQUE MEDITERRANEENNE (I.F.2, VIII D.1 ET I.H.4) RELATIONS NORD-SUD (I.C ET VIII D.3 - VIII A.5 CNUCED)
KARL-HEINZ NARJES (2)	AFFAIRES INDUSTRIELLES (III E ET F) TECHNOLOGIES DE L'INFORMATION (TASK FORCE T.I DG XIII) RECHERCHE ET SCIENCE (DG XII) CENTRE COMMUN DE RECHERCHE (CCR)
FRANS ANDRIESSEN	AGRICULTURE (DG VI SAUF VI.F.3) PECHE (DG XIV)
LORD COCKFIELD	MARCHE INTERIEUR (DG III A.C.D) SERVICE DE L'UNION DOUANIERE (SUD) FISCALITE INSTITUTIONS FINANCIERES (DG XV)

CONFIDENTIAL

/ALOIS.

ALOIS PFEIFFER	AFFAIRES ECONOMIQUES (DG II SAUF II.D ET II.B.3) EMPLOI (V.A) CREDIT ET INVESTISSEMENT (DG XVIII) OFFICE STATISTIQUE (OSCE)
GRIGORIS VARFIS	POLITIQUE REGIONALE (DG XVI) RELATIONS AVEC LE PARLEMENT (SG 7)
WILLY DE CLERQ	RELATIONS EXTERIEURES ET (I.A I.B ET I.F.1) POLITIQUE COMMERCIALE (I.D I.E I.G)
NIC MOSAR	ENERGIE (DG XVII) AGENCE D'APPROVISIONNEMENT EURATOM OFFICE DES PUBLICATIONS (OPOC)
STANLEY CLINTON-DAVIS	ENVIRONNEMENT - PROTECTION DES CONSOMMATEURS ET SECURITE NUCLEAIRE (DG XI ET V.F.3) FORETS (VI F.E) TRANSPORTS (DG VII SAUF VII B.3)
CARLO RIPA DE MEANA (3)	QUESTIONS INSTITUTIONNELLES (APPUI SG ET SJ) PROBLEMES CONCERNANT L'EUROPE DES CITOYENS POLITIQUE DE L'INFORMATION (DG X) SECTEUR CULTUREL (SG 12) TOURISME (DG VII B.3)
HENNING CHRISTOPHERSEN	BUDGET (DG XIX) CONTROLE FINANCIER (DG XX) PERSONNEL ET ADMINISTRATION (DG IX)
PETER SUTHERLAND	CONCURRENCE (DG IV) AFFAIRES SOCIALES, EDUCATION, FORMATION (DG V SAUF V.A ET V.E.1)

(NOTE 1. LES DEUX DIVISIONS VIII D.1 ET VIII D.E SERONT TRANSFEREES A LA DG I.

NOTE 2. UN GROUPE DE TRAVAIL REUNIRA, A L'INITIATIVE DE M.LE PRESIDENT, LES COMMISSAIRES CHARGES DU MARCHE INTERIEUR ET DES AFFAIRES INDUSTRIELLES POUR HARMONISER LES POLITIQUES MENEES PAR CEUX-CI.

NOTE 3. M.RIPA DI MEANA SERA LE REPRESENTANT PERSONNEL DU PRESIDENT DE LA COMMISSION AUX COMITES AD HOC POUR LES QUESTIONS INSTITUTIONNELLES ET POUR L'EUROPE DES CITOYENS)

CONFIDENTIAL

/F.C.O.

FCO ADVANCE TO:

FCO - P.S, P.S/MR RIFKIND, RENWICK, BRAITHWAITE, CROWE, FAIRWEATHER
CAB - WILLIAMSON.
DTI - WILLIAMS.
MAFF - ANDREWS.
TSY - FITCHEW.

BUTLER

[REPEATED AS REQUESTED]

LIMITED

ECD (E)
ECD (I)
PS
PS/MR RIFKIND
MR RENWICK
MR BRAITHWAITE

COPIES TO
ADVANCE ADDRESSEES.

Prime Minister ②

CDP 19/xii

CONFIDENTIAL

PRIME MINISTER

THE EUROPEAN COMMUNITY - PORTFOLIOS

1. After some difficult negotiations, the outcome has proved very satisfactory.

I have secured:

The Internal Market - very widely defined: see below
The Customs Union
Financial Institutions and Taxation

2. The Internal Market is now defined as the whole of Directorates A, C and D of DG III (there is no B). In addition to the specific Internal Market issues, such as the removal of technical barriers, safeguard measures, mutual recognition of professional qualifications, public purchasing and so on - the so called "horizontal issues" - these Directorates include responsibility for the foodstuffs industry, pharmaceuticals, chemicals, distribution, textiles, clothing, shipbuilding, wood and leather, paper, construction and so on. The logical foundation for this rests upon the fact that in most if not all instances, the Commission's powers to intervene rest primarily on the Treaty provisions relating to the Internal Market: and it would not be sensible to separate responsibility for the industry from responsibility for the powers which enable the Commission to intervene in that industry. This definition of the Internal Market is wider - significantly wider - than it was under the old Commission when the Internal Market comprised only Directorates A and D.

CONFIDENTIAL

3. The Financial Institutions and Taxation comprise the whole of DG XV. Together with the Customs Union this completes the Internal Market panorama in a very satisfactory way.

4. Compared with the original offer made by Delors, this means that I have surrendered Steel (Directorate E in DG III). But as I indicated in my minute to you of 23 November that offer was so extensive that it was likely to leave insufficient for other Commissioners: and it would have involved too heavy a work load for the job to be done properly. I contemplated from the beginning therefore that there would have to be some give. But I have given no more than I intended to give: I have preserved the integrity of the Internal Market portfolio defined in the widest sense: and I have extracted a further quid pro quo in a formal recognition that I am entitled to a say in the major industrial policy issues arising under Directorate F.

5. Although this was not reported in the Press, negotiations went on past midnight on the Friday. I had to beat off a determined attempt to redefine the Internal Market portfolio to include the "horizontal issues" only and to move the industries themselves to the Industry portfolio. There was a further attempt to re-open the matter on the Saturday morning but this was firmly suppressed by Delors.

6. I attach a copy of the pages in the Directory showing the detailed make up of the Directorates in DG III. As I have said I have secured A, C and D: Narjes, who is now the senior German Commissioner, takes E and F. We both of course have other responsibilities outside DG III.

7. I am copying this to the Foreign and Commonwealth Secretary and Sir Robert Armstrong.

A.C.

A C

10 December 1984

CONFIDENTIAL

AClAAU

Directorate-General III

Internal Market and Industrial Affairs

Rue de la Loi 200, 1049 Bruxelles
Wetstraat 200, 1049 Brussel

Tel. 235 11 11
Telex 21877 COMEU B

Director-General	Fernand BRAUN
Deputy Director-General (with special responsibility for Directorates A and D)	Paolo CECCHINI
Deputy Director-General (with special responsibility for Directorates C and E)	Arie Adriaan VAN RHIJN
Assistants to Director-General	Albrecht MULFINGER
	Michel AYRAL

Administrative unit	Head
Directorate A	
Distributive trades and industrial affairs I (removal of technical barriers to trade, motor vehicles, mechanical engineering, foodstuffs, pharmaceuticals, electricity and chemicals)	Tom GARVEY
1. Coordination, removal of technical barriers; motor vehicles and agricultural machinery; electricity, mechanical engineering, metrology, standardization	Ernesto PREVIDI
2. Foodstuffs	Paul GRAY
Deputy Head of Division	Egon GAERNER
3. Pharmaceuticals, veterinary medicines	Nicolaas BEL
4. Chemicals, plastics and rubber	Walter SCHÄFER
5. Distributive trades	Jacques BESNARD

Directorate C

Industrial affairs III (textiles, leather, paper, shipbuilding, miscellaneous industries and non-tariff barriers)	Daniele VERDIANI
1. Safeguard measures; removal of non-tariff barriers (Article 30 *et seq.*)	Alfonso MATTERA RICIGLIANO
2. Textiles and clothing	Roger PEETERS
3. Shipbuilding, wood, leather, paper, construction and miscellaneous industries	William TULLY
4. Aircraft, railways and public contracts	Reginald SPENCE

Directorate D

Approximation of laws, freedom of establishment and freedom to provide services	Ivo SCHWARTZ
Chief Adviser	Winfried HAUSCHILD
1. Civil and economic law, criminal law and law of procedure, and citizens' rights	Hans Claudius TASCHNER
2. Company law, industrial democracy and standards	Hermann NIESSEN
3. Multinationals, groups of companies and the European company	Karl GLEICHMANN
4. Intellectual property and unfair competition	Robert COLEMAN
Deputy Head of Division	Bertold SCHWAB
5. Free movement of self-employed persons and recognition of diplomas	Jean-Jacques BEUVE-MÉRY

Directorate E

Steel	Jacques FAURE
Policy and relations with industry	Hans KUTSCHER Chief Adviser
1. External measures	György VON O'SVATH
2. Sector analysis, administration and implementation of controls	Piero SQUARTINI
Deputy Head of Division (with special responsibility for the implementation of controls)	Pierre DUPRAT
– General objectives and structure	Jacques SOENENS
– Production capacities and consultation on Article 54 and 56 ECSC opinions	Otto BECKER
– Administration of controls	Jacobus AARTS
3. Forward programmes, market and prices	Vivian EVANS
– Market	Giacomo GIACOMELLO
– Prices	Victor CULOT

Directorate F

Industrial restructuring, non-member countries and raw materials	Rolf MÖHLER
Adviser	Paul RUTSAERT
Business analyses	Peter John LENNON Adviser
1. Industrial and technological problems in relation to non-member countries	Guy CRAUSER
2. Secretariat for internal and external work on raw materials	José NICOLAI
3. Industrial economy, industrial structure and co-ordination	Pierre DEFRAIGNE
4. Small and medium-sized enterprises, *artisanat*, Business Cooperation Centre and industrial cooperation	George TZOANOS
– Small and medium-sized enterprises and *artisanat*	Helmut SCHMITT von SYDOW
– Business Cooperation Centre	Luigi MOROSI

10 DOWNING STREET

From the Private Secretary

6 December, 1984.

Lord Cockfield's Appointment

Thank you for your letter of 4 December about the compatibility of Lord Cockfield's continued membership of the House of Lords and his duties as a Commissioner.

The Prime Minister has noted this. Lord Cockfield's appointment was not challenged when the matter was discussed at the European Council on 3/4 December.

I am sending copies of this letter to the Private Secretaries to the Lord Chancellor, the Attorney General, the Solicitor General, and to Richard Hatfield (Cabinet Office).

Charles Powell

C.R. Budd, Esq.,

Foreign and Commonwealth Office.

Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister (2)

To note.

4 December, 1984

Dear Charles, 4/12

Lord Cockfield's Appointment

Please refer to my letter of 30 October about the risks of a challenge on legal grounds to Lord Cockfield's appointment to the Commission. You may wish to know where things stand.

As indicated in my earlier letter, we sought advice from the Commission on the compatibility of Lord Cockfield's continued membership of the House of Lords and his duties as a Commissioner. I enclose a copy of the Commission's response and a subsequent letter from the Council Legal Service. Their conclusion is, in the words of the Council Legal Service, that "a member of the Commission who is also a member of the House of Lords but has obtained leave of absence from the latter and does not in fact attend sittings of the House during his terms of office as a member of the Commission is not to be considered as engaging in another occupation .....".

We have taken steps to ensure that M. Delors is aware of Lord Cockfield's intention to take leave of absence from the House of Lords and of the Commission's findings. We have also informed the governments of Member States. When Foreign Ministers meet in the margins of the 17/18 December Foreign Affairs Council to confirm the appointments, we shall also ask for the Commission's advice to be written into the minutes of the meeting.

As you know, much of the interest in this issue was provoked by Labour members of the European Parliament. The Legal Affairs Committee of the European Parliament debated the issue last week and concluded that Lord Cockfield's leave of absence would provide sufficient guarantee of his independence. A draft resolution stating that it is necessary for Lord Cockfield to take leave of absence will go to the Parliament's Plenary Session on 10-14 December, to comply with the terms of the Treaty. We shall not, therefore, be able to avoid a further public airing of views on the subject, though the final outcome is likely to be a vote calling on Lord Cockfield to do what he anyway intends to do: take leave of absence. There appears to be no question of an attempted legal challenge to the appointment in the European Court of Justice. The Court has already told Carol Tongue, MEP, that she had no standing, as an MEP, to bring a case.

I am copying this letter and its enclosures to the Private Secretaries to the Lord Chancellor, the Attorney General, the Solicitor General and Sir Robert Armstrong.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

COMMISSION
DES
COMMUNAUTES EUROPEENNES

LE SECRETAIRE GENERAL

Bruxelles, le 6 novembre 1984

SG(84)D/14259

Dear Michael,

A la suite de notre entretien du 30 octobre dernier, je vous transmets l'avis du Service Juridique de la Commission sur la situation de Lord COCKFIELD. Comme vous le verrez, cet avis détaillé (rédigé volontairement sous une forme impersonnelle) aboutit à la conclusion qu'il n'y a pas incompatibilité entre les fonctions d'un Lord en situation de "Leave of absence" et le mandat de Membre de la Commission, encore que ce congé dispense essentiellement le Lord de ses fonctions législatives, mais laisse subsister quelques fonctions accessoires, de caractère plutôt honorifique. Celles-ci ne nous paraissent pas de nature à constituer une "activité professionnelle" au sens de l'article 10 paragraphe 2, alinéa 3, du Traité de fusion.

Dans l'établissement de cet avis, le Service Juridique de la Commission a pris contact avec le Service Juridique du Conseil, auquel l'avis ci-joint est également transmis.

Yours sincerely,

E. NOEL

p.j.

MWE 011/2
RECEIVED
9 NOV 1984

Son Excellence
Monsieur l'Ambassadeur
Sir Michael BUTLER, KCMG
Représentant Permanent de la Grande-Bretagne
auprès des Communautés Européennes
Rond Point Schuman, 6
1040 BRUXELLES

Adresse provisoire:
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B-1049 Bruxelles

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Ligne directe: 235 ....
Standard: 235 11 11

Télex:
COMEU B 21877

Adresse télégraphique:
COMEUR Bruxelles

COMMISSION
OF THE
EUROPEAN COMMUNITIES

Legal Service

Brussels, November 6, 1984

JUR (84) D/05166

NOTE

Subject : Incompatibility between the functions of a Member of the Commission and the exercise of a national parliamentary mandate

- "Leave of absence" granted by the House of Lords in order to avoid incompatibility.

1. In the view of the Legal Service there is a clear incompatibility between the function of Member of the Commission and Member of a national Parliament arising out of the third paragraph of Article 10 (2) of the Treaty establishing a single Council and a single Commission of the European Communities (Merger Treaty)[1]. In its first sentence this provision reads as follows :

> " The members of the Commission may not, during their term of office, engage in any other occupation, whether gainful or not. "

The activity of Member of Parliament is an occupation which a Member of the Commission could exercise only at the expense of the time available for its work as a Commissioner. In addition the Member would be required to serve, at one and the same time, interests which are different and which may even be contradictory, i.e. the interests of one Member State as against those of the Community. The Member would not be able to comply with the second paragraph of Article 10 (2) of the Merger Treaty nor would he be able to give the solemn undertaking laid down in the second sentence of Article 10 (2) 3.[1]

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(1) N.B. Article 10 (3) in the English version published by the Communities in 1978.

Provisional address: Rue de la Loi 200, B-1040 Brussels – Telephone 35 00 40-35 80 40 – Telegraphic address: «COMEUR Brussels» – Telex: «COMEURBRU 21 877»

2. It follows that if a Member of a national Parliament wished to exercise the functions of a Member of the Commission he would be obliged to give up his parliamentary mandate. In the United Kingdom it is possible for a Member of the House of Lords to disclaim (for instance if he wishes to sit in the House of Commons).

3. The incompatibility between the two functions could be avoided if statutory instruments existed in the Member State which enabled the Member of the national Parliament to be discharged of any obligations and responsabilities inherent in the parliamentary mandate and to lose the corresponding rights.

4. In the United Kingdom the Standing Orders of the House of Lords provide for "Leave of absence". The instrument and the procedure can be briefly described as follows[1] :

- in order to avoid the general obligation to attend the sittings of the House leave of absence may be granted by the House;

- the request may be made by the Member at any time for the remainder of the Parliament;

- when a new Parliament is called, a particular procedure enables the situation of those who were on leave of absence to be clarified;

- a Member who has been granted leave of absence "is expected not to attend the sittings of the House". He may however take the Oath of Allegiance (which is a condition sine qua non for attending and voting and can be taken at any time during a Parliament);

- if he does not attend the sittings the Member on leave does not receive any reimbursement of expenditure (members receive no salary);

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(1) Paragraph 20 of the Standing Orders of the House of Lords.

- Members on leave continue to benefit from the following advantages :
  - use of certain facilities of the House (Library, Dining Room, etc..)
  - being able to sit on the steps of the Throne during a sitting of the House
  - receipt of copies of documents of the House
  - obtaining certain facilities of a protocol nature.

- if a Member on leave of absence wishes to attend a sitting of the House he must give notice one month before the sitting; the leave then ends automatically.

5. In order to be able to assess the consequences of a leave of absence with regard to the exercise of the functions of a Member of the Commission, it is necessary, first of all, to see what the functions of the Members of the House of Lords in general are.

Members of the House of Lords are advisers to the Queen. This function, which includes the right of individual access to the Queen, is no longer of any importance.

The Lords benefit from immunity from arrest on civil process.

The Members participate in the legislative process and, if they belong to the judicial body of the House, in the judicial process.

These last two functions are the only ones which are important and relevant in the present context. Both are exercised by the Members of the House in attending the sittings of the House (and its Committees). These functions cannot, therefore, be exercised by a Member who has been granted leave of absence.

./.

Conclusion

On the assumption that there are no other responsabilities and obligations of a Member of the House of Lords which require time and may cause a conflict of interests, leave of absence granted by the House of Lords before the beginning of a mandate as Commissioner for the remainder of the Parliament and renewed for a new Parliament as long as the mandate as Commissioner runs would resolve the problem of incompatibility.

Leave of absence does not prevent the Member from taking the Oath of Allegiance in a new Parliament, i.e. the promise to serve the Queen; this would, however, be incompatible with the solemn undertaking to be given by each Member of the Commission. The Member who has been granted leave of absence should, therefore, not take the Oath of Allegiance. There is no obligation to take it. It only enables a Member to attend sittings of the House and to vote.

THE LEGAL ADVISER TO THE COUNCIL
OF THE EUROPEAN COMMUNITIES

Hans-J. GLAESNER
Director General

1048 Brussels,
Rue de la Loi, 170
Tel. 736.79.00

23 NOV. 1984

12822

Copy
Mr Williamson
Mr Renwick

H.E. Sir Michael Dacres BUTLER, GCMG
Ambassador

Permanent Representative of
the United Kingdom

Rond-Point Schuman, 6

1040 - BRUSSELS

Mr Fulder
2/14

Dear Sir Michael,

Subject: Situation of Lord Cockfield

I understand that you would like to have confirmation in writing that the Council Legal Service agrees with the conclusion of the Commission's Legal Service mentioned in Mr. Noël's letter to you of 6 November 1984.

In our opinion a member of the Commission, who is also a member of the House of Lords but has obtained leave of absence from the latter and does not in fact attend sittings of the House during his term of office as a member of the Commission, is not to be considered as engaging in another occupation within the meaning of the first sentence of Article 10, paragraph 3 of the Merger Treaty. I hope that this is sufficient for your purposes.

Sincerely yours

Hans J. Glaesner

FILE

10 DOWNING STREET

THE PRIME MINISTER

29 November 1984

Dear Christopher

Thank you for your letter of 12 November with your reflections on the role of Commissioners, the collegiate nature of the Commission and the relationship with the national governments - which, as you say, is a complex and not always an easy one. I read this with great interest.

It has been drawn to the attention of the senior people here concerned with Community affairs; and I am also showing it to Arthur Cockfield before he takes up his position in Brussels.

As the Commissioner responsible for the budget, yours was bound to be a particularly difficult task, given the problems in recent years in relation to Community finances generally and during the long period of negotiation on the correction of our own contribution to the Community budget. Your efforts to help bring about a solution to those problems deserve our thanks as does your real achievement in helping to make budget discipline a part of the Community's way of thinking and acting.

I am most grateful for the part you have played and so, I know, are others in the Community and in the Commission.

I enjoyed our talk to-day - I hope it didn't sound too gloomy. I am conscious that you stay in the arena.

Yours ever

Margaret

Mr Christopher Tugendhat

Qz.04066

MR POWELL

EUROPEAN COMMISSION: PORTFOLIOS OF NEW COMMISSIONERS

You sent me a minute on 23 November about the portfolio which Monsieur Cheysson might get, if he is nominated (as is now widely assumed) as the second French Commissioner. Our own views are:-

(i) Development. We have taken the view - and told Monsieur Delors - that a French Commissioner should not hold the Development portfolio again because the French have held it for far too long. We know from many sources that Monsieur Delors is vigorously opposing the suggestion that Monsieur Cheysson should get the Development portfolio. Our present assessment is that Monsieur Delors will succeed. We want him to succeed both for reasons of principle and because Mr Natali would be acceptable in Development but unacceptable in Agriculture. From the United Kingdom point of view it might be better in the last resort that Monsieur Cheysson should hold the Development than that he should hold the Industry portfolio. But we do not think that it will come to this, as we think now that he will probably get neither.

(ii) Industry. We know that at one stage Monsieur Delors was considering Monsieur Cheysson for the Industry portfolio. Monsieur Delors, however, has now offered practically the whole of the Industry and the Internal Market portfolio to Lord Cockfield. Monsieur Cheysson has also gone against the Industry portfolio. The risk, therefore, seems very low.

(iii) Foreign Affairs. We understand that Monsieur Delors is now considering dividing the Foreign Affairs portfolio,

/perhaps

perhaps into multilateral and bilateral issues. In this event, Monsieur Cheysson might obtain one of these portfolios.

I am sending a copy to Sir Robert Armstrong.

D F Williamson

D F WILLIAMSON

29 November 1984

10 DOWNING STREET

From the Private Secretary

Prime Minister.

There is no brief for Christopher Tugendhat's call. He just wants a general valedictory chat. He will probably urge on you the virtues of closer cooperation with our European brethren and the need for the UK to support European Union.

May I please fit in, as well as MA?

Yes pse CDP 26/11

Foreign and Commonwealth Office

London SW1A 2AH

26 November, 1984

Dear Charles,

Mr Tugendhat's Letter to the Prime Minister

As requested in your letter of 15 November, I enclose a draft reply for the Prime Minister to send to Mr Tugendhat.

Mr Tugendhat's letter reflects an awareness of a sense here that he did not always fight his corner in the Commission as hard as we would have liked. This was indeed the case on some occasions. But he was bound to be in a difficult position as Budget Commissioner during the years of negotiation on the correction of our budgetary contribution. The Secretary of State suggests that the Prime Minister's reply should not enter into detail, but thank Mr Tugendhat for his thoughtful letter on the role of a Commissioner and for all he has done in eight years in the Commission for Britain and the Community.

The Secretary of State has asked me to suggest that a copy of Mr Tugendhat's letter should be shown to Lord Cockfield. This is mentioned in the draft reply.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

DSR 11 (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:
The Prime Minister

Reference

DEPARTMENT: TEL. NO:

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO:
Mr Christopher Tugendhat

ABT

Your Reference

Copies to:

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT:

Thank you for your letter of 12 November with your reflections on the role of Commissioners, the collegiate nature of the Commission and the relationship with the national governments - which, as you say, is a complex and not always an easy one. I read this with great interest.

It has been drawn to the attention of the senior people here concerned with Community affairs; and I ~~should like~~ am ~~if you agree,~~ also showing it your letter to be shown also to Arthur Cockfield before he takes up his position in Brussels.

As the Commissioner responsible for the budget, yours was bound to be a particularly difficult task, given the problems in recent years in relation to Community finances generally and during the long period of negotiation on the correction of our own contribution to the Community budget. Your efforts to help bring about a solution to those problems deserve our thanks as does your real achievement in helping to make budget discipline a part of the Community's way of thinking and acting.

Enclosures—flag(s).....

/I

I am most grateful for the part you have played and so, I know, are others in the Community and in the Commission.

~~I am looking forward to our~~

~~[illegible]~~

CH.

(2)

Prime Minister CC PC
Satisfactory if it sticks. Despite the bad precedent, it would be better to have Cheysson at Development than at Industry. Lord Cockfield is to see you briefly on Monday.

PRIME MINISTER

1. I had a further discussion with Mr Delors in Brussels yesterday. The outcome has been very satisfactory.

2. He has offered me the whole of DG III - the Internal Market and Industrial Affairs - other than the minor directorate F which deals with industrial restructuring and relations with non-member countries - plus the whole of DG XV which covers Financial Institutions and Taxation. Such a portfolio would comprise the full span of the Internal Market - services as well as goods, financial institutions as well as manufacture - and it would extend also to steel, shipbuilding and textiles.

CDP 23/11

3. We are not yet in the clear. Delors still has to settle with the other senior Commissioners some of whom will feel that what they may be offered is not enough.

4. Delors is greatly concerned about the proposition that Cheysson should be appointed as the second French Commissioner and even more concerned about the portfolio he is demanding. There is still considerable resistance to Cheysson's appointment but it is regarded as a near certainty. He - and President Mitterrand - are said to be determined that he should have the Development Portfolio which France has always dominated. Delors is equally determined that portfolios should rotate and should not be regarded as the fief of a particular country. I said I entirely agreed with him. Indeed we ourselves after much heart searching had decided that I should not bid for the Budget portfolio on this very ground. I would therefore give him every support on this issue.

5. I understand that Delors is likely to attend the Dublin Summit. These issues may therefore be touched upon in the margin.

6. I found Delors on this occasion, as in the past, to be friendly, constructive and determined.

7. I am copying this minute to the Foreign and Commonwealth Secretary and to the Secretary of the Cabinet.

A.C.

A C

23 November 1984

file 54

10 DOWNING STREET

From the Private Secretary

MR. WILLIAMSON
Cabinet Office

European Commission: Portfolio for
Mr. Clinton Davis

Thank you for sending me a copy of your note of 22 November on this subject. I have shown it to the Prime Minister who was perturbed at the possibility that Mr. Cheysson might get the Industry portfolio. Lord Cockfield's subsequent minute suggests this is somewhat less likely and that the French are pressing for him to return to Development.

In case the subject is raised with her, I think the Prime Minister would find it helpful to have advice on whether we would prefer to see Cheysson back at Development, even though this vitiates the principle of rotation, rather than holding the Industry portfolio.

C. D. POWELL

23 November, 1984

CST.

(2)

Prime Minister
This would be a reasonable outcome — though Cheysson in charge of industry is a daunting prospect.
CDP 22/xi

IN CONFIDENCE

Qz.04058

NOTE FOR THE RECORD

EUROPEAN COMMISSION: PORTFOLIO FOR MR CLINTON DAVIS

Mr Clinton Davis gave me a report today on his discussion yesterday with M. Delors about his portfolio. Mr Clinton Davis has agreed that he would take, if formally offered, a portfolio covering environment, consumer protection and transport. He told me that he had asked for a specific assurance from M. Delors that the portfolio would not be broken up when the Community is enlarged. He argued that it would not be possible to operate effectively on transport if it were to be assumed that this part of his portfolio would be removed after 2 years.

2. He said that, in discussions about the development portfolio (which had been Mr Clinton Davis' first choice), it was apparent that M. Delors was under pressure to put M. Cheysson in charge of development and that he was resisting this very strongly. Mr Clinton Davis' own view was that M. Cheysson would probably be appointed and would get the industry portfolio.

3. Mr Clinton Davis confirmed that the assumption underlying his discussions with M. Delors was that Lord Cockfield would be offered the internal market portfolio, reinforced by the inclusion of responsibility for financial institutions (banking, insurance etc).

D F WILLIAMSON

22 November 1984

cc: Mr Powell, 10 Downing Street
Mr Braithwaite, Mr Renwick, FCO
Sir Michael Butler, UKREP
Mr Unwin, H M Treasury
Dr Holdgate, Dept of Environment
Mr Williams, Dept of Trade and Industry
Mr Holmes, Dept of Transport

IN CONFIDENCE

FILE

Rep

10 DOWNING STREET

From the Private Secretary

15 November, 1984

EC COMMISSION

Christopher Tugendhat has written to the Prime Minister with his reflections on the nature of the Commission and has sent a copy to the Foreign Secretary. I should be grateful for a draft reply in due course.

(C.D. Powell)

C. Budd, Esq.,
Foreign and Commonwealth Office.

CHRISTOPHER TUGENDHAT
VICE PRESIDENT OF THE COMMISSION
OF THE EUROPEAN COMMUNITIES

RUE DE LA LOI, 200
1049 BRUSSELS - TEL. 235 25 14
235 26 10

12 November 1984

Prime Minister
Christopher Tugendhat's farewell thoughts. We are working on a draft reply. You will certainly wish to thank him. But some of his comments - particularly those in paragraphs 12-14 which are aimed primarily at Michael Butler, should not pass unchallenged.
CDP 15/11

Dear Prime Minister

1. I thought it useful to send you, as my term of office here draws to a close, certain reflections on the nature of the Commission and on the relationship between national governments and its members. I do so on the basis of eight years' experience - the longest of any of the five British Commissioners who have so far held office - during virtually all of which time both the subject matter of my portfolio (the budget) and the particular concerns relating to it of my own country have dominated the Community's life.

The Nature of the Commission:

2. The Commission is a strange institution for which there is no parallel in British national public life. It has particular institutional responsibilities under the Treaties, notably those of initiative and management; an independent status; a collegiate decision-making procedure; and a multi-national composition of members drawn for the most part from the political life of the Member States. Because its Members come from different backgrounds and will go in different ways when they leave, it tends to lack the sense of collective self-interest that characterises a Cabinet drawn from a single party.

3. The Commission's influence and prestige (such as they are) reflect the uniqueness of its nature and composition. A Commission proposal is treated - or at any rate is expected to be treated - with an initial respect partly because it emanates from the institution whose specific responsibility is for the Community as a whole and partly because it is the fruit of the deliberations of fourteen members of different nationalities and different political affiliations.

The Rt. Hon. Margaret Thatcher, MP

.../...

4. The Commission's job, when there is deadlock in the Council, is to try to find a way through, consistent with its own appreciation of the wider Community interest if any. Finding a way through will usually mean making a proposal which is not identical with the positions of any of the principal Member States involved but around which, it is hoped, they might all be prepared to rally. By its very nature, the Commission cannot be expected to make proposals which reflect the interests, however deeply felt, of one Member State but which are known in advance to be likely to be anathema to nine others; and no individual Commissioner can hope somehow magically to persuade it to do so. Just as I bring to bear in the Commission my own national insights and perceptions, so too do my colleagues. We are in this sense a microcosm of the Community at large. If therefore a specifically British objective is proving impossible to secure in the Council, the same is likely to be true in the Commission.

The Commission's Decision-Making Procedures

5. The Commission tries wherever possible to reach its decisions by consensus: and has indeed established somewhat cumbersome internal decision-making procedures to facilitate this. Nonetheless, the Commission differs from other Community institutions, and notably from any of the formations of the Council, in that at the end of the day it is obliged to take some kind of decision on whatever issue is before it. It can continue its deliberations for a time in order to try to reconcile differing points of view. But sooner or later it has to act in order to fulfil its institutional obligations. It has therefore established clear rules of procedure allowing for decisions to be taken by majority vote. Such votes, though not uncommon on minor issues, are rare on matters of central importance in the Community. But they occur when necessary and the knowledge that they can be called exerts an important influence on the way issues are handled. No Commissioner, nor even any minority group of Commissioners, can therefore prevent a decision from being taken in the way that a Permanent Representative in COREPER, a Minister in the Council of Ministers or a Head of Government in the European Council can.

6. It is against this background of collegiate responsibility and the necessity eventually to take some kind of decision that individual members of the Commission have to operate. These conditions constitute both assets and constraints. None of us enjoy being outvoted on a matter of concern to us and none of us enjoy outvoting one or several of our colleagues. We therefore try to understand one another's point of view and to adjust our decisions wherever possible so as to try to achieve unanimity. But equally we realise that none of us can either impose a particular point of view which is not shared by the majority of our colleagues nor, in the last resort, prevent our colleagues from taking a decision against our wishes. In the latter instance, it is open to us, under Commission rules, to vote against and record in the Commission minutes the reasons for our dissent. But while this may be satisfying to the individual conscience, it does not prevent the decision being taken.

The Independence and Role of Commissioners:

7. When we assume our appointment at the beginning of each Commission, we take an oath committing us to independence from national governments or indeed from outside pressures of any kind. This independence is something which the Commission takes seriously and no Commissioner would be able to operate here with any degree of success if he was regarded as acting in a manner incompatible with it. Nonetheless, one of the reasons for having Commissioners of all nationalities, and for having people with a political background, is that we are all able in our different ways not only to bring particular national insights to bear on common problems but also to have a feeling for the reception which a Commission proposal or decision is likely to receive in the countries we know best. In that sense each of us can and I believe should seek to interpret our own country to the College as a whole and to ensure that Commission proposals take proper account of its interests.

8. There is however a distinction to be drawn in the way national concerns can be voiced in the Commission. It is one thing for, say, an Italian Commissioner to argue passionately against a proposal in the wine sector because he feels it will be damaging to the economic and social interests of large numbers of wine producers in Italy. It is another to argue against a proposal simply on the grounds that a national government won't like it. A Commissioner who is perceived by his colleagues as merely reflecting views which could just as easily be obtained from a Permanent Representative will soon find his opinions discounted. Moreover, the corollary of seeking a fair deal for one's own country within the context of the Commission's overall approach is that one should be prepared to argue on behalf of the Commission's proposal in one's own capital.

9. There is also some hypocrisy in these matters which needs to be taken into account. When a position or point of view is held by the great majority of governments it tends to be regarded in the Commission as being "communautaire". When it is held by only one or two governments it is likely to be considered as "national". This means that a Commissioner from a minority country who wishes to assist that country's government will be an object of suspicion and must play his hand with great care.

10. The above considerations are of particular relevance when decisions are prepared within a small group of Commissioners specially interested in a certain subject. Inevitably, given the size of the Commission, certain issues are dealt with on the basis of prior consultations among an inner group: indeed, on some issues, for example steel policy, the existence of this inner group is formalised. But if a Commissioner, of whatever nationality, wishes to be part of such an inner group, he must be recognised as having an independent and impartial mind and as being prepared to judge issues in a broad Community perspective. This is all the more important when the subject matter in question touches on the particular interests of the Member State of which he is a national.

Relations with the European Parliament:

11. A further factor affecting the work of the Commission, and the role of individual Commissioners, is the relationship with the European Parliament. Although it is the Council which appoints the Commission, it is the Parliament which can, if it so wishes, dismiss it. So just as British Ministers are responsible to the House of Commons, so the Commission feels responsible collectively to the European Parliament at Strasbourg. The Parliament's views and its likely reaction to Commission proposals therefore loom much larger in the Commission's scheme of things than is generally realised in national capitals. Moreover, the larger political groups in the European Parliament seek to exercise a degree of direct pressure on individual Members of the Commission of their own political persuasion. The fact that the two largest groups, the Christan Democrats and the Socialists, have been conspicuously antagonistic, from a British point of view, on anything to do with the United Kingdom's budgetary problems - and indeed the fact that the Parliament generally has been unhelpful on the subject - has greatly complicated the Commission's deliberations.

British Commissioners and the British Government:

12. I make these observations because I fear that they are not always understood by those in Whitehall and elsewhere who have the job of formulating the British Government's policy and tactics on Community matters. I have sometimes been struck, when receiving approaches from some senior British officials, by their failure to appreciate the extent to which I, as a British Commissioner, must consider the wider Community interest as well as the more specific British one. Indeed, if I had followed some of the exhortations directed to me, I would have effectively ensured that my views and opinions would be discounted in any subsequent Commission discussion in which British interests were involved.

13. I have also sometimes felt that the British interest would be better served if those who made representations to me would be more prepared to consider advice that I and my Cabinet give on the handling of certain issues. The fact that my vantage point is different from that of national officials sometimes enables me to see things which they do not and thus to warn against a particular course of action or in favour of another approach. This should not be regarded as unhelpful to the British cause. It is the very reverse.

14. I send you these thoughts in the belief that the relationship between the British Commissioners on the one hand and British ministers and officials on the other is a delicate and complex one. However close the friendships and political objectives of the two sides may be there are bound to be tensions. I hope the British Commissioners will always be assiduous in trying to ensure that the Commission takes due account of British interests. But I also believe that those interests will be helped if those who make representations to the Commissioners are fully aware of the nature of the Commission as an institution and of the role its individual members, whatever their nationality, have to play within it.

15. I am sending a copy of this letter to Geoffrey Howe.

With best wishes
Yours ever
Christopher

The Rt. Hon. Margaret Thatcher, MP
10 Downing Street
GB - LONDON SW1

c.c. The Rt. Hon. Sir Geoffrey Howe, QC, MP

File

2 November 1984

FAREWELL CALL BY VISCOUNT DAVIGNON

Thank you for your letter of 1 November suggesting that Viscount Davignon should pay a farewell call on the Prime Minister. The Prime Minister is willing in principle to see him, but cannot manage 16 November. Would you care to suggest to Viscount Davignon a meeting at 0945 hours on Tuesday, 27 November?

Charles Powell

Colin Budd, Esq.,
Foreign and Commonwealth Office.

MR. POWELL

I can offer you 10.00 a.m. on Friday, 16 November for a farewell call by Viscount Davignon but you must ask the Prime Minister first. The day is being kept free for the Carlton Lecture and the Franco-British Council speech.

There is no other time for the Franco-British speech and the more we give away on this Friday, the less time you will have.

CR

1 November, 1984

10 cm on 16

RESTRICTED

Foreign and Commonwealth Office

London SW1A 2AH

1 November, 1984

Prime Minister
Do you want to fit him in? (16 November is at present reserved for the Gaitan Lecture & Franco-British Council speech)
CDP
1/xi

Dear Charles,

Farewell Call by Viscount Davignon

Davignon will be in London next month on what are likely to be his last visits as European Commissioner for Industrial Affairs and Energy. In view of the fact that he has been helpful to us in the past, and that we still need his help on Research and Development and shipbuilding aids, the Foreign Secretary suggests that it would be worthwhile for the Prime Minister to see him for a farewell call. One possibility would be the afternoon of 16 November, if that were convenient for the Prime Minister.

Any other possibilities?

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

9.45 - TUE
10.30 27 NOV

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CONFIDENTIAL

File VSC
cc Tro

10 DOWNING STREET

THE PRIME MINISTER

1 November 1984

Dear Mr. Kinnock,

Thank you for your letter of 25 October.

I know of Mr. Clinton Davis' strong interest in the development portfolio in the new European Commission. I agree that it is a very important portfolio, and naturally I would be glad if Mr. Clinton Davis were to hold it.

As you know, however, the formal position is that the allocation of portfolios is a matter for the President-designate and the Commissioners-designate themselves to decide. So it is for the new British Commissioners themselves to make clear to M. Delors the responsibilities they would wish to exercise in the new Commission. I understand that Mr. Clinton Davis has already discussed the matter with M. Delors. In these circumstances, I should be grateful if you would treat my own views as confidential.

Yours sincerely

Margaret Thatcher

The Rt. Hon. Neil Kinnock, M.P.

CONFIDENTIAL

70 WHITEHALL, LONDON SW1A 2AS

01-233 8319

From the Secretary of the Cabinet and Head of the Home Civil Service

Sir Robert Armstrong GCB CVO

Ref. A084/2897

ATTORNEY GENERAL

New European Commission

Thank you for your minute of 24 October.

I am glad to learn that Mr Sutherland, the new Irish Commissioner, is ready to have discussions with Lord Cockfield and Mr Clinton Davis both on portfolios and on wider areas of cooperation. I believe that we should take him up on this offer. Mr Clinton Davis has now arranged a meeting with him for 14 or 15 November in Brussels. We have suggested to Lord Cockfield that he should also be in touch with Mr Sutherland in order to follow up your conversation.

2. I am sending copies to the Prime Minister and the Foreign and Commonwealth Secretary.

Robert Armstrong

1 November 1984

NBPM
CDP
1/xi

THE PRIME MINISTER

LORD COCKFIELD'S APPOINTMENT AS A EUROPEAN COMMISSIONER

i PM's box

1. I have seen a copy of Lord Cockfield's minute to you of 29 October and also of Mr Budd's letter of 30 October to Mr Powell reporting the advice which has been given by the Foreign and Commonwealth Office and Cabinet Office Legal Advisers.

2. I agree that, if Lord Cockfield seeks leave of absence from the House of Lords for the duration of his appointment, his position as a Peer will not be incompatible with his duties as a Commissioner and will not amount to him engaging in any other occupation for the purposes of Article 10 of the Merger Treaty. The confirmation of the Secretary General of the Commission that, if Lord Cockfield took leave of absence for the duration of his mandate, this would fully meet the requirements of the Treaty, will greatly assist in putting the position beyond doubt.

3. I also agree that it would be very difficult for a legal challenge to Lord Cockfield's appointment to be brought before the Court otherwise than by the Council or Commission. One possibility which is not mentioned in the Note attached to Mr Budd's letter to Mr Powell is that an individual or company to whom a decision is addressed by the Commission, signed by Lord Cockfield, might challenge the validity of that decision under Article 173 EEC on the grounds that Lord Cockfield's appointment was invalid. I would think it unlikely, however, that such a challenge would be made. It is most unlikely that it would succeed in the Court.

4. I am copying this minute to the Lord Chancellor, the Foreign and Commonwealth Secretary and Lord Cockfield.

M.H.

1 November 1984

EURO POL: Apnt d Pres.
d Euro Com: PE2

file
bc PC

Bre.

10 DOWNING STREET

From the Private Secretary

MR. BIRCH
CABINET OFFICE

LORD COCKFIELD'S APPOINTMENT AS A EUROPEAN COMMISSIONER

The Prime Minister has considered Lord Cockfield's minute of 29 October on this subject and the subsequent letter from Mr. Budd giving the views of FCO and Cabinet Office Legal Advisers and an account of the action being taken to ensure that no sustainable case can be made against Lord Cockfield's appointment.

The Prime Minister is relieved to see that the Commission now appear to be co-operating in this matter and agrees with the other action proposed.

I am copying this minute to the Private Secretaries to the Lord Chancellor, the Attorney General, the Solicitor General and Sir Robert Armstrong.

SWH.

C.D. POWELL
1 November 1984

bc: Mr Powell, 10 Downing Street

Mr Stapleton
Miss Lambert

CONFIDENTIAL

Qz.04004

CDP
31/X.

LORD COCKFIELD

YOUR NOMINATION TO THE EUROPEAN COMMISSION

Here is the confirmation that Monsieur Noel, the Secretary General of the Commission, considers that, when you take leave of absence from the House of Lords, this will fully meet the requirements of the Treaty. You will note that we shall be receiving a formal letter, agreed by both the Commission and Council legal services, confirming this position.

D F Williamson

D F WILLIAMSON

31 October 1984

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ADVANCE COPY

IMMEDIATE

00 PARIS

GR150

Ho/ECD(1)
Ho/Legal Advisers
Mr Renwick
Mr Williamson
Cabinet Office

CONFIDENTIAL

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TO IMMEDIATE FCO

TELEGRAM NUMBER 3532 OF 30 OCTOBER

INFO IMMEDIATE PARIS (PERSONAL FOR AMBASSADOR)

Mr Birch

YOUR TELNO.491

LORD COCKFIELD'S APPOINTMENT

1. I SPOKE TO NOEL ACCORDINGLY. HE CONFIRMED THAT, IF LORD COCKFIELD TOOK LEAVE OF ABSENCE FOR THE DURATION OF HIS MANDATE, THIS WOULD FULLY MEET THE REQUIREMENTS OF THE TREATY. TO MAKE ASSURANCE DOUBLY SURE HE PROPOSES TO GET THE COMMISSION LEGAL SERVICES TO AGREE WITH THE COUNCIL LEGAL SERVICES ON THE TEXT OF A FORMAL LETTER IN THIS SENSE WHICH HE WILL SEND TO ME.

2. AS REGARDS PUBLIC STATEMENTS (YOUR PARA 4) NOEL EXPRESSED THE PERSONAL VIEW THAT THE ONLY ONE REQUIRED WAS THAT BY LORD COCKFIELD HIMSELF ABOUT HIS LEAVE OF ABSENCE. IT WOULD BE BETTER FOR THE UK GOVERNMENT TO CONFINE ITS ACTION TO CHECKING PRIVATELY THAT THERE WOULD BE NO PROBLEMS WITH OTHER MEMBER GOVERNMENTS BEFORE THE CONFERENCE OF MEMBER STATES.

FCO ADVANCE TO:
FCO - RENWICK
CAB - WILLIAMSON

BUTLER

(2)

Foreign and Commonwealth Office

London SW1A 2AH

30 October 1984

Prime Minister
You will want to be aware of this problem - see also Lord Cockfield's ~~the~~ minute attached.
But it is well on the way to resolution.
CDP
30/x.

Dear Charles,

Lord Cockfield: Compatibility of Membership of the European Commission with Membership of the House of Lords

You asked for advice about a number of recent press stories which have suggested that the propriety of Lord Cockfield's nomination as a Commissioner was to be challenged in the European Court of Justice. You will also now have seen Lord Cockfield's own minute to the Prime Minister.

attached—

The background to this story is that Carol Tongue (Labour MEP for London East) wrote a letter to the Court last week asking for a ruling on her contention that a life peer, as a legal member of a national legislative body, could not be a Commissioner. In addition, a Dutch Liberal MEP, Floris Wijsenbeek, has said that he will raise the question at this week's meeting of the Legal Affairs Committee of the Parliament, with support from the German Chairman of the Parliament's Credentials Committee (a Socialist MEP). Mrs Castle has, as you know, also written to the Prime Minister.

It is the view of FCO and Cabinet Office Legal Advisers that there is no inherent incompatibility in being a member of the Commission and at the same time a member of the House of Lords. The relevant provision of the EEC Treaty is Article 157, of which I enclose a copy. The essential elements of the obligation (in the first sentence of the final paragraph of the Article) are that a member of the Commission may not engage in any other occupation. In the view of our Legal Advisers the key word here is engage. Membership of a non-elected House is quite different from membership of an elected legislature. In the past, any member of the House of Commons appointed to the Commission has had to resign his seat. Lord Cockfield, as a life peer, could not resign even if he wished to do so.

The issue which will determine the compatibility of Lord Cockfield's membership of the House of Lords with his membership of the Commission is the extent to which he takes

/part

part in the House's activities. Were he to draw an attendance fee or speak in debates there would be a real prospect of a successful legal challenge. Were Lord Cockfield to take his seat during debates, even on the cross benches and without taking part in the debate or any vote, we believe there is a risk that that could be represented as "engaging" in another occupation and therefore as contrary to the provisions of the Treaty.

Lord Cockfield has made clear from the outset that he would take no active part in the affairs of the House of Lords once appointed. To make his position absolutely clear, he has now decided to seek leave of absence from the House of Lords for duration of his appointment.

Our Legal Advisers consider it would be very difficult for a legal challenge to Lord Cockfield's appointment to be brought before the Court otherwise than by the Council or Commission (see the attached note which sets out the position in greater detail) and that, if Lord Cockfield takes leave of absence as proposed, it is most unlikely that such a challenge would succeed in the Court.

For the reasons set out in Lord Cockfield's minute to the Prime Minister, we are determined to minimise the risk of any case being brought. The opinion given last week by the Commission Legal Service, and injudiciously passed on by the Commission Office to the Labour Euro-candidate Andrew Mackinlay, was ambiguous. It seems to have been written with elected Members of Parliament in mind and on the basis of past precedent. It took no account of Lord Cockfield's position as a Life Peer.

In order to clarify the position, Sir Michael Butler has now spoken on instructions to the Secretary-General of the Commission, Monsieur Noel. Noel confirmed that, if Lord Cockfield took leave of absence for the duration of his mandate, this would fully meet the requirements of the Treaty. To make doubly sure, he proposes to get the Commission Legal Service to agree with the Council Legal Service on the text of a formal letter in this sense which he will send to Sir Michael Butler.

We have also instructed Sir John Fretwell to let Monsieur Delors know that Lord Cockfield will be taking leave of absence from the House of Lords and of the action we have taken with the Commission. We shall ensure that other Member States are aware of the formal letter before they meet (in the margins of the 17/18 December Foreign Affairs Council) to appoint the new Commissioners. Member States will thus have been made aware of Lord Cockfield's intention to take leave of absence and of the Commission's Services view that this constitutes full compliance with the Treaty before they agree to his appointment.

/I am

I am copying this letter to the Private Secretaries of the Lord Chancellor, the Attorney General, the Solicitor General and Sir Robert Armstrong.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

Article 157

(Article repealed by Article 19 of the Merger Treaty)

[See Article 10 of the Merger Treaty, which reads as follows:

1. The Commission shall consist of thirteen members, who shall be chosen on the grounds of their general competence and whose independence is beyond doubt.*

The number of members of the Commission may be altered by the Council, acting unanimously.

Only nationals of Member States may be members of the Commission.

The Commission must include at least one national of each of the Member States, but may not include more than two members having the nationality of the same State.

2. The members of the Commission shall, in the general interest of the Communities, be completely independent in the performance of their duties.

In the performance of these duties, they shall neither seek nor take instructions from any Government or from any other body.

They shall refrain from any action incompatible with their duties. Each Member State undertakes to respect this principle and not to seek to influence the members of the Commission in the performance of their tasks.

The members of the Commission may not, during their term of office, engage in any other occupation, whether gainful or not. When entering upon their duties they shall give a solemn undertaking that, both during and after their term of office, they will respect the obligations arising therefrom and in particular their duty to behave with integrity and discretion as regards the acceptance, after they have ceased to hold office, of certain appointments or benefits. In the event of any breach of these obligations, the Court of Justice may, on application by the Council or the Commission, rule that the member concerned be, according to the circumstances, either compulsorily retired in accordance with the provisions of Article 13* or deprived of his right to a pension or other benefits in its stead.

PRIME MINISTER

MY APPOINTMENT AS A EUROPEAN COMMISSIONER

1. There has been an unfortunate development in relation to my appointment as a European Commissioner. The London Office of the Commission has just written to a Mr Mackinlay - a defeated Labour Party candidate in the recent Euro Election - in terms which he would almost certainly regard as supporting his contention that my membership of the House of Lords disqualifies me as a member of the European Commission. You should be aware of this and of the action which is being taken.

2. This issue is also being pursued by the Labour MEPs in the European Parliament and has been the subject of unhelpful speculation in the Press. Mackinlay wrote to you on 22 October enclosing a long statement setting out his views. That letter and its enclosure have been released to the Press. Mackinlay had also written to the London Office of the Commission. The Commission replied on 23 October. Mackinlay is likely to regard the reply as confirming his contention: others are likely to draw the same conclusion.

[Barbara Castle has also now written to you]

3. I do not think there is much point in arguing about the precise wording of the Commission letter. It is based on advice given by Noel, the Secretary General of the Commission and Noel in turn bases his case on advice given by the Commmission's Legal Service and endorsed by previous Commissions. The nub of the matter is whether if I refrain from active participation in the affairs of the House of Lords, and a fortiori if I seek leave of absence, this is sufficient to satisfy the test "renonce à son mandat parlementaire" laid down by the Commission. The Foreign Office say it is. The Labour Party and Mackinlay say it is not. The letter from the London Office of the Commission, which translates the phrase in

question as "renounce his national parliamentary privileges", would seem to lean towards the Labour Party interpretation which broadly speaking is that leave of absence is not renunciation only temporary suspension: and that the mandate remains.

4. Clearly this matter must be resolved. It would be intolerable for me to go to Brussels and then find my appointment seriously called into question. The Foreign Office make reference to the fact that the matter can only be referred to the Court of Justice by the Council of Ministers or the Commission. But far from being a safeguard this is an added danger. Faced with a difficult, contentious and personal matter of this kind, the temptation will always be to refer the matter to the "impartial" decision of the Court: it is too much to expect that neither Council nor Commission would succumb to such temptation. We would then be faced with a long period of uncertainty making it impossible for me to do the job properly: the hazards involved in European as opposed to Common Law legal interpretation: and the risk of an adverse decision which would be a serious embarrassment for the Government and myself alike.

5. It is I believe essential that we should get Noel's agreement that if I seek leave of absence this is sufficient to satisfy his test. We are entitled to ask for this: because it is his intervention - no doubt innocent - and the intervention of his London office which has exacerbated the problem. We need also to get Delors' specific agreement. If we get this, we can rely on him as a man of honour to regard the matter as settled and not allow the Commission to re-open it. Thirdly it would be highly desirable immediately before the Commission appointments are confirmed "by general accord of the Member States" for a statement to be made on the record setting out the position so that morally at any rate the Council of Ministers would be stopped from questioning the validity of my appointment.

6. I have discussed this matter with the Foreign Office and the Cabinet Office. They are confident that the matter can be resolved on the basis I have set out above and are proceeding accordingly. The matter needs to be settled urgently. I am in course of appointing my Cabinet: and commitments are being entered into.

7. The Foreign Office will be submitting advice separately on the reply to be sent to Mr Mackinlay's letter to you.

8. I am copying this to the Foreign Secretary and, as it essentially involves a point of law, to the Attorney General.

A.C.

A C

29 October 1984

THE EC COMMISSION: OBLIGATIONS OF COMMISSIONERS* LEGAL CHALLENGE

1. Article 157 provides for the Court to rule upon the question of a breach of a Commissioner's obligations as set forth in that Article. But such a ruling may only be given when a breach has occurred, ie after the appointment takes effect, and only on application by the Council or Commission.

2. Article 177 provides a machinery by which a national Court can refer a question of Community law for the ruling of the ECJ. Although there is a theoretical possibility of an application to the national Court resulting in a reference as to the interpretation of Article 157, in practice it seems remote. An applicant would have difficulty in establishing locus standi and the national judges might well take the view that the matter should be left to the Council and Commission as provided by Article 157.

3. The other instances in which the Court can be asked to give a preliminary ruling - Article 182, in the case of disputes between Member States; and Article 228, in the case of a proposed agreement between the Community and a third party - have no relevance to this case.

4. Article 173 provides for the review by the Court of Justice of the legality of acts of the Council. The appointment of Commissioners however is "by common accord of the Government of the Member States" (Article 158) not by the Council as such. An individual may only bring a matter before the court under Article 173 if it concerns a decision addressed to him or of direct or individual concern to him. None of these conditions is satisfied.

5. Article 175 provides for a case to be brought by the other institutions of the Community, where there has been a failure to act (as opposed to a wrongful act which is covered by Article 173) on the part of the Council or Commission. The Parliament would appear to have the necessary standing to bring proceedings under

/Article 175

Article 175 if it contended that the Council or Commission should have applied to the Court under Article 157 (para 5 above). It is doubtful, however, whether Article 157 creates a duty for the Council or Commission to bring a case against a Commissioner. The contents of the Article imply that whether proceedings are initiated must be a matter of judgment and discretion. Even if the Parliament were able to frame proceedings under Article 175 they would be blocked if the Council or Commission, by a simple statement, indicated that they considered there were no grounds for proceedings under Article 175. This is because Article 175 provides for Court action only if the institution concerned has first been called upon to act and only if, within two months of being so called upon, it has "not defined its position".

6. FCO and Cabinet Office Legal Advisers are not aware of any other Treaty provision which could be invoked whether by an individual or the Parliament with a view to bringing this issue before the Court.

Foreign and Commonwealth Office

London SW1A 2AH

29 October 1984

Dear Charles,

New Commission

In your letter of 25 October, you asked for a draft reply to Mr Kinnock's letter of the same date about Mr Clinton Davis and the development portfolio. This I attach.

We cannot discount the risk of the Prime Minister's reply - or at least its substance - becoming public. We therefore believe that it would be better for the Prime Minister to avoid any undertaking to press Mr Clinton Davis' case with M. Delors; if such an undertaking became public knowledge, it would be bound to cause difficulty with Delors, to the possible disadvantage of both British Commissioners.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

Europ. Pol: Appt of Pres. Europ Comm. Pt 2.

DSR 11 (Revised)

CONFIDENTIAL

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM

Prime Minister

DEPARTMENT: TEL. NO:

Reference

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO:
The Rt Hon Neil Kinnock MP
Leader of the Opposition
House of Commons
London
SW1A OAA

Your Reference

Copies to:

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT:
NEW COMMISSION

Thank you for your letter of 25 October.

I know of Mr Clinton Davis' strong interest in the development portfolio in the new European Commission. I agree that it is a very important portfolio, and naturally I would be glad if Mr Clinton Davis were to hold it.

As you know, however, the formal position is that the allocation of portfolios is a matter for the President-designate and the Commissioners-designate themselves to decide. So it is for the new British Commissioners themselves to make clear to M. Delors the responsibilities they would wish to exercise in the new Commission. I understand that Mr Clinton Davis has already discussed the matter with M. Delors. In these circumstances, I should be grateful if you would treat my own views as confidential

Enclosures—flag(s).....

CDP.

CONFIDENTIAL

File DG

10 DOWNING STREET

From the Private Secretary 25 October 1984

New Commission

I enclose a copy of a letter to the Prime Minister from Mr. Kinnock in which he asks for support for Mr. Clinton Davis in obtaining the Development Commissioner post in the new Commission.

I should be grateful for a constructive draft reply agreeing that the Development Commissioner post is one which we should aim for but pointing out the obvious difficulties given Natali's interest and strong position as a serving Commissioner. You will wish to consider how far the Prime Minister should undertake to make Mr. Clinton Davis' aim known to Delors given its implication for our strategy on other posts.

It would be helpful to have a reply by tomorrow evening if possible.

C.D. Powell

Colin Budd, Esq.,
Foreign and Commonwealth Office.

HOUSE OF COMMONS
LONDON SW1A 0AA

The Office of the Leader of
the Opposition

25 October 1984

CONFIDENTIAL

Dear Prime Minister

As you may know from other sources, Stanley Clinton Davis has expressed very strong interest in securing the Development portfolio in the European Commission.

From my enquiries I have established that, of the other Commissioners, only Signor Natali of Italy has professed a desire to obtain this position.

As you will know, Mr Clinton Davis is suited by experience and by personal commitment to the Development post and I believe that his appointment would serve the interests of efficiency in the area of EEC aid and development relations and policy.

I would be grateful if you could bear these matters in mind whenever an opportunity arises to exercise influence upon the President's decisions on appointments.

Yours sincerely

Neil Kinnock

The Rt Hon Margaret Thatcher MP
Prime Minister.

JKRAJF

bcPC

10 DOWNING STREET

From the Private Secretary

17 October 1984

MEETING WITH M. DELORS

My letter of 16 October gave an account of the Prime Minister's conversation with M. Delors before dinner the previous evening. In the course of re-ordering the material, I have omitted one important point, namely M. Delors' agreement with the Prime Minister that it would be a mistake to let a Mediterranean country, notably Italy, have the agricultural portfolio.

I am copying this letter to David Peretz (HM Treasury), Callum McCarthy (Trade and Industry), Ivor Llewelyn (MAFF) and David Williamson (Cabinet Office).

(C.D. POWELL)

C.R. Budd, Esq.,
Foreign and Commonwealth Office.

316.34

CONFIDENTIAL

(2)

Prime Minister

Delors seems to have repeated to the Chancellor what you said to him!

CDP 19/x.

NOTE OF A MEETING AT No.11 DOWNING STREET ON TUESDAY, 16 OCTOBER 1984, AT 12 NOON

Present: Chancellor
M. J Delors
M. Pascal Lamy

M Delors started the substantive discussion by asking the Chancellor how he saw the European Community's role likely to develop in international financial matters.

2. The Chancellor said he saw scope for greater co-operation between EC countries on financial matters. ECOFIN meetings were as valuable for the opportunity they gave for informal relations between Finance Ministers as for the formal business on the agenda. It was also useful that the convention had been established that ECOFIN, in effect, should decide on who should be the Chairman of the IMF Interim Committee. The opportunity that ECOFIN meetings gave for the finance ministers of the UK, France and Germany to get together was often particularly useful.

3. In reply to a question from M Delors about the current work of the G10, the Chancellor said he thought it would prove to be no more than a very small step forward.

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4. Turning to Community affairs, the Chancellor said he now saw an important opportunity for advance within the Community. The UK had pressed for progress on budgetary discipline, not just because of the size of the UK contribution to the budget, but also because we believed that it was right in principle that the Community should - like individual governments - have a proper system of financial discipline. Although the Chancellor hoped that the current discussions on budgetary discipline would have reached a satisfactory conclusion before M Delors took over as President, he asked whether M Delors had any advice on how best to proceed in the short term.

5. M Delors said it was hard to know precisely what the French position on budgetary discipline now was. But he felt that the French might be prepared to remove their reserve on budgetary discipline once the 1985 Budget and new own resources decision had been adopted. This might not be before the Dublin Summit. The Chancellor said that if base drift was allowed, then in effect there would be no budgetary discipline. M Delors agreed.

6. Turning to the future, the Chancellor said the UK was seeking an arrangement that would, in effect, bind the Council to a proper framework of budgetary discipline. But that would, in his view, put a heavy responsibility on the Commission to put forward proposals that were likely to be acceptable to the Council, and in the spirit of the Fontainbleau Agreement.

7. M Delors agreed, and said he hoped this will be possible. He did not believe that guarantees of agricultural prices were either helpful or in the end sustainable for the Community. But he feared the Chancellor underestimated the ability of the European Parliament to disrupt the process. Even though the Parliament had no right to propose expenditure going beyond the maximum rate, it could do so and refuse to approve a budget until the Council had agreed to raise the maximum rate. So he saw it as particularly important for the Commission to develop a relationship with the Parliament's Budget Committee. He also thought it might be helpful were ECOFIN, to some extent, to replace the Budget Council in the Council's relationship with Parliament on such matters - because the Budget Council had developed a tradition in recent years of giving in to the Parliament.

8. Turning to other matters, M Delors said he had in mind seeking to make parallel progress in the Community on development of the internal market; harmonisation of rules; and measures to help or promote co-operation between European firms.

9. The Chancellor said he felt that the present Commission had avoided the difficult areas and concentrated on proposals to spend more money. So he welcomed this change of emphasis, and felt it most important to get down to tackling the difficult issues relating to the barriers that were preventing the Common Market from working as intended.

10. In reply to the Chancellor's question about portfolios in the new Commission, M Delors stressed that he wished to stick to the principle that no country should retain the portfolio they had in the current Commission. On that basis, he saw Lord Cockfield getting an important portfolio consisting of some combination of responsibilities in the industry/internal market area.

11. The Chancellor said his first choice for Lord Cockfield would have been Budget Commissioner. M Delors said he could guarantee that the Budget portfolio would be allocated to a "tough" Commissioner; and also that he personally would be much engaged with budgetary matters. On the other portfolios he said that agriculture would not be assigned to an Italian Commissioner; and that he regarded it as fortunate that none of the Commissioners regarded themselves as agricultural experts.

12. The meeting ended at 12.45 pm.

D L C PERETZ

Dist: Economic Secretary
Sir P Middleton
Mr Littler
Mr Unwin
Mr Fitchew
Mr Mortimer
Mr Hopkinson
Mr Powell, No.10
Mr Budd, FCO
Mr McCarthy,DTI
Mr Llewellyn, MAFF
Sir M Butler, UKREP
Mr Williamson, Cabinet Office

NBPM CDP 20/X

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RECORD OF MEETING BETWEEN THE SECRETARY OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS AND M. DELORS, PRESIDENT-ELECT OF THE EC COMMISSION AT 10.15 ON 16 OCTOBER

Present

M. Delors
M. Lamy
Mr Scott

The Rt Hon Sir Geoffrey Howe, QC, MP
Mr Malcolm Rifkind, MP
Sir M Butler
Mr Williamson
Mr Renwick
Mr Fairweather
Mr Crowe

IMPROVING THE WORKING OF THE COMMUNITY INSTITUTIONS

1. M. Delors expressed concern about the work of the Dooge Committee. He feared the Committee would be divided. There was a need for fresh ideas on the role of summits, and possibly also on COREPER. There were good ideas in the 1979 report of the Three Wise Men. He would be concentrating on setting his own house in order. The Commission needed better decision-making procedures, and more effective implementation. Mr Rifkind said the UK had shared M. Delors' concern about the Dooge Committee; but the first meetings had been encouraging. There had been agreement on the need for realistic conclusions capable of being adopted by Heads of Government. The approach would be practical, and would cover not just institutions but subjects like the internal market and variable geometry. Spinelli had made an initial presentation of his ideas. The Committee was divided on how much time should be spent on them. But most members, regardless of their personal views, accepted that it was unrealistic to expect such ideas to be adopted. The Committee would spend most of its time on practical ways of improving the detailed working of the Commission and Council, rather than discussing Treaty amendments. M. Delors

CONFIDENTIAL

asked how reform could be achieved without Treaty amendment. Sir G Howe said that in his experience good ideas for reform had usually been around for a long time. They just needed dusting off.

2. Sir M Butler said that the Three Wise Men had made the sensible suggestion that Ministers should settle the broad lines of policy and tell COREPER to fix the details. This had been tried without success. The speed at which Presidencies changed made it difficult to keep up the momentum. Sir G Howe said that in "Europe - The Future" we had recommended greater cooperation between succeeding Presidencies. In Whitehall it was possible for Ministers to give a steer and for officials to settle the details. COREPER did not find it easy to do this, and too much detail ended up in the Council. Sir M Butler said that some Member States (including the UK) would be happy to negotiate all questions of detail in COREPER. Others (notably France and Germany) were either not prepared to use COREPER for this or failed to give their permanent representatives the necessary negotiating latitude. Some Governments apparently preferred to argue about details in the Council. Sir G Howe suggested that M. Delors, in cooperation with the Presidency of the day, might be able to improve the position. Over-concentration on detail was one of the most irritating features of Council meetings.

3. Sir M Butler said that in the UK's experience, it was important that there should be close coordination between the Commission and the Presidency of the day. Work needed to be planned over several months so that the Presidency and the Commission could work to the same timetable in preparing Council meetings. Member States then knew that they had to come to the Council prepared to settle. The Foreign Minister played the key role. But the UK had also found it useful for the President of COREPER (and his successor for the following Presidency) to see the President of the Commission for COREPER each week. M. Delors thought this a good idea.

4. Sir G Howe said that there was need to lay out a clear programme for the year ahead. The French Presidency, for example, had set clear objectives, though in the event not all of them were achieved. M. Delors expressed concern about the problems of continuity when the new Commission took office. Sir G Howe said it would be important for the Dublin European Council to give the Commission clear guidelines. He asked if M. Delors would himself be at Dublin. M. Delors said that according to tradition he would not be present, though he could no doubt be invited. Sir G Howe said this would be a good idea.

5. M. Delors said he envisaged making two speeches to the European Parliament at the beginning of next year. He would make his traditional opening speech in January. Once the new President of the Council had made his opening statement, M. Delors would make a second speech on the Commission's orientation for the new Presidency. If the Dublin Summit could adopt objectives for the next 2 or 3 years, the new Commission would be able to make good start. Sir G Howe said there was a need to distinguish carefully between what could be done in a year and what would take longer. M. Delors commented that the internal market could not be achieved in a year. Sir G Howe agreed, but added that individual elements in it could be settled soon. M. Delors said that if the Commission could propose a realistic 2-year programme which the European Council could adopt, this would make progress easier.

Internal Market

6. M. Delors said he agreed with British Ministers on the priority that should be given to completing the internal market. A selective approach was needed, which should be coordinated with work on harmonisation and cooperation between European firms. Could the UK accept this? Sir G Howe said we believed these issues were very closely linked. Many of the real obstacles to cooperation lay in the incomplete internal market. Mr Williamson said that the UK attached the highest importance to the internal market, and was prepared to take some risks to achieve it.

Whenever we had tried to find out why there was not greater cooperation between enterprises in Europe, we had concluded that internal market problems were largely to blame and not, for example, company law. Mr Rifkind said that this was why we believed that mutual recognition of standards was a quicker and more practical way of making progress than harmonisation. M. Delors said there was an important difference of tradition. France and the FRG were now working closely together. If the UK could move closer to them, then he believed there would be some hope of negotiating a package. Sir M Butler said that the place for harmonising standards was in new products. M. Delors agreed. It was hard to cut through existing barriers by harmonisation. Sir G Howe said it was pointless to try to harmonise standards for well-established products like domestic electrical plugs; new products such as telecommunications equipment were a different matter. M. Delors agreed. But he also attached importance to progress on company law. He asked about the UK's attitude to the European Economic Interest Grouping (EEIG) on which progress was very slow. Sir M Butler said he thought it would be worth taking another look at the EEIG. Mr Grierson had recently come out in favour of it. Mr Williamson agreed. M. Delors said he regarded the EEIG as a high priority.

Budget Discipline

7. M. Delors said he found it difficult to decide what constituted "the Council" in this context. Sir M Butler said that "The Council" was whatever met. In practice, Agriculture and Finance Ministers played a key role. In the annual price fixing agriculture ministers had tended to solve their disagreements at the expense of the Community budget. The Commission would make sensible price proposal, the Council would add a few percent, and would then award themselves extra Christmas presents. (M. Delors agreed.) The problem with guidelines was that one could not be sure that ministers would stick to them. Last year, the Commission had suggested that if, following a proposal from the Commission, agriculture Ministers were about agree on prices which

in the Commission's view would lie outside the guideline, they should not take a decision without holding a joint meeting with finance ministers. This proposal had been formally approved at Fontainebleau. If we were to get agriculture ministers to take the guideline seriously, we had to make this system work. Then farm ministers could if necessary explain to their domestic lobbies that they had been compelled by the guideline procedure to stick within it.

8. M. Delors asked if budget discipline would be sorted out before the Dublin Summit. Sir M Butler said we hoped it would. The remaining tasks were to fix a base, and to control base drift. These were technical problems, and we should be able to reach agreement soon provided there was no new public dispute over the desirability of a guideline. But it would be very difficult if there were a repetition of the events surrounding the last Council, where Rocard had criticised the agreement reached, and Genscher had said that Stoltenberg had been too lax.

9. M. Delors said it would be easier to get agreement if Member States could agree on funding for new policies. This did not have to be much - perhaps only a hundred million ecu. Sir G Howe said that the whole purpose of the exercise was to get greater flexibility on the non-agricultural side of the budget.

European Parliament

10. M. Delors thought it would be useful to bring in the Parliament at an earlier stage of budget discussions, rather than the current system where Parliament was consulted towards the end and proceeded irresponsibly to overturn decisions taken with difficulty by the Council. Mr Rifkind said that from his recent contacts with MEPs it was clear that their concern was not that their formal powers might be reduced, but that their scope for going over the formal limit as they had done repeatedly in recent years might be restricted. They argued that controls on non-obligatory expenditure would prove effective, while those on

agriculture would not. In logic, this meant that they ought to be arguing for a strict guideline for agricultural expenditure.

11. M. Delors said that Article 203 was used far too much. Mr Renwick said that the Parliament had come to regard their ability to increase expenditure over the formal limit as a right. The Council had to get this back under control. The price might indeed be greater consultation. Mr Rifkind commented that the conciliation procedure was too open-ended. It needed to be brought to a clear conclusion. M. Delors said it would be useful if the Commission engaged in informal consultation with the Budget Committee of the Parliament earlier than at present.

12. Sir G Howe said that although he had had responsibilities for aspects of Community affairs for 5½ years, he had never been to Strasbourg, and had only met Parliamentarians at formal meetings with Ministers. The way the Community's institutions worked meant that most Ministers did not become real people in the eyes of the Parliament. M. Delors said that Parliament had a specific role to play in the relationship between the Commission and the Council. In the budgetary process this meant that the Parliament had to be carefully handled, because at the end of the day it was the master.

Information Policy

13. Sir G Howe said that although the Community spent a lot on information work, it was still subject to ill-informed attack. For example, a story had recently emerged from Strasbourg that the UK would have to change the name of Waterloo Station. It had made headline news in the UK press. It had been a mischievous and inaccurate story put out by Labour MEPs. But mischief could get around the world before truth got its boots on. This was a minor example, but we needed to make better use of the Community's information machine. One Commissioner should be given clear responsibility for public presentation. Mr Scott said that frankly Natali had paid little attention to presentation work.

The Community's information services suffered from lack of leadership. This weakness would persist unless they were headed by a strong commissioner. M. Delors said the Community's information work had been poor. Each commissioner went his own way, and there was no coordinated Commission policy. Proper presentation of the Community in Europe would be a priority for him - not in partisan terms but in terms of what the Community meant to the citizen. Mr Scott said that Mr Ingham and other Whitehall Press Officers would be having lunch with the Commission Office to discuss areas in which they could legitimately work together.

Agriculture

14. Sir G Howe said that the urgency of the problem of agricultural surpluses had only impressed itself on the European Council when the money began to run out and the milk problem could be expressed in simple and concrete terms. Armed with the basic facts and figures, he had met the farmers in his constituency and explained the problem. Their reaction had been "If only you'd told us earlier, we could have adapted ourselves without any need for bureaucratic quotas." This was a lesson that needed to be learnt in other surplus areas. Surpluses were very damaging to the Community's image, both domestically and in the Third World. Mr Williamson said that if you tackled surpluses early enough, you didn't need quotas. M. Delors said that greater involvement and better use of the structural funds were required. Mr Williamson said there was no direct relation between budget expenditure and farmers' incomes. The year in which farm expenditure fell was the year when farm incomes rose most. The greater part of farm incomes was supplied by the market.

15. Mr Rifkind said that surpluses needed to be tackled with policies which could in practice be implemented in all Member States concerned. The problem with milk was that some Member States could not - or would not - implement the policy. A price policy was much easier to implement and enforce than a quota

policy. Sir G Howe said that President Mitterrand at the Athens Summit had himself considered quotas impractical when he referred to a gendarme behind every cow. Mr Renwick said that the quota was working properly in only about half the Member States; but the price freeze was having an effect. M. Delors expressed surprise. Mr Rifkind said it would become increasingly difficult to enforce quotas even where they were being applied rigorously because resentment at the performance of other Member States was spreading.

16. Sir M Butler said that fishing presented similar problems. All Community fishermen cheated, and the Commission's powers of control were inadequate. The prospect of Spanish accession made it essential for the Commission to build up these powers. As fisheries policy was based on conservation and quotas, it would not work unless there was proper control. There would be enormous problems at the end of the Spanish transition period. Sir G Howe said that the problems of over-fishing would exist even if there were no Community. It was wrong to blame the Community for tackling them.

17. M. Delors said that the problem was a very difficult one. So was wine. Mr Rifkind said that only the Italians were now holding up this enlargement dossier. They admitted that their position was purely tactical. A price would have to be paid. Any solution would not be comprehensive, since it would have over-production built in. M. Delors said that the problem needed to be solved before the Italian Presidency. Otherwise it would be insoluble. Sir G Howe said that the olive oil problem had only been solved by postponement.

Research and Development

18. At Sir G Howe's invitation, Mr Williamson said that M. Davignon had suggested a need to set priorities within the R & D programme. The UK considered that a sound approach. M. Delors asked how this could be done. Mr Williamson said there

was a need to look at the likely scientific value of projects. For example, it was useful in political terms for the Community to work on radiation protection, but current projects were not of good scientific quality. M. Delors said he liked the UK's idea of promoting cooperation between scientists and research centres.

19. Sir G Howe said that domestic R & D expenditure was very closely scrutinized by the Treasury. Those who had fought to secure their domestic programmes were understandably reluctant to see Community money going to programmes which were known to be inferior to those run at national level. Non-scientific Ministers were too easily impressed by buzz words like biotechnology about which they knew little. Programmes should be assessed on their technical merits.

20. M. Delors said that if Member States were not prepared to drop some of their own programmes, the result might sometimes be that no Community programmes got off the ground. Sir M Butler said that if the Community got programmes going early enough, then individual Member States would only pay a fraction of the cost. The Commission needed to get out and talk to those concerned in good time so that it could be ready with proposals before national programmes were set up and running. M. Delors said it was difficult for a generalist to choose between new avenues of research.

21. Sir G Howe said the UK attached importance to improving access to information about work in progress at national research centres. Mr Williamson said it must be in the Community's interest to build up centres of excellence and to spread the information they produced as widely as possible. M. Delors agreed.

Commission Handling of Relations with the US

22. Sir M Butler said that EC/US relations would be a major problem at the beginning of the new Commission's term. The

filled quickly. The commissioner responsible for either external relations or industry must be ready to make early contact with the US administration. M. Delors agreed. It was difficult to organise the Commission well because of the existing framework of directorates general. Ideally one would give a commissioner a clearly defined task (eg the internal market) for which he could draw on all the resources of the Commission. In practice this was difficult. Perhaps commissioners should work in groups. Sir M Butler said that committees or task forces could be very useful but the President of the Commission needed to supervise them himself if he was to keep control. M. Delors said he was attracted by the UK system of Cabinet Committees. But commissioners should avoid spending all their time in meetings.

Economic Community Department (Internal)
18 October 1984

Distribution:

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PS/Secretary of State for Trade and Industry
PS/Minister for Trade
PS/Minister of Agriculture
Sir M Butler, UKRep Brussels
Mr Williamson, Cabinet Office
HM Ambassadors in EC Posts

JKR.

bcPC 7.6

cc MASTER SET

10 DOWNING STREET

From the Private Secretary

16 October 1984

PRIME MINISTER'S MEETING WITH M. JACQUES DELORS, PRESIDENT-DESIGNATE OF THE COMMISSION OF THE EUROPEAN COMMUNITIES, ON MONDAY 15 OCTOBER

The Prime Minister received M. Delors yesterday evening for a discussion before a dinner in his honour at 10 Downing Street. M. Delors was accompanied by M. Pascal Lamy, his Chef de Cabinet.

The Prime Minister said that M. Delors was taking over the Presidency of the Commission at a moment of opportunity for the Community. She was anxious to take that opportunity. But it was necessary to be practical. There was a tendency to talk in terms of concepts rather than action. For instance, there were constant references to European unity, something which would never come about. Talking about it simply gave a false impression. It was no less worthy to set the aim of working together as nation states for the common good. M. Delors said that he detected two distinct trends in the Community: those who wanted to concentrate on practical improvements in the running of the Community and those who aspired to a new treaty. The Prime Minister said that it was absurd to talk of a new treaty. A great deal of the existing treaty had not yet been put into practice. Grand schemes were almost invariably a substitute for action to deal with real problems.

The Prime Minister continued that an example of a real problem to which she hoped priority would be given by the new Commission was the internal market. This needed to be completed urgently and it could be done without any significant additional expenditure. M. Delors said that the French Presidency had tried hard to make progress on the internal market, but had run into obstacles from two countries. But he saw completion of the internal market as one of his priorities. It must be combined with the minimum of harmonisation of rules. The Prime Minister agreed that there were far too many unnecessary directives. M. Delors continued that he also wanted to facilitate cooperation between firms within the Community. The Prime

Minister said that one had to move carefully here. Firms in individual states were competitors and Community rules should not be abused to fix markets. On the other hand she saw much to be said for cooperation in specific high technology areas such as the next generation of computers. It would be a great mistake to let all productive capacity go to the United States.

M. Delors said that he had misgivings about the work being undertaken by the Dooge Committee. He thought the goals which it was setting itself too ambitious. Its basic task should be to facilitate the work of Heads of Government. The Prime Minister agreed with this and commented that three European Councils a year were too many. M. Delors appeared to agree.

The Prime Minister said that she had greatly welcomed the appointment of M. Delors as President of the Commission. The Community was fortunate to have him. There was no doubt that the Community had run down under M. Thorn and all the discipline had been let go. M. Delors could rely on Britain to support him in every way to get discipline and good management restored to the Community's affairs.

The Prime Minister asked what his intentions were about the allocation of portfolios in the new Commission. M. Delors said that he would be meeting bilaterally with all the new Commissioners to discuss this. His aim was to get the allocation settled by early December so that the Commissioners could prepare for their new posts. He also wanted to get the new Commission together in December to prepare a programme which he could put to the European Parliament in January 1985 and subsequently to the European Council in March. He was working on the principle that no country would hold the same portfolio as in the last Commission. He would, for example, be asking France to surrender the economic and development portfolios. He would also be taking into account, naturally enough, the size and importance of individual member states in determining how portfolios should be divided. The Prime Minister said that she found this a sensible approach. She understood that M. Delors would want to discuss the distribution of portfolios with the Commissioners themselves. She would like to draw M. Delors' attention to the particular experience of Lord Cockfield both as politician, administrator and businessman running a company of 50,000. He had made an imput to Cabinet discussions which nobody else could and she would miss him. But she had decided to send him to Brussels to give M. Delors maximum support in improving the running of the Community and restoring financial discipline. Lord Cockfield would hope to have a portfolio relevant to his abilities and experience. She took the point about not allowing the same countries always

to have the same portfolios. But she thought that the industry/internal market area was one in which he could make an enormous contribution. M. Delors said that Lord Cockfield brought a high reputation and he was pleased at the prospect of working with him. He took note of the Prime Minister's remarks which made a lot of sense.

The Prime Minister said that it was important to bring to a conclusion the Community's discussions on budgetary discipline. M. Delors said that he had taken the initiative here as Finance Minister. The problem lay in combining effective new procedures with a continuing role for the European Parliament. He believed that this could be done by involving the Parliament at the first stage. The Prime Minister asked whether M. Delors thought that there would be a majority in the Parliament in favour of budgetary discipline. M. Delors thought it possible. The Prime Minister was sceptical. The Prime Minister said that it was particularly important to bring agricultural spending under control. This would have to be principally through the price mechanism. M. Delors said that Agriculture Ministers had made some progress but it was not yet enough.

M. Delors asked about the Prime Minister's attitude to monetary cooperation. He understood that she was not in favour of joining the EMS or of a European currency. The Prime Minister said that the goal must be sound money which in turn meant confidence both in economic policies and in political stability. But the European Community could not be said to have achieved either yet in the same way that the United States or Switzerland had. The problem with other forms of cooperation was that their main aim was to raise money which in turn risked creating inflation. M. Delors said, turning to the Third World, that attempts to impose too strict a conditionality created political problems and instability. He foresaw immense problems in Africa in the next few years. The Prime Minister agreed that there were risks in being too tough.

The discusssion ended at this point and continued in more general fashion over dinner.

I am sending copies of this letter to David Perertz (HM Treasury), Callum McCarthy (Department of Trade and Industry), Ivor Llewelyn (MAFF) and David Williamson (Cabinet Office).

(C.D. POWELL)

C.R. Budd, Esq.,
Foreign and Commonwealth Office.

JR
bc PC

10 DOWNING STREET

16 October 1984

From the Private Secretary

PRIME MINISTER'S MEETING WITH M. DELORS

During the Prime Minister's conversation with M. Delors, the latter said that he understood that Mr. Williamson might be available as a candidate to succeed M. Noel as Secretary General of the Commission. He would much welcome this. The Prime Minister said that Mr. Williamson was outstanding. She would be loath to lose him but recognised the importance of the Secretary General's post.

I am sending a copy of this letter to Richard Hatfield (Cabinet Office).

(C.D. POWELL)

C.R. Budd, Esq.,
Foreign and Commonwealth Office.

JKRAIN

bc PC

a MASTER SET 10 DOWNING STREET

From the Private Secretary

15 October 1984

EC: NEW COMMISSION

The Prime Minister had a brief discussion with Lord Cockfield this evening of the line she should later take with M. Delors on portfolios in the new Commission.

The Prime Minister said that she attached great importance to financial discipline in the Community, indeed it was her highest priority. Her second priority was to see the internal market completed and the proliferation of unnecessary directives on industry drastically reduced. It was a matter of judgement whether holding the Budget Commissioner's post was necessarily the best way to work for financial discipline. It could be argued that more influence could be exerted by a powerful Commissioner who did not hold the Budget portfolio. In which case, the right course for Lord Cockfield would be to go for industry/internal market.

Lord Cockfield agreed with this assessment. One reason was that increasingly it was the Council rather than the Commission which made the running on budgetary matters. His inclination, having visited Brussels, was to think that his opening bid should be for the whole of DG III, that is Industry and the Internal Market. He was unlikely to be able to obtain that, in which case his fall-back would be Internal Market plus Financial Institutions plus Customs Union. If he succeeded in this aim, he would hope to secure a corresponding reorganisation in the Commission services concerned, to avoid the problem of single Directorates-General reporting to more than one Commissioner.

The Prime Minister said that she was content with this, provided that it was recognised that if Lord Cockfield did not get his first choice we would fight hard for the budget.

As a major member state, we had a right to one of our two main preferences. She would make this general point to Delors, and stress the relevance of Lord Cockfield's industrial and ministerial experience to these two portfolios. But Lord Cockfield would have to fight hard for them himself with Delors: in her experience those who behaved reasonably in the Community rarely got their way.

The Prime Minister also stressed to Lord Cockfield the importance of a strong and well-directed cabinet. She hoped that he would soon select a good chef de cabinet.

I am sending copies of this letter to David Peretz (HM Treasury), Ivor Llewelyn (MAFF), and Callum McCarthy (DTI) with the caveat that it should be seen by Ministers and senior officials only.

(C.D. POWELL)

C.R. Budd, Esq.,
Foreign and Commonwealth Office.

Foreign and Commonwealth Office

London SW1A 2AH

12 October 1984

CDP
16/x

Dear Charles,

Prime Minister's Meeting with M Delors

/ I attach a brief for the Prime Minister's meeting with M. Delors.

Mr Clinton Davis saw M. Delors in Paris on 9 October. He has given Sir Michael Butler in strict confidence an account of their conversation (paragraph 4 below). * M. Delors said that he would not be prepared to discuss the allocation of portfolios in the new Commission with national governments but only with the Commissioners-designate. The formal position of course is that the portfolios are decided by the members of the new Commission themselves, with the President of the Commission playing a major role in their allocation.

While Ministers should tell Delors of our concern that the Budget and Agriculture portfolios must be in responsible hands in the new Commission and that a major task should be to press ahead with the development of the internal market, the Foreign Secretary believes that tactically it will be best for Lord Cockfield to take the lead in exploring with Delors the possibility of his securing the Budget portfolio. The brief for the Prime Minister takes account of this point.

Delors told Mr Clinton Davis that he would not be able * to secure Development as it would probably have to go to Natali. Although we should like Development, there would be some advantages for us if it went to Natali. The latter will be the senior Italian Commissioner. We do not want him in the Agriculture portfolio, for which he has been bidding, and it would be preferable not to have him as Commissioner for External Relations, where some would like to see him. Delors offered Mr Clinton Davis the possibility of a portfolio combining the Environment and Transport. This sort of combination would be risky, since it might well be broken up after enlargement; we shall be suggesting to Mr Clinton Davis that, if he is not able to secure the

/Development

Development portfolio, he might aim for Research and Development.

The Foreign Secretary will mention to M. Delors the question of the succession to M. Noel, who is due to retire as Secretary-General of the Commission in two or three years' time.

I am sending a copy of this letter, with the notes for the meetings with M. Delors, to the Chancellor's Office and the Cabinet Office.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

VISIT OF M. JACQUES DELORS, PRESIDENT-ELECT OF THE EUROPEAN COMMISSION: 15/16 OCTOBER 1984

List of Briefs

FLAG A Development of the Community including Budgetary Issues
FLAG B The New Commission
FLAG C Curriculum Vitae of M. Delors

VISIT OF MONSIEUR JACQUES DELORS: 15/16 OCTOBER 1984

DEVELOPMENT OF THE COMMUNITY, INCLUDING BUDGETARY ISSUES

INTRODUCTION

One of M. Delors' main aims in coming to London is to learn what our priorities are for the Community over the next four years. He has had a copy of "Europe - The Future" and is likely to be sympathetic to our objectives. His visit provides the opportunity to tell him of our ideas for the Community's future development and to get across the importance of budgetary discipline if the Community is to have resources to devote to new policies and if it is to stem the current excessive growth of agricultural guarantee expenditure.

OBJECTIVES

(i) To explain our ideas for the future development of the Community.

(ii) To point out the importance of budgetary discipline if the Community is to be able to devote attention to new policies; and the need for Commissioners with the knowledge and experience to handle the budget and agriculture portfolios.

(iii) To explain our determination to complete the negotiation on outstanding budgetary issues as soon as possible.

POINTS TO MAKE

1. Fontainebleau was a major success for the French Presidency and for the Community. It gave us the opportunity to set the Community's finances on a sound basis and to concentrate on making the Community relevant to its citizens; effective in terms of job and wealth creation; and competitive and influential in international affairs.

/UK Priorities

UK Priorities

2. Our ideas set out in our paper on "Europe - The Future". They are practicable but nonetheless far-reaching. We are as committed as anyone else to the goals of the Treaty but believe that they can only be attained by practical, sometimes painstaking, steps.

3. Our priorities are broadly as follows:

(a) Internal Market. We must create a genuine common market for goods and services. This involves:

- breaking down barriers to trade;
- harmonising standards;
- liberalising transport of goods and people;
- liberalising trade and services including banking and insurance.

(b) Industry. We must give priority to creating conditions in which European industries can cooperate and generate ability to compete effectively with Japan and the United States. Breaking down barriers to trade is key to this and job creation. Industrial cooperation depends essentially on the enterprises themselves. But scope for better cooperation on pre-industrial research and development and industrial projects such as Airbus; and for cooperation in the new technologies, eg telecommunications and biotechnology.

(c) Organisations and Institutions. There is scope for

- more effective cooperation between the Presidency in office and preceding and succeeding Presidencies;
- the proper ordering of Community priorities. The European Council should take the lead in this. The Commission should undertake periodically a more drastic weeding out of blocked and unnecessary items of legislation.

/- an

- an improved relationship between the decision-making institutions of the Community and the Parliament (eg through more systematic consultation with chairmen of the key committees).

External

4. In external affairs, the Community needs to show more political will to act together. Our influence with the Americans and others will depend upon extent to which we are able to do so.

5. We should be ready:

- to liberalise our own trading practices;
- to act jointly with major trading partners to promote the further liberalisation of international trading;
- to aim for better coordination worldwide of the Community and national development efforts.

6. This is an ambitious but realistic agenda. Its realisation depends not just on political commitments but on making the best available use of the Community's resources. Many of these proposals could make a major impact without involving new spending. In the longer term, they will save money by removing trade barriers, harmonising standards etc. Where there is scope for new expenditure initiatives, eg in some R and D sectors, we should see if such expenditure is best incurred at a Community rather than national level - as has been the case in ESPRIT.

7. In this context budget discipline is critical. All Member States have recognised that it makes no sense for agriculture to take an overwhelming proportion of the budget: 68% in the 1984 budget; 71% taking the 1984 and the 1984 supplementary budgets together, and a similar figure expected for 1985.

8. Your proposal for reference framework for all expenditure was based on the sound principle that finance should determine expenditure, not expenditure finance. UK's aim throughout has not

/been

been to seek draconian measures which would undermine the CAP but rather to control growth of CAP spending to ensure that it no longer takes a growing proportion of the budget. Unless budget discipline is effectively implemented, Community, and the new Commission, would find that the bulk of the available increase in own resources is gobbled up by agriculture.

9. Hence importance of agreement of the Council which implements the Fontainebleau Conclusions and the commitments of the Commission in respect of the annual price fixing. Hope the Commission will observe the guideline throughout the price fixing and not just in its original price fixing proposals.

10. We need to continue the start made this year towards effectively curbing surplus production. The proposals which you made as French Finance Minister, which led to the budget discipline document now under discussion, provide a mechanism for the wise management of Community resources. They must, however, be backed up by the difficult decisions that will be needed at the next price fixing on a commodity by commodity basis to achieve a better balance between supply and demand. Decisions taken by the Community on guarantee threshholds, and in implementing the milk superlevy, were a major policy development which needs to be sustained. An effort is now being made to deal with the problems of wine and olive oil. We face similar problems over surplus cereals production. Guarantee thresholds and quotas in the best circumstances are difficult to manage. Not all Member States are capable of implementing them effectively. Crucial to use the classic and only really effective method of bringing supply back into balance with demand, namely price policy. Rely on the Commission to pursue a consistent policy of restrictive price proposals for products in surplus.

11. Essential that budget portfolio should be held by someone with the knowledge, experience and commitment to work for the implementation of the decisions of Heads of Government and for the management of Community finances so as to permit development of

/new

new policies we all wish. Agriculture portfolio needs similarly to be in responsible hands.

(ii) New Own Resources

12. New Own Resources Decision broadly agreed by nine Member States. Community has, however, faced major difficulty over date of implementation. Commission's draft of the new Own Resources Decision fell foul of German insistance that new Own Resources should not be implemented before 1 January 1986. We think a limited amount of new own resources should be brought forward next year to finance the UK's abatement and the Community' inescapable financial obligations. Fontainebleau Conclusions provide that UK abatement in respect of 1984 is to be paid in 1985 on the revenue side of the budget.

(iii) Budget Imbalances

13. Fontainebleau major success in providing a lasting solution to the problem of budget imbalances, getting away from previous ad hoc arrangements.

14. Vital, now that the Community has reached that agreement with so much difficulty, that it should not be challenged by the European Parliament. The Budgets Committee have suggested radical changes including keeping UK's abatements on the expenditure side of the budget and limiting their duration to 4 years. The European Parliament does not of course have the power to change the text but will try to exert pressure for changes. We must all work to persuade the Parliament not to oppose agreement approved by all the Heads of Government.

/ESSENTIAL FACTS

ESSENTIAL FACTS

1. A copy of "Europe - The Future" and of the UK's Programme of Action based upon it are attached. Monsieur Delors was given a copy of Europe - The Future" at the time of its publication. It has again been drawn to his attention in advance of his visit.

2. During the post-Stuttgart negotiations last year, UK ideas on control of agricultural expenditure met with resistance from the majority of Member States, including France. A significant change occurred shortly before the December European Council when M. Delors, as French Finance Minister, put forward proposals for budgetary discipline involving the establishment by the Council of a maximum VAT call-up rate, within which there would be a separate guideline for agricultural spending. The aim was to ensure that in future, finance determined expenditure and not expenditure finance within the Community. As originally conceived, the French idea included the possibility of Treaty amendment to abolish the difference between obligatory and non-obligatory expenditure and thereby to curtail the powers of the European Parliament.

3. Although M. Delors' proposal was subsequently watered down because of French fears of a confrontation with the European Parliament, the French Government remained firmly committed to budget discipline throughout M. Delors' tenure at the Finance Ministry.

4. M. Delors is likely to remain committed to the principles of financial control set out in his proposals. As President of the Commission he will clearly be even more reluctant than he was as a Government Minister to fall foul of the European Parliament. But, within those constraints, he is likely to be receptive to the argument that control of expenditure is essential if the Community is to have adequate resources, after the increase in the ceiling to 1.4%, to enable it to develop new policies, particularly in the field of industrial collaboration and research and development, in which M. Delors is keenly interested.

/5.

5. The present position on various budget issues under discussion is as follows.

(i) New Own Resources

6. Nine of the ten Member States would be willing to see the new own resources agreed at Fontainebleau brought into effect during 1985 so as to make provision for the UK's abatement of 1000 mecu in respect of 1984 and to cover the Community's inescapable financial obligations in 1985. The Germans are in a minority of one in continuing to insist that the new own resources can only take effect on 1 January 1986, at the same time as the accession of Spain and Portugal. At the last Foreign Affairs Council on 2 October the German Foreign Minister blocked a compromise Commission/Presidency proposal which would have met German concerns by effecting the introduction of increased own resources on 1 January 1986, but which would also have secured our abatement and requirements of other Member States by setting an interim VAT rate for 1985 of 1.2%. This would have been sufficient to pay our 1000 mecu abatement and to meet an estimated supplementary financing requirement of 1315 mecu.

7. There is little prospect of progress on this front for the time being. Once agreement is reached in the enlargement negotiations it is possible that the Germans may relax their attitude. For the time being, they wish to maintain leverage on the negotiations by the linkage which they have established and to which their Parliament attaches importance.

(ii) Budget Imbalances

8. Subject to one or two points of detail, the Commission's draft new Own Resources Decision satisfactorily incorporates the Fontainebleau agreement on budget imbalances. The new Own Resources Decision cannot, however, be adopted by the Council until the issues described in paragraph 6 above are resolved. The

/opinion

opinion of the European Parliament is also required. In a draft opinion on the Decision prepared by the German MEP and rapporteur of the Budgets Committee, Herr Pfennig, it is claimed that the new own resources text does not reflect the Fontainebleau conclusions; that it is improper to replace the existing Own Resources Decision rather than amend it; that it violates the principle of a uniform rate of VAT for all Member States; and that corrections for the UK should be on the expenditure, not the revenue side, and should be temporary and not enshrined in the Own Resources Decision itself. This resolution may be adopted by the Plenary of the Parliament later this week.

9. Neither the Council nor the Commission is obliged to take account of the Parliament's opinion though the Parliament does have the right to seek a conciliation meeting with the Council to discuss its views. The European Parliament has no power to change the text. As an alternative, the Parliament may simply withhold its opinion altogether in the hope that this will prevent the Council from adopting the Own Resources Decision. It is the generally held view that, once the Parliament has been given the opportunity to give its opinion, the Council is free to act if no opinion has been forthcoming.

(iii) Budget Discipline

10. Finance Ministers on 1 October got close to agreement on a text implementing the Fontainebleau conclusions. The main outstanding issues were as follows.

Legal Form

11. This question was left open at ECOFIN. Partly perhaps because of the Council Legal Service's statement towards the end of ECOFIN emphasising that a decision would have legal effect, seven Member States (including France) argued at the FAC in favour of a simple Resolution. We argued strongly for a Council Decision.

/Base Drift

Base Drift

12. The French are also unhappy with reference to basing the calculation on "original budgets". We believe this is important in order to avoid base drift.

13. These are important differences though the French assure us they stand by the European Council conclusions. Treasury and FCO officials will be having further bilateral contacts to explore French thinking, pending further discussion in ECOFIN.

EUROPEAN COMMUNITY DEPARTMENT (INTERNAL)
11 OCTOBER 1984

"EUROPE - THE FUTURE": A PROGRAMME OF ACTION

"The attached programme of action is a synopsis of the paper, "Europe - The Future", which the Prime Minister circulated to her colleagues before the Fontainebleau European Council in June 1984. The document will be drawn on by Mr Rifkind in meetings of the Ad Hoc Committee on Institutional Affairs."

EUROPE THE FUTURE - A PROGRAMME OF ACTION

Organisation and Institutions

A number of improvements are called for in the functioning and decision-making arrangements of the Institutions:

- To make its role as initiator of Community action more effective, the Commission should be reduced to 12 members after enlargement. It should weed out annually blocked items of legislation and bring unnecessary cases of obstruction to the Council's notice;

- To enhance the effectiveness of the Council in the management of Community business, the Community should agree to greater cooperation between the Presidency in office and preceding and succeeding Presidencies (cf the existing Political Cooperation arrangements as a model);

- The European Council should have a strategic role (not merely as a court of appeal from the Council). It should adopt annually a brief statement of the Community's priorities;

- Liaison between the European Parliament and the main decision-making Institutions of the Community should be improved through more extensive consultation procedures;

- The Community should keep the Council's decision-making procedures under review. Where majority voting applies, Member States wishing for discussion of an issue of important national interest to continue until agreement is reached should give reasons for their request.

/External

External Affairs

The Community must aim towards a common approach in external affairs:

- by making the fullest use of the available instruments on the Community side, including preferential agreements with certain third countries and groups of third countries (some involving association or having cooperation elements), and the Common Commercial Policy;

- by combining the use of Community instruments with greater political will to act together through political cooperation, concentrating efforts in areas such as the Middle East and Africa where our leverage is greatest, and ensuring better links between the Political Cooperation framework and the Council.

On aid and trade we should:

- liberalise our own trading practices;

- encourage our major trading partners to take their share of responsibility for the world economy and act jointly with them to promote the further liberalisation of international trade;

- work for the better coordination of Community aid with national development efforts and with those of other donors, to ensure maximum effectiveness.

Industry

The Community should give priority to the development of a vigorous, efficient and cost-effective industrial sector. Urgent consideration should be given to:

/whether

- whether more can be achieved or can be achieved more efficiently by action on a Community basis. The Commission's proposals for telecommunications and biotechnology programmes are relevant here;

- better cooperation on Research and Development;

- giving higher priority to inter-governmental cooperation along the lines of Airbus. In the enlarged Community it may sometimes be right for such ventures to go ahead without the participation of all Member States, though it should be open to others to come in later if they wish to do so;

- removing the impediments to risk-sharing and investment.

Internal Market

Industry will not realise the benefits of a market of 270 million until we create a genuine common market for goods and services as envisaged in the Treaty of Rome. The Community needs:

- a sustained effort to remove the remaining obstacles to intra-Community trade;

- harmonised standards and to prevent the deliberate use of national standards as barriers;

- more rapid and coordinated customs procedures;

- a major effort to improve mutual recognition of professional qualifications;

- liberalisation of trade in services including banking and insurance;

- liberalisation of transportation of goods and people.

/CAP

CAP

To release resources for a wider range of Community policies and achieve a better balance between production and demand, a sustained effort will be required:

- to introduce guarantee thresholds for products in surplus;

- to apply a strict pricing policy which will narrow the gap between Community and world commodity prices.

Environment

Decisions should be taken urgently:

- on a programme of research aimed at finding solutions to the problems caused by acid rain;

- to agree controls on trans-frontier shipments of hazardous waste;

- to bring about the elimination of lead in petrol.

Culture

The Community should:

- examine whether governments can do more to encourage the learning of other Community languages;

- see whether the European Foundation could play a useful role in this and in developing professional exchanges;

- encourage access to each other's satellite broadcasting systems.

/We

We must make the Community more relevant to the lives of our people. This means a sustained effort:

- to simplify and speed up customs and other formalities;

- to allow European citizens to travel as freely and cheaply as the inhabitants of the United States, notably by increasing competition and liberalising air services.

Search for new areas of action

Member States should review their own policies and programmes in sectors covered by the Treaty to see whether greater progress could be made by a cooperative approach at the Community level.

Foreign and Commonwealth Office
10 October 1984

VISIT OF M. JACQUES DELORS, PRESIDENT-ELECT OF THE EUROPEAN COMMISSION
15/16 OCTOBER 1984

THE NEW COMMISSION

INTRODUCTION

1. Formally the allocation of portfolios in the new Commission is a matter to be decided between the Commissioners themselves. M. Delors will have a major influence. Lord Cockfield and Mr Clinton Davis should take the lead in declaring their own preferences and will do so in their meetings with M. Delors. The Prime Minister will wish to emphasise the importance we attach to the Budget and Agriculture portfolios being in responsible hands and to draw attention to the particular qualifications of our Commissioners-designate.

POINTS TO MAKE

2. The manner in which the Commission carries out its task over the next four years crucial to the future of the Community. Glad the Presidency of the Commission in the hands of somebody so well qualified to meet the challenge. Britain means to play full part in Community's development; our Commissioners-designate want to make active and positive contribution to all aspects of Commission's work.

3. Completion of the budget negotiations - on which there was a major breakthrough under French Presidency at Fontainebleau - essential to lay the foundations for the future. Agriculture and Budget will be key portfolios if Community is not to slip back into its old ways and create new distortions in distribution of its financial resources, instead of enabling these to be put to work where they can profit the Community most. Strong leadership from President essential: will have UK support.

4. Essential that Agriculture Commissioner should be committed to sound financial management, and have the weight to enforce it. (As necessary: Understand Andriessen could be persuaded to take

the job. He would be a good candidate. Natali also said to be interested: but wrong moment for an Italian Agriculture Commissioner, given Italian hostility to any control of agricultural surpluses.

5. Delors better qualified than most to appreciate importance of experienced and able Budget Commissioner. Have chosen Lord Cockfield as our Senior Commissioner and Vice-President in expectation that he will have an important portfolio. Understand that he would be keen to have the budget portfolio and he is admirably qualified by his experience. Delors will wish to discuss the possibilities with him. With regard to second Commissioner, Mr Clinton Davis has a strong personal interest in development.

6. Essential also to develop Community policies in such a way as to create the condition for economic growth. Completion of the internal market crucial to job creation. Essential that there should be strong and active Commissioners for Internal Market and the major industrial responsibilities (including competition, new industries, research and development).

BACKGROUND

References

(A) FCO paper on the New European Commission

(B) List of declared candidates for the New Commission

(C) Biographical details of new British Commissioners.

British Objectives for Distribution of Portfolios

1. The paper prepared for the Prime Minister and circulated under cover of Mr Budd's letter of 7 September (attached) gives full background. The Prime Minister took the view that our priorities should be to obtain either the Budget portfolio or a single portfolio covering industrial policy and the internal market for our senior Commissioner; and either science/research or overseas development for our junior Commissioner.

2. Lord Cockfield has strong qualifications for the budget portfolio. He would also have an interest in a portfolio based on internal market/financial services (banking, insurance, etc). Since we have held the budget portfolio for eight years, there will be resistance; but some of the other leading contenders, like De Clercq will probably be going for other portfolios. We should aim for the budget. Tactically, however, it will be best to leave this to be dealt with primarily between Lord Cockfield and Delors. Alternatively we should be well placed to secure a major portfolio in the other areas identified by the Prime Minister and Lord Cockfield. The Tugendhat portfolio also includes financial services.

3. Mr Clinton Davis has expressed a strong interest in the development portfolio. Pisani may leave the Commission, and the French may look to the development portfolio which they have held since 1958. But this is an argument we must use with care since the major argument against our securing the budget portfolio will be that Mr Tugendhat has held it eight years. Delors is reported to be thinking of Natali, who will be the senior Italian Commissioner, for development.

Objectives of Other Member States

4. According to officials, Germany wants an internal and an external portfolio. Their senior Commissioner will be Narjes, who is reported to be interested in external relations, agriculture - on economic and financial affairs (ECOFIN). It would be easier for us to retain the budget if Narjes got external relations, leaving De Clercq (Belgium) free to take ECOFIN (he wants it, and has told the Chancellor he would support us for the budget if he gets it: as an ex-Finance Minister he is well qualified). German officials are reported to want social affairs for Pfeiffer. Christophersen (Denmark) and Andriessen (Netherlands), also ex-Finance Ministers, would be interested in ECOFIN too. Christophersen has an interest in the budget portfolio, and Andriessen in external relations or agriculture. Natali (Italy) wants agriculture, but the French and Germans will oppose him: they would prefer Andriessen to get the job. There are indications that Varfis (Greece) and Sutherland (Ireland) would also be interested in legal affairs and perhaps internal market. Varfis is said also to be interested in the Regional Fund. Mosar (Luxembourg) wants a high technology portfolio (eg. information technology) or, failing that, steel.

Secretary Generalship of the Commission

5. M Noel, French Secretary General of the Commission, is expected to retire in about a year. M. Dumas indicated earlier this year that if France got the Presidency of the Commission, they would be prepared to back our candidate for the Noel succession. The Secretary of State raised the subject with M. Dumas when he came to London to lobby for a French President on 17 July, and made it clear that we should want to propose a well qualified British candidate to succeed him.

Foreign and Commonwealth Office
11 October 1984

EUROPE - THE FUTURE

THE ATTACHED PAPER WAS GIVEN TO

EUROPEAN COMMUNITY HEADS OF GOVERNMENT

BY THE PRIME MINISTER

AS A CONTRIBUTION TO DISCUSSION

AT THE EUROPEAN COUNCIL

HELD AT FONTAINEBLEAU ON 25/26 JUNE 1984

EUROPE - THE FUTURE

INTRODUCTION

1. At the European Council in Stuttgart an ambitious programe was decided, involving a review of almost every aspect of the Community's activities. The negotiation has not been easy; and that is not surprising. There will continue to be arguments over priorities and the allocation of resources. That would be true even in a full-fledged federation. The Community progresses by the process of argument and discussion necessary to resolve its differences.

2. The Community is now close to agreement on the issues determining the course of its future development. Some progress has been made towards financing Community activity in the longer term and establishing a fairer balance of contributions. Some steps have been taken towards limiting the future costs of the agricultural regime. The Ten have agreed to work on a series of new policies to promote the economic, social and political growth on which their future well being depends. The negotiations remain to be completed. Their completion will enable the Community to concentrate on longer term objectives, and on responding to the needs and aspirations of its 270 million inhabitants.

/3.

3. This means giving greater depth to the Community in both its internal and external activities. The European Community, which has the largest share of international trade in the world and the immense benefit of the ingenuity of its peoples, and of the diversity of its economies, has only just begun to take advantage of its great potential. The Common Market is a means to an end, described in the Treaty itself as, "a harmonious development of economic activities, a continuous and balanced expansion, an increase in stability, an accelerated raising of the standard of living".

4. The Community's energies must also be turned outwards so that we can:

(i) create the sense of common purpose and momentum needed to hold together a Community of 12;

(ii) defend our collective interests in an increasingly troubled world;

(iii) fulfil our international responsibility to the causes of freedom, democracy, prosperity and peace;

5. If the European Community is to be effective in the world, it must also be effective in the national life of each of its Member States.

/Strengthening

Strengthening the Community

6. If the problems of growth, outdated industrial structures and unemployment which affect us all are to be tackled effectively, we must create the genuine common market in goods and services which is envisaged in the Treaty of Rome and will be crucial to our ability to meet the US and Japanese technological challenge. Only by a sustained effort to remove remaining obstacles to intra-Community trade can we enable the citizens of Europe to benefit from the dynamic effects of a fully integrated common market with immense purchasing power. The success of the United States in job creation shows what can be achieved when internal barriers to business and trade come down. We must create the conditions in which European businessmen too can build on their strengths and create prosperity and jobs. This means action to harmonise standards and prevent their deliberate use as barriers to intra-Community trade; more rapid and better coordinated customs procedures; a major effort to improve mutual recognition of professional qualifications; and liberalising trade in services, including banking, insurance and transportation of goods and people. If we do not give our service and manufacturing industries the full benefit of what is potentially the largest single market in the industrialised world, they will never be fully competitive at international level, and will be unable to create much needed jobs within the Community.

/7.

7. At the same time we must do more, and work harder, to make actions undertaken within the Community relevant to the lives of our people. A sustained effort will be required further to simplify and speed up customs and other formalities affecting the ease with which our citizens can travel across intra-Community borders. We should aim, for example, to allow European citizens to travel as freely and cheaply as the inhabitants of the United States. Important steps could be taken in that direction by increased competition and the de-regulation of air services.

8. The Common Agricultural Policy has succeeded in the objective of providing Europe with a strong agricultural base. Remarkable increases in productivity have been achieved. The preservation of the best elements of that policy requires a continuing effort to correct the distortions which manifest themselves in the form of massive and costly surpluses of certain products, imposing high storage costs and the need to dispose of them in ways which complicate trading relations with our OECD partners and are impossible to defend to our own citizens and tax payers. An important and courageous effort has been made to control surpluses in the dairy sector. A sustained, multi-year effort will be required to achieve a better balance between production and demand, thereby releasing resources for other purposes.

9. For in the next decade equal priority must be given to creating the right conditions for the development of a vigorous, efficient and cost effective industrial sector able to compete with the United States, Japan and the newly industrialised countries. To this end, we need to examine urgently whether more can be achieved, or can be achieved more economically, by action on a Community basis rather than nationally. Better cooperation on research and development will help avoid duplication and waste. In some cases Governments can cooperate directly to encourage industrial activity at European levels - as in the case of Airbus, ESPRIT and JET. The Commission has suggested that the Community now look at possible programmes in telecommunications and biotechnology. We should examine these and similar proposals carefully to see whether they will be more effective at the Community level. In doing so, we should give high priority to facilitating collaboration at the industrial level. Member Governments must act to limit the administrative and legal impediments to risk-sharing and investment, in order to allow European firms to compete and cooperate in a way which will enhance their ability to match the performance of their competitors.

10. Creating the right conditions for economic growth without due regard for the wider interests of our environment and of our consumers is not acceptable. The peoples of Europe must feel

that the Community improves the quality of their lives. Many environmental problems require action going beyond the capabilities of individual Member States. They have to be tackled on the basis of serious analysis of the scientific evidence and with due regard to industrial costs and efficiency. This is an area in which the Community has an important role to play. The United Kingdom has already suggested that decisions should be taken urgently to bring about the elimination of lead in petrol. It is also time for a programme of research aimed at finding solutions to the problems caused by acid rain, and for controls on trans-frontier shipments of hazardous waste to continue to be developed.

11. At the cultural level, we should examine whether Governments cannot do more to encourage the learning of other Community languages. The European Foundation could play a useful role in this and in developing professional exchanges. Full access to each others' satellite broadcasting systems would help the process of cultural interchange in an eminently practical way of direct concern to mass audiences.

12. This process will require political direction. We should agree in the European Council that each Member Government should examine its priorities and policies in sectors covered by the Treaties in order to see in each case whether greater progress

/could

could be made by a cooperative approach at the Community level.

A flexible Europe

13. The European Communities, with their corpus of institutional and legal structures, and their own resources, are and must remain the framework within which Community law applies. Action undertaken in the Community framework must continue to be on a basis of equal rights and equal obligations. But a certain flexibility of approach may be necessary in the coming decade, when the Community will have become larger, its membership more diverse, and in some areas of technological development, the industrial structures and interests of Member States more varied. For such practical reasons, it may sometimes make sense for participation in new ventures to be optional. This should not lead to rigid distinctions between different groups of participants. That would be particularly disillusioning for our new members who expect to be joining a democratic and homogeneous Community. Where ventures are launched by Member States with limited participation, it should be open to others to join in as and when they are able to do so. The possibility for action financed by the Community or with Community law as its legal base should be examined before it is decided to proceed on a more limited basis. The progress of all such work relevant to European integration should be monitored and open for discussion in a suitable high-level forum.

/Europe

Europe in the World

14. It must be our objective to aim beyond the Common Commercial Policy through Political Cooperation towards a common approach to external affairs. Such a policy can only be achieved progressively: it must nevertheless be the aim before us.

15. The Community and its Member States already have at their disposal many of the elements for a common external policy. It is linked to other Western European countries through the EEC/EFTA agreements. The Lomé Convention binds the Community in a contractual relationship covering aid and trade with 64 developing countries. The Common Commercial Policy governs its trade relations with the rest of the world. The Community takes common action in international economic organisations. There is the network of Association and Cooperation agreements both with individual countries and with groups such as ASEAN and the Andean Pact. The growth of Political Cooperation enables the members of the Community increasingly to adopt common positions on world problems and to vote together in non-economic international bodies. Our aim for the future should be to bring about a greater coherence between these different elements. In that way a common external policy could be progressively achieved.

16. The US will remain central to European security and the

/management

management of East-West relations, and no less so in the management of the problems of the world economy and trade. Our task must be to ensure that Europe plays no less central a role in all those respects. By common action of the Community and the Ten, Europe must impress on the US that unilateral American action, eg on technology transfers, extra-territoriality, unitary taxation and, above all, protection for US industries will put the success of Alliance consultation and coordination at risk. Equally we must be ready in Europe to make progress towards the liberalisation of our trading practices, and to play a full part in strengthening the GATT trading system. Mechanisms for consultation and coordination between the Allies are already in place. What we need is the will on both sides to use them to get results: bilaterally, within the Alliance, and on behalf of the Community and its Member States.

17. Europe is more than Western Europe alone. By the end of this century we could see the Soviet Union with increasingly serious economic difficulties and growing problems in Eastern Europe. At that stage more than ever, a coherent and persuasive West European voice will need to be heard on the management of East-West relations. Europeans have their own interest in economic relations with the Soviet Union and East European countries, illustrated by the level and intensity of their political contacts with them. They should reflect on the special

/status

status this gives them, and on the scope it offers for a more coordinated approach on wider questions, eg the encouragement of a more differentiated economic and social development in Eastern Europe. Steps of this kind will strengthen the European political entity and enable it to act more effectively in relation to the major international issues which legitimately concern it.

18. The Community must also use its weight to influence the other major industrialised economies to shoulder their share of responsibility for the world economy: the United States by paying more attention to the international consequences of its domestic economic policies, and Japan by integrating its financial markets into the world economy and raising the level of its manufactured imports to one comparable with other industrial democracies. The Community must act jointly with these major trading partners to promote the further liberalization of international trade and to extend the open trading system, including a well-prepared new GATT trade round. This would bring the many varieties of developing countries more effectively into the world trading system, and persuade the more advanced among them to take more responsibility for its good management. Our performance so far in encouraging development in the Lomé countries, in South-East Asia, in Latin America, and in many other countries through our food aid and non-associates programmes is commendable. But there

/is

is room for better coordination between Member States, the Community and other donors to secure maximum political as well as developmental effectiveness from our aid.

19. In Political Cooperation, the Ten need to act with more vigour and greater purpose. Cooperation should not just be a matter of making declarations in the face of increasingly complex challenges. The Ten have the weight and must show more political will to act together: concentrate their efforts where their leverage is greatest and their interests most directly touched e.g. in the Middle East and Africa; and recognise that influence does not last if not backed by the necessary resources. Member States must take more seriously their solemn commitments to consult and take account of partners' views and work for common positions. The objective should be the progressive attainment of a common external policy.

Defence and Security

20. Our objective must be to strengthen the European pillar of the Alliance and improve European defence cooperation.

21. Europe already carries a heavy defence burden within the Alliance - although some of its members take a greater share of that burden than others. It contributes to security both on this Continent and in the wider world by a variety of political and economic as well as military instruments. This contribution is

/far

far greater than is understood in the United States. If such views are not corrected, the temptation will grow for America, under pressure from the Congress, to look more toward interests outside Europe. Yet the US strategic commitment to Europe will remain an irreplaceable guarantee of Western security. If we wish to preserve it and ensure that our views continue to be given due weight by future US Administrations, the European Allies must find answers to some difficult questions: Are we able to take on a larger share of the responsibility for our defence? How should we respond to renewed public questioning of defence policy? Or the need to develop new technologies at a time of rising costs and resource constraints? The answers make it evident that such problems have to be tackled jointly.

22. Most work to coordinate European positions on this so far has been done in the NATO framework, particularly in the Eurogroup and the IEPG (which has the merit of including France), and there is still more that could be done to exploit the potential of these groupings. We must contine to work for the implementation of the Genscher/Colombo Solemn Declaration of 19 June 1983 which provides a helpful reaffirmation of the Community's political and economic objectives. But if we want early progress - and an early chance to demonstrate our seriousness - we must be willing to look at new openings including those offered by the WEU.

23. Procedure and new organisations are no substitute for content and action to solve existing problems. We have to be prepared to make efforts before we can pool them. Progress demands in particular that we focus on the resource allocation and defence industrial aspects of the problem. We should be able to achieve better value for money by common procurement and collaborative manufacturing projects, recognising (as past experience has always shown) that this process will give rise to very real political problems and difficulties for which there are no facile solutions. Individual projects are probably best organised on a case-by-case basis between those member countries with the capacity and wish to undertake them, making use of the framework of the IEPG. But the general prospects for them could be greatly improved by progress towards a more integrated European industrial and technological base, and by strengthening the Community's internal market. These are areas of proper Community concern which need our urgent attention.

Organisation and Institutions

24. There are several areas in which specific improvements can be made. With regard to the Community:

(a) The Commission's role is central to the functioning of the Community. It is crucial that it should attract, and that Member States should appoint, individuals of the

highest calibre with a clear recognition of the tasks to be done. After enlargement the Commission still needs to be able to provide real jobs for people of the best quality. A Commission of 17 is liable to be too large for efficiency or to provide all members with serious portfolios.

(b) The Presidency also plays a key role in the management of the Community's business. Its effectiveness would be enhanced by greater cooperation between the Presidency in office and the preceding and succeeding Presidencies.

(c) An early European Council should consider adopting a new procedure under which each year the European Council would adopt a brief and succinct statement of priorities, with specific timings and targets, which would form the basis of the Community's activities for the following 12 months.

(d) When the Commission reviews its legislative proposals each year, there should be a thorough weeding out of hopelessly blocked items and unnecessary cases of obstruction brought to the notice of the Council.

(e) The voting provisions of the Treaty must be fully honoured. Unanimity must be respected in all cases where the Treaty so provides. The same applies for majority

/voting

voting. At the same time, Member States must be able to continue to insist where a very important national interest is at stake on discussion continuing until agreement is reached. But they should be required in each case to set out their reasons fully.

(f) The European Council should eschew the role of Court of Appeal from the Council. Its true and irreplaceable task is to provide strategic direction and political impetus for all areas of Community work and Member States' cooperation. For this, it might be enough for it to meet no more than twice a year, perhaps for two full days. Alternatively, one of the three annual meetings might be conducted on a more informal "Gymnich-type" framework without advisers. The primary responsibility for preparing European Councils should rest, as it does now, with Foreign Ministers.

(g) In a grouping of democratic European states the directly elected European Parliament must reflect with increasing responsibility the preoccupations and priorities of our peoples. Through the various procedures set out in the Solemn Declaration of June 1983, the Council and Member States need to work out ways of keeping the Parliament better informed, responding to its suggestions and bringing it to work in greater harmony with the main decision making

/institutions

institutions of the Community.

(h) Once the post-Stuttgart negotiation has been completed it should be possible for Member Governments to take common action to present the Community to their peoples in a more favourable light. It is important that people should receive an objective picture of the present state of European integration. It would be desirable for Foreign Ministers, at an early informal meeting, to discuss this question and, if possible, to agree on some common themes for Governments to put forward in their presentation of the Community and of the issues under discussion in it.

Conclusions

25. The European Community and the Alliance jointly have brought an unprecendented period of peace and prosperity to the peoples of Europe. We cannot rest on the achievements of the post-war generation. Over the next decade Europe will face new economic and social challenges, and a continuing threat to her security.

26. Periodic expressions of pessimism about the future of the Community have never turned out to be justified. Europe needs to advance its internal development. The progress that has been made towards "an ever-closer union of the peoples of Europe" of which the Treaty of Rome speaks in its first paragraph is

/unlikely

unlikely to be reversed.

27. The objectives now must be to:

- strengthen democracy and reinforce political stability in Europe. This means bringing to a successful conclusion the accession negotiations with Portugal and Spain;

- develop a dynamic society in which industry thrives and activities which create wealth are encouraged. To do so, we must complete the internal market, particularly in the services sector;

- strengthen the European pillar of the Alliance and the contribution Europe makes to its own security;

- promote policies which will improve the quality as well as the standard of life in the Community;

- with due regard for the needs of economic and industrial efficiency, do more to promote the improvement and protection of the environment;

- agree urgently on certain organisational changes;
- adopt policies which will guarantee the relevance of the Community to the problems, particularly unemployment, which

/affect

affect our societies;

- take the necessary steps to strengthen the voice of the Community and make its influence felt in the world;

- heighten the consciousness among our citizens of what unites us.

bcc: Charles Powell
10 Downing Street

FROM: Sir Crispin Tickell
DATE: 12 October 1984

cc PS/Secretary of State
PS/Mr Rifkind
PS/PUS
Mr Crowe

CDP
15/X.

Mr Renwick

ITALIAN COMMISSIONERS

When I was in Rome on 10 October, Signor Ruggiero (Director General of Economic Affairs in the Ministry of Foreign Affairs) spoke to me about the nomination of the Italian Commissioners. He said there was now no doubt that Signor Natali would be re-appointed. The problem was over the Second Commissioner.

2. Signor Ruggiero said that the new leader of the Italian Communist Party had already told the Prime Minister that as the Communist Party was now the largest opposition party it should have the opportunity to put forward a candidate for the Second Commissionership. Signor Craxi had not yet given any answer. He had mentioned it to Monsieur Delors when the latter had visited Rome, and to Signor Ruggiero's surprise Monsieur Delors had made no comment. Obviously much would depend on the qualities of the candidate suggested by the Italian Communist Party and in any case Signor Craxi would have the last word. Nonetheless, Signor Craxi was somewhat embarrassed. For that reason Signor Ruggiero thought that his government would be much more disposed than in the past to accept the British thesis that on enlargement of the Community, each country should have only one Commissioner.

3. I thanked Signor Ruggiero for this information. It would be useful to have it in the back of our minds when Monsieur Delors visits London next week.

Crispin Tickell

12 October 1984

CONFIDENTIAL

PRIME MINISTER

Meeting with M. Delors

He is coming at 7.00 pm with his Private Secretary. He has asked for an interpreter for this meeting. M. Delors stays on for dinner at 8.00 p.m.

Agree to see him in your study?

Card attached.

Yes

C D P

12 October 1984

N.B. Please see Mr. Williamson's note at the back.

PRIME MINISTER

MEETING WITH LORD COCKFIELD
MONDAY 15 OCTOBER

He has asked to see you before you see Delors. He wants to talk about portfolios in the new Commission.

Your view has been that the budget portfolio should be our first choice. B ut you recognised there could be difficulty in getting it again and in that event industry/internal market should be the fallback. You may find Lord Cockfield a bit reluctant to press hard for the budget post and keener on the industry/internal market or competition policy or trade portfolios. Assuming your views are unchanged, you may need to stiffen his resolve on the budget job. He should be steered away from trade since we already have the Director-General in that area of the Commission.

He may also mention the possibility of adding Financial Institutions to whatever portfolio he gets. This is a good idea if it can be pulled off. It covers community loans and the European Investment Bank and is currently part of Ortoli's empire. It is not a portfolio in itself but Lord Cockfield could be encouraged to try to amalgamate it with whatever is his main portfolio.

Delors does not want to get into discussion with Governments about the portfolios to be given to individual Commissioners. You will certainly want to sing Lord Cockfield's praises to him particularly his management/accounting qualifications. Delors will get the hint. But it could be counter-productive to be too brazen about what we want. It will be for Lord Cockfield himself to fight hard for the right portfolio. You may like to make sure that Lord Cockfield understands this fully. He should

start discussing it with Delors right away.

Lord Cockfield has not (as of today) chosen a chef de cabinet/private secretary although he has seen several candidates. He will need a good strong personality to help him fight his battles in the Commission. You might nudge him to an early decision, to allow plenty of time for preparation.

CDP

11 October 1984

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Prime Minister

CDP
12/X

CONFIDENTIAL

Qz.03963

Good.

MR POWELL

PRIME MINISTER'S MEETING WITH MONSIEUR DELORS, 15 OCTOBER

Detailed briefing for the Prime Minister's meeting with Monsieur Delors, President-designate of the European Commission, on 15 October is being submitted by the Foreign and Commonwealth Office after consultation with Departments. I would like, however, to pick out two points which the Prime Minister may wish to stress. On these points it should be possible to find considerable identity of view with Monsieur Delors and with the new Commission to the benefit of the United Kingdom - a welcome change after "les années miserables" of Monsieur Thorn -

(i) a wealth-creating Community. This is what we believe in and it seems to me that it should be our first theme in the immediate future. The fact is that the original six member states of the Community, after the massive and successful effort of creating the common market and of digesting the new member states, have been backward-looking and that the Community does need some turbo-charging.

The Community is already by far the world's biggest trader (exports represent about 25.7% of Germany's and about 21.2% of the United Kingdom's gdp while they represent about 13.4% of Japan's and 8% of the United States' gdp): the task of the new Commission externally is to use all its efforts to ensure that the Community pulls its full weight in negotiation, both in defending our market in the sensitive sectors and in maintaining pressure to open up other markets (Japan, newly industrialised countries etc).

/The

The population of the enlarged Community will be half as large again as that of the United States and its gross domestic product comparable; internally the Commission has the major task of pressing on with the removal of barriers (frontier delays, freer movement of people, transport restrictions, unjustified state-aids, disguised protection through public purchasing, absence of a genuine common market for some important services such as insurance). It is undoubtedly possible to open up the Community's internal market in ways which can create more jobs;

(ii) following through after Fontainebleau. Monsieur Delors is on record in the discussions leading up to Fontainebleau and in his handling of the French economy as an advocate of "budget rigour". We have some confidence that his arrival in the Commission will make real changes there. I strongly recommend that, in dealing with budgetary issues, the Prime Minister should emphasize that, with the agreement at Fontainebleau and the establishment by the Council of the 1984 draft supplementary and the 1985 draft preliminary budget, there is no longer any question of a dispute between the United Kingdom and other member states. On the contrary, the obligation is on all member states, as decided at Fontainebleau, to put into effect in good time the revised Decision on Own Resources (increase in VAT ceiling, budget correcting mechanism) and to implement the measures necessary to guarantee the principles of budgetary discipline also agreed at Fontainebleau. Thereafter it is for the Council and the Commission consistently in coming years to

/make

make sure that money is well spent within the revised VAT ceiling and with the "budget rigour" necessary to avoid wasting Community resources.

I am sending a copy to Sir Robert Armstrong.

D F Williamson

D F WILLIAMSON

10 October 1984

GRS 25
UNCLASSIFIED
FRAME GENERAL
FM BONN 041730Z OCT 84
TO PRIORITY FCO
TELEGRAM NUMBER 931 OF 04 OCTOBER
INFO PRIORITY UKREP BRUSSELS
INFO SAVING ATHENS BRUSSELS COPENHAGEN DUBLIN LUXEMBOURG
PARIS ROME THE HAGUE

NEW EC COMMISSION

1. THE FEDERAL GOVERNMENT CONFIRMED AFTER A CABINET MEETING YESTERDAY THAT THE NEW GERMAN COMMISSIONERS WILL BE NARJES AND
* PFEIFFER.

FCO PLEASE PASS TO SAVING ADDRESSEES.

BULLARD

(REPEATED AS REQUESTED)

FRAME GENERAL
ECD(I)

* German trade union economist.

CPC

Foreign and Commonwealth Office

London SW1A 2AH

CDP
26/9

26 September 1984

Dear Judith,

Visit of M. Delors

As you will know, M. Delors will soon be beginning his tour of Community capitals as President-elect of the European Commission, and is coming to London on 15/16 October. He is hoping to see Heads of Government, Foreign Ministers and Finance Ministers in each of the capitals he visits.

The shape of his programme here is necessarily rather tentative at this stage. But we envisage him, after a short initial call here, going to 10 Downing Street for talks at 1900 on 15 October, followed by dinner. On 16 October, the programme would begin with about one and a half hours of talks (say from 1015-1145) on Community issues with the Foreign Secretary and Mr Rifkind. After that, Sir Geoffrey wonders whether the Chancellor would be free to see M. Delors for three-quarters of an hour or so, and then to give a lunch for him (he is most unfortunately unable to give a lunch himself, having a long-standing speaking engagement; and M. Delors is unable to stay on until the evening of 16 October, when Sir Geoffrey could have hosted a dinner for him). If the Chancellor were able to agree to do this, I understand that both Mr Jopling and Mr Channon (in Mr Tebbit's absence) might be interested in attending; the Chancellor might also wish to consider including the new British Commissioners, though they will have been at the Prime Minister's dinner the night before, and have been offered meetings with M. Delors on the afternoon of 16 October. Sir Geoffrey has asked me to say that he considers it most important that this visit should go well and that M. Delors should feel at the end of it that he has had at least as good treatment in London as in any other Community capital. He therefore very much hopes that the Chancellor will be able to entertain M. Delors, although he realises that this would involve some difficulties for him.

/I am

I am sending copies of this letter to Charles Powell (No 10), Ivor Llewelyn (MAFF), Callum McCarthy (DTI), David Williamson (Cabinet Office) and Sir Michael Butler (UKRep Brussels).

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

Miss Judith Simpson
APS/Chancellor of the Exchequer
HM Treasury

WONFO 084/21

ADVANCE COPY
IMMEDIATE

00 FCO DESKBY 240900Z

GR 400

PS RC (6)
Mr Powell ~~No 10~~
DST
Mr Williamson CAB OFFICE
Mr Unwin HM Trsy

(x9)

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FM WASHINGTON 211940Z SEP 84
TO IMMEDIATE FCO
TELEGRAM NUMBER 2821 OF 21 SEPTEMBER

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FOR PS TO FOREIGN SECRETARY FROM PS TO CHANCELLOR OF THE EXCHEQUER

EUROPEAN COMMISSION

IN THE MARGINS OF THE INTERIM COMMITTEE DISCUSSION DE CLERCQ HAD A PRIVATE TALK THIS MORNING WITH THE CHANCELLOR ABOUT APPOINTMENTS IN THE NEW COMMISSION.

2. HE MADE CLEAR HIS OWN VERY STRONG DESIRE FOR THE PORTFOLIO OF FINANCIAL AND MONETARY AFFAIRS.

3. HE RECOGNISED THAT THERE COULD WELL BE DEMAND FOR THIS POST TO GO TO ONE OF THE BIG COUNTRIES, THOUGHT THAT FRANCE WOULD CLEARLY NOT HAVE AN ENTITLEMENT, HOPE THAT THE UK WOULD NOT BE INTERESTED (HE FELT THAT OUR NON-MEMBERSHIP OF THE ERM WOULD BE AN OBJECTION IN ANY CASE) AND WAS MAINLY WORRIED ABOUT GERMANY. HIS SUGGESTION WAS THAT GERMANY, WHO WOULD INSIST ON ONE OF THE PRESTIGE POSTS, WOULD WELCOME EXTERNAL AFFAIRS AND HE THOUGHT THIS WOULD BE THE BEST SOLUTION.

4. IF THE UK WANTED THE BUDGET PORTFOLIO - AND I CONFIRMED THAT WE WOULD INDEED BE INTERESTED - HE INDICATED THAT HE WOULD SUPPORT US IF WE COULD SUPPORT HIS INTEREST IN FINANCIAL AND MONETARY AFFAIRS.

5. A PARTICULAR PROBLEM HE FORESAW ON HIS IDEA OF A GERMAN FOR EXTERNAL AFFIARS WAS HOW TO PLACE ANDRIESSEN. HE SAID THAT THE DANISH GOVERNMENT WERE NOT REPEAT NOT INTERESTED IN AGRICULTURE. HE REPORTED THAT ANDRIESSEN HIMSELF WANTED EXTERNAL AFFIARS RATHER THAN AGRICULTURE AND THAT THE DUTCH GOVERNMENT WAS SPLIT, WITH ONE SCHOOL ANXIOUS FOR

GOVERNMENT WAS SPLIT, WITH ONE SCHOOL ANXIOUS FOR AGRICULTURE AND THE OTHER FOR EXTERNAL AFFIARS. HE HOPED IT WOULD BE POSSIBLE TO ENCOURAGE THE FORMER AND THAT WE COULD ACCEPT A DUTCHMAN WITH FINANCIAL BACKGROUND AS A SUITABLE APPOINTEE.

6. HE ALSO SAID THAT NATALI VERY MUCH WANTED AGRICULTURE. I AGREED WITH HIM THAT AN ITALIAN WOULD NOT BE THE MOST HELPFUL CHOICE FOR CONTROL OF EXPENDITURE ON THIS FRONT.

7. I INDICATED INTEREST IN WHAT HE HAD TOLD ME, AND SYMPATHY WITH SEVERAL OF THE POINTS HE HAD MADE, INCLUDING HIS INDICATION OF SUPPORT FOR US ON THE BUDGET PORTFOLIO.

8. IT SEEMS TO ME THAT THE PATTERN WHICH EMERGES COULD BE A VERY SATISFACTORY ONE FOR US. IT WOULD PRESUMABLY MEAN GIVING ITALY THE INDUSTRY OR INTERNAL MARKET PORTFOLIO. BUT IF WE COULD GET THE BUDGET, WITH A PROBABLY RELIABLE DUTCHMAN ON AGRICULTURE AND THE BEST QUALIFIED COMMISSIONER ON FINANCIAL AND MONETARY AFFAIRS, I THINK WE COULD BE REASONABLY SATISFIED WITH THE DISTRIBUTION OF THE TOP POSTS.

9. FCO PLEASE ADVANCE TO POWELL (NO.10), WILLIAMSON (CABINET OFFICE) AND UNWIN (HMT).

WRIGHT

NNNN

cc FCO
D. Williamson

MPD

10 DOWNING STREET

THE PRIME MINISTER

17 September 1984

Dear Mr. Clinton Davis.

Thank you so much for your letter. I was very pleased that you accepted nomination as one of our European Commissioners. My colleagues and I share your wish for a close working relationship and will do all we can to help you prepare for your important post.

All good wishes.

Yours sincerely

Margaret Thatcher

Stanley Clinton Davis, Esq., M.P.

file

10 DOWNING STREET

From the Private Secretary

17 September 1984

Visit of M. Delors,
President-Elect of the Commission

The Prime Minister is willing to see M. Delors on Monday 15 October, and subsequently to give a small dinner for him.

I should be grateful if an invitation could be conveyed to M. Delors for talks at 7 pm followed by dinner.

(C.D. Powell)

Colin Budd, Esq.,
Foreign and Commonwealth Office

FILE

dla

MRS. GOODCHILD

Dinner for M. Delors

The Prime Minister has agreed to give a dinner for M. Delors on 15 October. This will be basically a working occasion, for him to get to know the two new British Commissioners and those Ministers with whom he will have regular dealings. Could you please prepare, for the Prime Minister's approval, a guest list which I suggest should include:

Foreign and Commonwealth Secretary
Chancellor of the Exchequer
Secretary of State for Trade and Industry
Minister of Agriculture
Secretary of State for Employment
Mr. Rifkind
Mr. Channon
Lord Cockfield
Mr. Stanley Clinton Davis
Sir A. Acland
Mr. Williamson

CDP

17 September 1984

PRIME MINISTER

VISIT BY M. DELORS

M. Delors has asked to visit London to see you on 15 or 16 October. I am sure that you will wish to see him and we could fit it in the diary easily enough.

Yes mt

I see that you are free on the evening of 15 October. Would you like to give a small dinner for M. Delors which would be a chance for him to meet Lord Cockfield and Mr. Stanley Clinton-Davis? You could also invite a number of other Ministers who will have regular dealings with the Commission.

Agree to give a dinner?

Yes mt.

CDP.

14 September, 1984

MR. POWELL

I took a call from the Head of the European Commission in London, a Mr. Hartley, requesting a meeting between the Prime Minister and M. Delors. I told him that he would have to go through the Foreign Office which he said he had already done, so we will await the letter in the usual way.

Mr. Hartley also mentioned that M. Delors' Chef du Cabinet, a M. Alain Lamy, would very much like to meet you when M. Delors comes to London which is on 15/16 October. Would you like to go back to Mr. Hartley with a suggestion?

CR.

13 September 1984

Confederation of British Industry
Centre Point
103 New Oxford Street
London WC1A 1DU
Telephone 01-379 7400
Telex 21332

From
Sir James Cleminson MC DL
President

c.c. PS/FCO
~~ODA~~
DTI
HMT

CBI

NBPM

CDP
14/9

13th September 1984

PPS
R14

Dear Prime Minister,

Thank you very much for your letter of 11 September about the new European Commission, and for the note which you have taken of my previous letter. I hope that your appointments will achieve all that we both hope for.

Yours
James.

The Rt. Hon. Margaret Thatcher, MP
Prime Minister
10 Downing Street
London SW 1

EURO POL EC COMMISSION

R1219 ①

Tel. 01-435 4976

Essex Lodge,
354 Finchley Road,
London, NW3 7AJ

1) Mr Powell CDP
2) Prime Minister

Decided not to publicise.

Agree to ask him if we can make this public? CDP

11.ix.84

Yes ~~No~~ CDP May we have a word

Dear Prime Minister,

I was delighted and flattered to accept the invitation to serve as one of Britain's European Commissioners.

It is, of course, an extremely challenging role and I will do my best to measure up to the confidence that has been reposed in me.

I look forward to working co-operatively with you and the members of your Administration.

Yours ever,

(STANLEY CLINTON DAVIS)

PUS 514

cc: FCO
DTI
D/Emp.

10 DOWNING STREET

THE PRIME MINISTER

11 September, 1984

Dear James,

Thank you for your letter of 30 August about the new European Commission. I was grateful to have the CBI's views, and agree in general with the points you have made. As you will now have heard, I have decided to nominate Lord Cockfield and Mr. Stanley Clinton Davis as the two British members of the new Commission. I am sure that you will agree that this will ensure that Britain's voice is strongly heard, and will welcome in particular the experience which they have both had as Ministers of the problems and needs of British industry.

I am glad to hear that with Ray Pennock's help you will be devoting particular attention to UNICE. A strong and effective UNICE voice on these issues is very much needed.

I am sending copies of this letter to the recipients of yours.

Yours sincerely

Margaret

Sir James Cleminson, M.C., D.L.

54

PERSONAL AND CONFIDENTIAL

file

RM

cc: NIO
CO
DTI
AGO
LPS
MAFF
HMT

10 DOWNING STREET

From the Private Secretary

10 September, 1984

Dear Colin,

NEW EUROPEAN COMMISSION

The Prime Minister has considered the note enclosed with your letter of 7 September about the portfolios which the United Kingdom should seek in the next Commission.

The Prime Minister takes the view that our priorities should be to obtain either the Budget portfolio or a single portfolio covering industrial policy and the internal market for our senior Commissioner; and either science/research or overseas development for our junior Commissioner. She agrees however that our assessment of what we can reasonably expect to obtain for the junior Commissioner portfolio can only be very tentative at this stage.

I am copying this letter to the Private Secretaries of members of OD(E) and to Richard Hatfield (Cabinet Office).

Yours sincerely,

Charles Powell

(C.D. Powell)

C. Budd, Esq.,
Foreign and Commonwealth Office.

PERSONAL AND CONFIDENTIAL

Bor

CONFIDENTIAL
DE DIP
FM BUDAPEST 080945Z SEPT
TO IMMEDIATE DESK BY FCO 100830Z
TEL NO 227
FOLLOWING FROM LORD COCKFIELD
PERSONAL FOR PRIVATE SECRETARY
NO 10 DOWNING STREET
PLEASE INFORM PRIME MINISTER REPLY AFFIRMATIVE

COCKFIELD

UNWINN

XY 42

File No. .....

Department No. 10

Drafted by (Block Capitals) C D Powell

Tel. Extn. .....

OUTWARD

TELEGRAM

Security Classification: CONFIDENTIAL

Precedence: FLASH

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INFO .....

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No. 10 only.

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Typed first. Return His to Mr Powell, No 10 pse

[TEXT]

Please pass following to Lord Cockfield before his departure from PS, No. 10.

1. You will wish to know that ~~the~~ an announcement is likely, but still not absolutely certain, to be made this evening.

2. Following is text of letter which PM proposes to ~~see~~ send you:

[A-B attached]

Please let me know if there is anything which you would like

Dd 8200201 200M S&K 6/81

either included or omitted.

C.D.R.

NOTHING TO BE WRITTEN IN THIS MARGIN

A/ You know how much I have appreciated and relied on your advice in Cabinet as Chancellor of the Duchy of Lancaster. Your varied experience in financial, industrial and commercial matters is unique.

You will be aware that we have to nominate United Kingdom Commissioners for the new European Commission which takes office from 1 January.

This is a time when there are issues of immense importance facing the Commission, which are crucial for the future of the Community as a whole. With your wide knowledge as a Treasury Minister, a Secretary of State for Trade and most recently as Chancellor of the Duchy of Lancaster participating in the whole range of our economic policies, you are uniquely qualified to make a major contribution to the Commission's work on all these matters. I am therefore immensely grateful to you for agreeing so readily to take on this new and very important challenge by accepting nomination as our senior Commissioner.

I know that Willie Whitelaw would want me to say that he and his predecessor have been especially grateful for your contribution to the House of Lords from the Front

Bench. Your experience and authority have been of enormous value in the presentation of the Government's policies in the Upper House. /B

Foreign and Commonwealth Office

London SW1A 2AH

10 September, 1984

Dear Charles,

European Commission

In your letter of 31 August you asked for a draft reply to Sir James Cleminson's letter of 30 August, about the composition of the new Commission.

I attach a draft, which - as you suggested in your letter - does little more than acknowledge the CBI's points. The Department of Employment have, however, suggested the inclusion of a reference to the need for a more robust stand by UNICE, to which they believe that the CBI could do more to contribute. Department's views on the Social Affairs portfolio were covered in the paper on the new Commission enclosed with my letter of 7 September.

I am copying this letter to Callum McCarthy (Department of Trade and Industry) and David Normington (Department of Employment).

Yours ever,

Peter Ricketts

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

DSR 11 (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM: Prime Minister

Reference

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO: Sir James Cleminson MC DL
President
CBI
Centre Point
103 New Oxford Street
LONDON WC1A 1DU

Your Reference

Copies to:
S of S, FCO
S of S, Employment
S of S, Trade and Industry

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.....In Confidence

CAVEAT.....

SUBJECT:

Thank you for your letter of 30 August about the new European Commission. I was grateful to have the CBI's views, and agree in general with the points you have made.

I am glad to hear that with Ray Pennock's help you will be devoting particular attention to UNICE. A strong and effective UNICE voice on these issues is very much needed.

I am sending copies of this letter to the recipients of yours.

CD.

As you will now have heard, I have decided to nominate Lord Cockfield & Mr Stanley Clinton Davis as the two British members of the new Commission.

I am sure that you will agree that this will ensure that Britain's voice is strongly heard, and will welcome in particular the experience which they have both had as Ministers of the relevant British industry.

Enclosures—flag(s).....

Euro Pol: Appt of President of EC Pt 2

Printed in the UK for HMSO Dd 8422057 2/84 (28592)

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CABFCO 002/08

OO BUDAPEST

GRS 150

DEDIP

CONFIDENTIAL
FM CABINET OFFICE 081230Z SEP 84
TO IMMEDIATE BUDAPEST
TELEGRAM NUMBER 210 OF 8 SEPTEMBER

FROM ROBIN BUTLER
FOLLOWING PERSONAL FOR LORD COCKFIELD

YOUR MESSAGE IN BUDAPEST TEL 227 RECEIVED AND DELIVERED.
PRIME MINISTER MOST PLEASED THAT YOU HAVE ACCEPTED CHALLENGING
TASK OF REPRESENTING BRITAIN ON THIS MOST IMPORTANT BUSINESS.

NNNN

SENT /RECD AT 081242Z JEG///DA

(1)

Prime Minister
No need for firm decisions yet. But as a guideline do you agree that we should try for:
Yes Budget or Industry/Internal Market for Lord Cockfield ?
Yes Science/Research or and Overseas Development for Clinton Davis?
No

CDP 7/9

Foreign and Commonwealth Office
London SW1A 2AH

7 September 1984

Dear Charles,

New European Commission

The Prime Minister asked for agreed recommendations on the portfolios of interest to Britain in the next Commission, to take office in January 1985. The Foreign Secretary has consulted his colleagues, and the recommendations in the attached paper take account of the views they have expressed. They also take account of points made by Mr Tugendhat in his letter of 31 July to the Prime Minister (your letter of 3 August to me). You will already have seen the comments by the Minister of Agriculture, Fisheries and Food and the Chancellor of the Exchequer in their Private Secretaries' letters of 9 and 22 August respectively.

The main thrust of the paper is that when M. Delors comes to London on a tour of Community capitals which is expected to make this autumn, he should be told firmly that we expect one of the key portfolios and a Vice Presidency of the Commission for our senior Commissioner. We should make clear that we expect our senior Commissioner to have a really major portfolio - budget, agriculture, or industry plus the internal market. We should make a bid to keep the Budget portfolio. But it will not be easy for us to do so, given that we have held it for eight years and Mr Tugendhat is leaving. The Chancellor of the Exchequer believes that we should aim for a portfolio based on the Internal Market combined with Competition. The Secretary of State for Trade and Industry sees the attractions of the Internal Market but attaches more importance to the industrial portfolio. The Foreign Secretary's view is that if we do not secure the Budget then a single portfolio covering industrial policy as a whole and the internal market (at present divided between Davignon and Narjes) would be an attractive and coherent objective (Davignon's other responsibilities for energy and research and development are likely to revert to being separate portfolios).

Mr Jopling would like us to bid for the Agriculture portfolio, and Mr Tugendhat has also suggested that we might try for Agriculture. We should certainly make clear that

/the portfolio

the portfolio is one in which we have the keenest interest and which, like the Budget portfolio, must end up in responsible hands, but the Foreign Secretary shares the Chancellor's doubts over the desirability of our getting it. The External Affairs portfolio would be of less interest as there is an effective British Director General. The Foreign Secretary remains of the view that the Economic portfolio would be unlikely to come our way and in any case should not be a priority target for us.

M. Delors will not be in a position to make firm promises as regards the distribution of portfolios. This is done by collective decision of the whole new Commission - though naturally the President is strongly placed to influence its outcome. There will be some acrimonious last minute horse trading, and few Commissioners will get everything they wanted or expected.

The paper also deals with the possibilities for portfolios for our second Commissioner, though its conclusions are inevitably more tentative, since much will depend on how we fare with our first Commissioner, and what pieces are in the event sliced off from the larger existing portfolios.

I am copying this letter and its enclosure to the Private Secretaries of OD(E) members and Sir Robert Armstrong.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

EUROPEAN COMMUNITY : PORTFOLIOS IN THE NEXT COMMISSION

Procedure

1. Dr FitzGerald has announced the agreement of Heads of Government that M. Delors should be the next President of the European Commission. The President-designate is expected to visit the capitals of all member states to discuss nominations for the Commissionerships with Heads of Government. His aim will be to try to influence governments to appoint people he feels he can work with. In practice it is open to governments to insist on their own nominees.

2. The new Commissioners then would normally be appointed "by common accord" by the governments of the member states (Article 158 of the Treaty) in the margins of the December General Affairs Council. The President might convene an informal meeting of the Commissioners-designate in December, so that they can get to know each other and have a preliminary discussion of portfolios. The allocation of portfolios takes place at the first meeting of the Commission in early January, with the President of the Commission playing a central role, since it is he who has to reconcile the conflicting demands of his colleagues.

Portfolios

3. Member states have no formal role in the allocation of portfolios. But by convention as a major state we are entitled to expect one of the major portfolios. In discussing our possible candidates with M. Delors - probably in the autumn - the Prime Minister will wish to make clear from the outset the portfolios for which we think they will be particularly well qualified. It follows that the personal qualifications and standing of the British Commissioners-designate, together with their expressed wishes and those of the Government, will strongly influence their chances of getting any particular portfolio.

4. The Commission operates on a collegiate basis. The ability of Commissioners to exert effective influence depends on their personal qualifications and ability to operate successfully in the Brussels environment. Davignon's success in accumulating power within the Commission has been an outstanding example of this. The new Commission, initially, will still consist of 14 members. With the accession of Spain and Portugal in 1986 the number will probably rise to 17. Within the enlarged Commission there will be a stronger tendency than ever for an inner cabinet to be formed, and it

will be essential to the pursuit of our interests in the Community that our leading Commissioner forms part of that inner group. An ability to operate effectively in French is virtually a sine qua non for real influence within the Commission. We cannot assume that portfolios will remain the same as in the existing Commission. There will be some re-distribution and we ourselves have been considering suggesting the creation of a combined internal market/services portfolio, or the creation of a separate financial services portfolio, including insurance, for a junior Commissioner.

[No British Commissioner except Lord Soames has ever had this. Its rather a silly remark]

The British Interest

5. What we need out of the new Commission is better internal management, budgetary control, the development of the internal market and sensible industrial policies. We should consider against these objectives the portfolios for which we might aim with reasonable prospects of success.

6. We should bid for the Budget portfolio, though the chances of retaining it with Mr Tugendhat leaving will not be good as we shall have held it for eight years. We should also express a keen interest in the

Agriculture portfolio. In the case of both the Budget and Agriculture portfolios we must seek to ensure that these end up in responsible hands. If we do not secure the Budget, we should position ourselves to get the major Industry/Internal Market portfolio. We should make clear that if our senior Commissioner were to get a portfolio in this area it must be a really major one, based on the combined industrial policy and internal market responsibilities of Directorate-General 3 (at present divided between Davignon and Narjes) and including responsibility for new industrial policies (eg telecommunications).

7. External Affairs would be of less interest as there is an effective British Director General (Mr Fielding). Since the External Relations Commissioner spends much of his time travelling, he may be absent for important collegiate discussions in the Commission. In general our interests are likely to be served by keeping our Directors General where they are and bidding for other key portfolios. Mr Steele is doing a good job as Director General for Transport and Mr Audland as Director General for Energy. We need to secure influence in areas of real importance for the future and where our interests are less well

represented. We should probably not be able to secure the Economic Affairs portfolio so long as we are not participating in the exchange rate mechanism of the EMS and this would be of less direct interest to us than the Budget portfolio. The Fisheries portfolio would also be difficult to secure, and of somewhat less interest now that the main features of the Common Fisheries Policy have been decided.

8. As regards our second Commissioner, there are several portfolios of substantial interest.

(a) Competition would be of great interest, but would be difficult to obtain if we secured the main industrial and internal market portfolio.

(b) Financial Services including insurance; in view of the size of the financial services sector and the increasing importance of internal liberalisation it may be worth anticipating the reshuffle which will happen on enlargement, and trying to secure the establishment of this as a new junior portfolio. But we should have to secure a firm undertaking that it would remain intact after enlargement.

(c) Regional Policy would be of interest. With enlargement we are unlikely to derive significant net benefit from the Regional Fund, and it is

8

likely to go as a first portfolio to someone else. But we shall have an interest in seeing it develop in a rational way with as high a proportion coming to us as possible.

(d) Mr Raison has suggested we should bid for Development. If we went for it we should have to be prepared to move fairly rapidly to a consensus on the size of the EDF, but would have in return an attractive chance to reduce French and extend British influence in an area where we often have difficulty in getting our views accepted in the Commission and which is of keen interest to the developing members of the Commonwealth. We should in any event aim to ensure that it is no longer held by the French.

(e) Social Affairs could be of substantial interest because we will want to continue to do well out of it. But it would be difficult to retain when Mr Richard leaves. A note of caution is also indicated: bearing in mind the track record of the retiring UK junior Commissioner, we will want to avoid allowing this portfolio to fall to anyone who would favour social legislation of a level and nature of which we would not approve.

(f) Science, Research and Development would be another good possibility as a second portfolio, enabling us to demonstrate political interest while keeping Community activity to realistic levels, although, like the competition policy portfolio, it would be difficult to obtain if we secured a major internal market/competition or industy/internal market portfolio.

9. An annotated note on the Directorates-General of the Commission and a paper setting out the allocation of responsibilities in the existing Commission are attached.

DIRECTORATES GENERAL OF THE EUROPEAN COMMISSION

DG1 External Relations. British Director General (Mr Fielding).

DG2 Economic Affairs. Unlikely to succeed in a bid for this portfolio as we are not participating in the exchange rate mechanism of the EMS.

DG3 Industry and Internal Market. We should bid for the major portfolio in this area. At present responsibility is divided between Davignon and Narjes. We should aim for a single Commissioner to supervise the responsibilities of Directorate General 3.

DG4 Competition. Has played an increasingly important role in the control of state aids; would fit well with the internal market or would be of interest as a second portfolio.

DG5 Social Affairs. At present held by Mr Richard. Would still be of some interest to us in a new Commission.

DG6 Agriculture. We should probably have difficulty in securing this portfolio, but it has obvious attractions for us and we should not dismiss the possibility entirely at this stage.

DG7 Transport. British Director General (Mr Steele).

DG8 Development. Difficult to obtain this portfolio as we and the Germans are alone in resisting maintenance in real terms of the EDF. But we want to see it out of French hands and should insist that the French relinquish it if we are unable ourselves to retain the Budget portfolio.

DG9 Personnel. Of no real interest to us and there is a British Deputy Director General (Mr Hay).

DG10 Information. Of little interest.

DG11 Environment and Consumer Protection. Could be of some interest as a second portfolio - but not a priority.

DG12 Science, Research and Development. Would be of interest as a second portfolio or would combine well with industry as a major portfolio.

DG13 'Information and Innovation'. Portfolio of no great consequence. British Director General (Mr Appleyard).

DG14 Fisheries. We should be unlikely to succeed in a bid for this portfolio.

DG15 Taxation and Financial Institutions, including insurance and banking. Could be of interest to us; or banking and insurance might be combined with the internal market responsibilities of DG3.

DG16 Regional Fund. Would be of interest to us, but there will be strong competition from others seeking this as a first portfolio.

DG17 Energy. British Director General (Mr Audland).

DG18 Credit. Of no real interest.

DG19 Budget. Of great interest to us. But after eight years, and with Mr Tugendhat leaving, it will be extremely difficult to retain this portfolio.

DG20 Financial Control. Usually goes with the Budget

Special responsibilities of the Members of the Commission

President	Gaston THORN	Secretariat-General Legal Service Spokesman's Group Security Office Cultural Affairs
Vice-President	François-Xavier ORTOLI	Economic and financial affairs Credit and investments
Vice-President	Wilhelm HAFERKAMP	External relations including nuclear affairs
Vice-President	Lorenzo NATALI	Mediterranean policy Enlargement Information
Vice-President	Étienne DAVIGNON	Industrial affairs Energy Euratom Supply Agency Research and science Joint Research Centre
Vice-President	Christopher TUGENDHAT	Budget and financial control Financial institutions Taxation
Member of the Commission	Antonio GIOLITTI	Regional policy Coordination of Community funds
Member of the Commission	Richard BURKE	Personnel and administration Joint Interpreting and Conference Service Statistical Office Office for Official Publications
Member of the Commission	Giorgios CONTOGEORGIS	Transport Fisheries Coordination of questions related to tourism

Member of the Commission	Karl-Heinz NARJES
Chef de cabinet	Heinrich VON MOLTKE
Deputy Chef de cabinet	Günter BURGHARDT
Member of the Commission	Frans ANDRIESSEN
Chef de cabinet	Carlo TROJAN
Deputy Chef de cabinet	Berend-Jan van VOORST tot VOORST
Member of the Commission	Ivor RICHARD
Chef de cabinet	Aneurin Rhys HUGHES
Deputy Chef de cabinet	Dennis GRENNAN
Member of the Commission	Poul DALSAGER
Chef de cabinet	Ove JUUL JØRGENSEN
Deputy Chef de cabinet	Jens HAUGE PEDERSEN
Member of the Commission	Edgard PISANI
Chef de cabinet	Jean DELORME
Deputy Chef de cabinet	Jean-Charles LEYGUES

NOMINATIONS FOR THE NEW COMMISSION

1. Belgium — M Willy de Clerq

Deputy Prime Minister and Minister of Finance since 1981, and at present Chairman of the IMF Interim Committee. Has held three previous financial or budgetary Ministerial posts, and has for many years been the leading figure in the Flemish Liberal Party (roughly equivalent to the British Conservative Party).

2. Denmark — Mr Henning Christophersen

Deputy Prime Minister and Minister of Finance September 1982 - July 1984. Chairman of Venstre (Liberal) Party 1977 - 1984. Foreign Minister 1978 -1979

3. France — i) M Jacques Delors (See separate CV)

ii) No announcement.

4. Germany — i) Herr Karl-Heinz Narjes

Responsible for Internal Market and Industrial Innovation, Scientific and Technological Information, Customs Union, Environment and Consumer Protection and Nuclear Safety in the present Commission. No Ministerial experience in FRG above Land level. As Commissioner has concentrated (with some success) on Internal Market, but has made little impact in wider Commission politics.

ii) Herr Alois Pfeiffer

Head of Economic Policy Division of the German Trade Union Federation (DBG) since 1975. A career trade union official.

5. Greece — Mr Grigoris Varfis

Has served as PASOK's (Greek Socialist Party's) main Community expert since 1979, as Under Secretary for Foreign Affairs during Greek Presidency, then special adviser on EC matters to Prime Minister Papandreou, until his election to European Parliament in June 1984.

6. Ireland — Mr Peter Sutherland

Currently Attorney General (for the second time). Distinguished legal career both academic and at the bar.

7. Italy i) Onorevole Lorenzo Natali

Natali is expected to stay on, though there has been no official announcement. Vice President of the Commission with responsibility for enlargement since 1977 and Information and Global Mediterrranean Policy since 1981. Christian Democrat. Held various Ministries 1958-1973, including the Ministry of Agriculture (twice briefly).
ii) No announcement. Speculation has centred on Forte (PSI; currently Minister for EC Coordination), Battaglia (Republican Deputy) and Dido (PSI; Trades Unionist and MEP). The latter appears to be the favourite.

8. Luxembourg Mr Nicolas Mosar

Leader of Christian Social Parliamentary Group. A lawyer; able but no Ministerial experience.

9. Netherlands Mr Franz Andriessen

Responsible for Competition Policy and Relations with the European Parliament in the Commission since 1981. Christian Democrat; Minister for Finance 1977-80. A heavyweight Commissioner.

10. United Kingdom i) Lord Cockfield (See separate CV)
ii) Mr Stanley Clinton Davis (See separate CV)

BRITISH COMMISSIONERS

Lord Cockfield was born in 1916 and graduated in both Law and Economics from the London School of Economics before being called to the Bar in 1942. Long experience in the fields of Public Finance (Commissioner of Inland Revenue 1951-52, Adviser on Taxation Policy to the Chancellor of the Exchequer 1970-73, Chairman of the Price Commission 1973-77, Minister of State HM Treasury 1979-82), Industry (Managing Director and Chairman of the Executive Managing Committee of Boots 1961-67, Founder Member of the National Economic Development Council, on which he served 1962-64 and 1982-83) and Trade (Secretary of State for Trade 1982-83). As a Cabinet Minister since 1982, he has participated in the formulation and presentation of the whole range of Britain's economic policies. He was President of the Royal Statistical Society 1968-69, and an Honorary Fellow of the London School of Economics 1972: knighted 1973, Life Peer 1978. The Prime Minister's decision to nominate a Senior Cabinet Minister. As the Senior UK Commissioner underlines our commitment to an effective Commission with political weight.

Mr Stanley Clinton Davis was born in 1928, and received a Law Degree from Kings College London before being admitted as a solicitor in 1953. Experience both in local government (Mayor of Hackney) and in national politics (Labour MP 1970-1983, Parliamentary Under Secretary of State at the Department of Trade 1974-79 and Opposition Spokesman on Trade, Prices and Consumer Protection 1979-83).

DELORS, JACQUES

President-designate of the European Commission.

Born 1925 in Paris. Worked for the Banque de France and later the Economic and Social Council. Counsellor for Social Affairs in the Commissariat-General of the Plan, 1962-68. A member of the French equivalent of the Consumers' Association (a Government body) 1968-70. Secretary-General of the Inter-Ministerial committee for Industrial Training and Social Affairs 1969-73. Appointed adviser to the Prime Minister on Social and Cultural Affairs, June 1969 and from 1971-72 Charge de Mission in the Cabinet of Chaban-Delmas when he played an important part in the development of Chaban's "new society" policy. Delors is in particular credited with the idea of long term progressive wage contracts (contrats de progres) in the public sector. He left the Inter-Ministerial committee in 1973 to take a position at the University of Paris-Dauphine where he lectured on social policy and became an Associate Professor. Founded the "Association 1973-80" to study economic, social and environmental planning in 1973. Member of the Board of the Bank of France, 1973-79. Joined the PS at the time of the Presidential Election in 1974. PS National Delegate for international economic affairs 1976-81. Elected an MEP in 1979, he was President of Economic and Monetary Commission of the European Parliament. During the 1981 Presidential election campaign, he acted as one of Mitterrand's principal advisers on economic affairs. Member of Management Committee of the PS since 1981. Minister for the Economy and Finance from May 1981 to March 1983 and, from then to July 1984, also for the Budget.

Married with two children.

CONFIDENTIAL

FILE
da

10 DOWNING STREET

From the Private Secretary

7 September 1984

British EC Commissioners

The Prime Minister and the Foreign and Commonwealth Secretary discussed this briefly this afternoon. They agreed that Sir Geoffrey Howe should telephone Delors to give him advance notice of our proposed nominations. This might be done latish on Monday 10 September.

The Prime Minister made clear that she will wish to announce the appointments next week in the terms that "X and Y will be the British Government's nominees" for membership of the new Commission of the European Communities.

I am sending a copy of this letter to Richard Hatfield (Cabinet Office).

Charles Powell

L.V. Appleyard, Esq.,
Foreign and Commonwealth Office.

DCAAFM

NR

CONFIDENTIAL

NOTE FOR THE RECORD

cc. Mr. Butler

EUROPEAN COMMISSION: BRITISH COMMISSIONERS

The Prime Minister had a brief discussion on this subject with the Foreign and Commonwealth Secretary this morning.

The Prime Minister said that she had concluded that Lord Cockfield was the best available candidate from the Government's side. She would shortly approach him to offer him the post.

The Prime Minister and Sir Geoffrey Howe agreed that Stanley Clinton-Davies should be approached as the candidate of the Labour Party. Sir Geoffrey Howe should do this once the Prime Minister has spoken to Lord Cockfield. No.10 to inform Mr. Kinnock's office of the approach to Stanley Clinton-Davies.

Sir Geoffrey Howe made the point that Ivor Richard should be informed of the appointment of Stanley Clinton-Davies (or, if he declines, another Labour candidate) before any announcement was made. He would arrange this.

C.D.P.

3 September 1984

FILE

10 DOWNING STREET

From the Private Secretary

3 September, 1984

EUROPEAN COMMUNITY: BRITISH COMMISSIONERS

The Prime Minister has seen Sir Geoffrey Howe's minute of 31 August conveying his further thoughts on possible candidates for the posts of British Commissioners in the next Commission.

The Prime Minister has not commented in writing. But I have the impression that she is not very impressed by either of the two candidates in paragraph 8 of Sir Geoffrey's minute.

I am sending a copy of this letter to Janet Lewis-Jones (Lord President's Office) and to Murdo Maclean (Chief Whip's Office).

(C.D. Powell)

L. Appleyard, Esq.,
Foreign and Commonwealth Office.

RETURN MR POWELL TO CP AFTER DESPATCH.

hle ECL.

10 DOWNING STREET

From the Private Secretary

31 August 1984

CF

European Commission

You will see that Sir James Cleminson has written to the Prime Minister, copying his letter to your Secretary of State, conveying the CBI's views on the composition of the new Commission.

BF

I shall be grateful for a draft reply. Subject to your views and those of the other Departments concerned, I doubt that it need do more than acknowledge the CBI's points.

I am sending copies of this letter to Callum McCarthy (Department of Trade and Industry) and David Normington (Department of Employment).

Charles Powell

Colin Budd Esq
Foreign and Commonwealth Office

Prime Minister.
Sir G. Howe suggests:
Sir N. Goodison or Sir R. Rennock and Stanley Clinton-Davis or Roland Moyle.
I doubt that you will be much impressed!
CDP 31/8

PM/84/141

PRIME MINISTER

European Community: British Commissioners

1. I promised to let you have any further thoughts I might have on possible candidates.

2. Labour, I think, is relatively straightforward. In that slot we need, if possible, a steady, hopefully hard working, team member - preferably chosen, all other things being equal, from Kinnock's list. With Barnett a non-starter, I would go for Clinton Davis: he has relevant Ministerial and international experience, and is competent, mature and reasonably moderate. I would put Moyle second; another possible runner might be Philip Whitehead, but I am not sure he has the right personality. I do not believe Landau (the Co-op man) really deserves serious consideration.

3. On the Conservative side, we need someone whom we can count on to hold his own effectively at Vice-Presidential level within the Commission. There always is an inner group of Commissioners who wield disproportionate influence. Experience with the present Commission has shown us that the key to membership of that inner group is not rank but effectiveness. Our representative will qualify only if he impresses Delors as a substantial figure, with whom he will need and be able to work as a close colleague. Ideally our choice should be able to understand and speak some French. And I should much prefer it if we could find someone whose career has still to peak. Certainly we need someone with the drive and capacity to fight his corner well over the next four years.

4. The most natural place to look for someone with these qualities would be the House of Commons, where we have people like Rifkind, Hurd and Higgins whom we might consider. I know that you

do not want us to have any unnecessary by-elections at the present time. As you know, I believe it would be a pity (from the point of view of general, long term, confidence) if a government with a majority as large as ours was to be indefinitely inhibited in that way. But I shall not, as I said on Tuesday, go on about that at this stage.

5. In the Lords we have already discussed Mansfield, Windlesham, Colville, Selsdon and of course, George Jellicoe. As I said on Tuesday, Willie Whitelaw and I are both doubtful whether George Jellicoe would respond favourably to an invitation - but we should not know unless we tried. Of the others, I think only Selsdon has been of any interest to you. He has been a delegate to the Council of Europe and WEU for some years and he currently advises the Midland Bank on Community matters. But that experience is not in my view enough to qualify a relatively grey figure to be our senior Commissioner.

6. So I have had another go at producing an uninhibited list. The result is attached. As with all such lists, half the names have to be discarded almost as soon as they emerge! Dick Marsh goes as soon as I found out that he sits on the cross-benches. On reflection, neither Chataway or Trethowan really has the weight that is necessary. And we have already had a word about David Young.

7. Terry Burns, on the other hand, is the kind of "surprise choice" who might do the job very well. But he would be badly missed at the Treasury - and his move might, I suppose, be misinterpreted as signalling a change of policy. In the same way, I believe Ian Davison has many of the right qualities. But he took up his Lloyds appointment early in 1983 for a period of three to five years and presumably wants to complete that course. So he is someone whom we ought to keep an eye on in the future rather than today.

8. That leaves the two best in my bunch of eight new names:

Goodison and Pennock, both of whom are quite well-known individuals in their own right. The former has been an outstanding Chairman of the Stock Exchange. He is a strong and effective supporter of our policies. He is widely respected as a competent and forceful figure still very much on the up. He speaks at least some French. His appointment would be widely seen as a signal of the Government's continued determination to press for a wider range of free market policies in the Community, especially on trade in services. Goodison is said to be a bit restless in his present job and he might conceivably welcome a change. Ray Pennock has a great deal of relevant experience. He is the current President of UNICE, the European version of the CBI. He appears at the moment to be without a full-time job and might well welcome an offer. At 64 he is perhaps an older candidate than we might have wanted, but in my experience he is still full of life and effectiveness.

9. To sum up, if he is available I think Nicholas Goodison would be the strongest candidate on my list. I think Ray Pennock would be a very suitable second choice. I should only try George Jellicoe if neither of those was available. On the Labour side, I would go for Stanley Clinton Davis, with Moyle as an alternative.

10. I am copying this minute to the Lord President of the Council and the Chief Whip.

GEOFFREY HOWE

Foreign and Commonwealth Office
31 August, 1984

CANDIDATE	CURRENT JOB
Sir N Goodison	Chairman, Stock Exchange
Lord Pennock	Ex-Chairman BICC, President CBI, President UNICE (roughly - European CBI)
Sir T Burns	Chief Economic Adviser, Treasury
I Davison	Arthur Anderson (Accountants). Also investigating Lloyds
C J Chataway	Vice-Chairman, Orion Bank
Sir I Trethowan	Chairman, Horserace Betting Levy Board
Lord Marsh	Chairman Newspaper Publishers Association, TV am
D I Young	Chairman, Manpower Services Commission

Confederation of British Industry
Centre Point
103 New Oxford Street
London WC1A 1DU
Telephone 01-379 7400
Telex 21332

From
Sir James Cleminson MC DL
President

CBI

Prime Minister
Reply being prepared
CDP 31/8

CONFIDENTIAL

The Rt Hon Margaret Thatcher MP
Prime Minister
10 Downing Street
London SW1

30 August 1984

Ack 31/8

MT

Dear Prime Minister,

In spite of other preoccupations, I am sure you will presently be giving thought to the new European Commission which will take office under M. Delors in January. We in the CBI, like the Government, are of course concerned to see a high-calibre, forward-looking Commission, ready to take constructive initiatives aimed at the promotion of a vigorous and prosperous Community.

In our view such a Community can only be based on a healthy and thriving business sector: and therefore, notwithstanding the need for political balance, it is important to enjoy from the new Commission a greater understanding of and sympathy with business needs than we have had on the whole from the present one.

With honourable exceptions, including Christopher Tugendhat, the outgoing Commission has often seemed out of tune with industry: and nowhere has this been more apparent than in the field of employment and social affairs. As you are aware, the CBI has had to protest strongly and repeatedly against a variety of Commission proposals which are tantamount to social engineering. They would be damaging to the competitiveness of European industry and thus to the very employment prospects which they purport to enhance.

i.e. Ivor Richard

We very much welcome the stand the Government has taken on such issues, and the great efforts by the Secretary of State for Employment to prevent some of the more damaging measures being adopted.

../2

I recognise of course the limits to the influence which any one Member Government can bring to bear on the composition of a new Commission and the disposition of responsibilities within it. But I would emphasise that the appointment of a Social Affairs Commissioner, in particular, with a soundly based understanding of industry's priorities would be seen by our membership as being very much a step in the right direction.

Whatever the make-up of the new Commission, you may be sure that we shall be redoubling our efforts, both direct and through UNICE under the leadership of Ray Pennock, to contribute positively to the creation of the kind of Community which we all want.

I am sending copies of this letter to Geoffrey Howe, Tom King and Norman Tebbit.

Yours sincerely

James.

Ministry of Agriculture, Fisheries and Food
Whitehall Place London SW1A 2HH

From the Minister's Private Office

Paper being prepared for submission to PM.
CDP 30/8.

CONFIDENTIAL

P F Ricketts Esq
Foreign and Commonwealth Office
LONDON
SW1A 2AH

30th August 1984

Dear Peter,

THE NEW EUROPEAN COMMISSION

You copied your letter of ~~9~~ 31st August to Ivor Llewelyn: I am replying in his absence. I apologise for missing your deadline, but my Minister has been away. You will recall that I wrote to Colin Budd on ~~9 August~~ registering Mr Jopling's view that we should not rule out the possibility of obtaining the agricultural portfolio and putting forward Sir Henry Plumb as a possible candidate for the post. His view is unchanged. He feels that the reference in the Annex attached to your letter is much too dismissive and should be amended to indicate that this is one of the portfolios in which we have an interest and for which we have potential candidates.

In any discussion with Mr Delors the Prime Minister will want to emphasise the fact that the United Kingdom must have one of the major portfolios. Under the present arrangement of portfolios there are five important areas of responsibility. These are the portfolios currently covered by Ortoli (economic and financial affairs, credit and investment), Haferkamp (external relations including nuclear affairs), Davignon (industrial affairs, energy etc), Tugendhat (budget and financial control etc) and Dalsager (agriculture). My Minister appreciates that a Commissioner appointed to a portfolio where there is already a British Director General would require a change but does not consider that this would be an insuperable obstacle if the Director General could get another influential post. The arguments against making a bid for

/the Haferkamp and ...

Euro Pol: Appr of British Commissioners Pt 2

the Haferkamp and Davignon portfolios do not appear overriding. The general tone of the paper is too defeatist in the sense that it lists all the reasons why it may be difficult to obtain portfolios.

My Minister believes the Prime Minister's approach should be to say that we expect to have one of the five major portfolios, it will be for Mr Delors to indicate which, and we will provide an appropriate candidate of sufficient calibre to fill the post.

He is not convinced of the arguments in paragraph 7 of the paper that because the UK is at odds with the mainstream of Community opinion on the budget we should be automatically excluded from agriculture. The worst of all possible outcomes would be for this portfolio to go to an Italian and he believes that there would be a number of northern countries who would certainly support the UK in preference to such an outcome. My Minister does not see an able candidate being particularly inconvenienced by the problem of being pressed between farming interests on the one hand and the need for budgetary discipline on the other. As to the danger of excluding ourselves from other desired portfolios by putting forward too specialised a candidate this can be dealt with by the approach suggested for identifying the appropriate portfolio for the UK in advance.

I am copying this letter to the Private Secretaries of OD(E) members and of Sir Robert Armstrong. (and to David Barclay at No.10).

Yours ever,

David Harbourne

D W HARBOURNE
Private Secretary

P.9.
CDP 29/8.

PRIME MINISTER

BRITISH EC COMMISSIONERS

You have frequently proposed Lord Cockfield as the Government candidate to be the main British Commissioner in the next Commission. You have met with equally constant but not very well defined reluctance from several of those whom you have consulted. It may be helpful to try to interpret their misgivings.

On the face of it, we should be doing the Commission proud by sending Lord C. A senior Cabinet Minister, expert in financial matters and with his experience of business at the highest level. A man who knows intimately many of the issues which concern the Community. A person whom you can be confident shares your views of the need to constrain Community expenditure and will fight hard for this goal.

The objections, as I understand them, are two-fold.

The first is whether his particular brand of skill and tenacity would be effective in the Commission. There are no vetoes in the Commission. That is an option only in the Council. At the end of any discussion, the President simply sums up on the basis of his perception of the majority. Saying no in isolation gets you nowhere: the tide simply flows over you. Bad ideas can only be blocked (or good ones promoted) by endless manoeuvring, forming alliances with other Commissioners, scratching their backs in return for their support. There is no doubt that Lord C would be excellent at trench warfare. But that is more the role of the representatives of Member States in the Council. In the Commission you need someone who is fast-moving, tactical and

above all some-one who can get into the inevitable inner circle of senior Commissioners (which in practice means speaking French). The doubt is whether Lord C, despite all his admirable qualities, could operate in that way.

The second objection is that his appointment could be portrayed as simply a means of unloading someone from your Government. That is unfair. For instance M. Delors went straight from the French Cabinet to a Commission post. The difference, I suppose, is really one of age. Delors is demonstrably on the way up: for Lord C it is presumably a last job.

There is one further problem which has not been mentioned, but which could be relevant. Having a former Minister of Lord C's eminence and seniority as our Commissioner could give rise to problems of working relations with the UK Permanent Representative. Insofar as instructions are given, they go from the Permanent Representative to the Commissioner. It has to be the former who represents HMG. There might be difficulties in this with a very recent ex-Cabinet Minister.

This is just an attempt to explain what I think are the reasons behind the rather persistent opposition to your naming Lord C. The onus is of course on the others to come forward with some-one whose merits equal Lord C's and outweigh his possible drawbacks.

My own view is - looking at all the names suggested - that you would get the most effective service from Michael Butler with Phillip Whitehead or Denis Landau for the second Commissioner.

C D P.

C D POWELL

28 August 1984

PERSONAL

7a.

PRIME MINISTER

British EC Commissioners

So many names have been mentioned that you may find it useful to have a note of them, if only to keep a tally.

Government Side

Lord Cockfield
Lord Jellicoe
Sir Henry Plumb
Lady Elles
Basil de Ferranti
Lord Limerick
Lord Selsdon
Lord Soames
Lord Gowrie
Lord Colville
Lord Barber
Lord Windlesham
Sir John Nott
Lord Thomas
Lord Avon
Lord Aberdare
Lord Rawlinson
David Young
Sir Robin Ibbs
Sir David Wolfson
Sir Philip de Zulueta

Sitting MPs

/Peter Rees
Terence Higgins
Douglas Hurd/

Opposition

Joel Barnett
Stanley Clinton-Davies
Roland Moyle
Lord Wedderburn
Dennis Landau
Denis Healey
Lord Northfield
Phillip Whitehead
Fred Mulley
Peter Parker
Peter Jay

Officials

Sir Michael Butler
Mr. Williamson
Mr. Hannay
Sir Donald Maitland
Sir Michael Palliser
Sir Michael Franklin

Businessmen

Christopher Hogg
Jeffrey Stirling
Ronnie Grierson

CDP.

C. D. POWELL

28 August, 1984

315.24

PERSONAL AND CONFIDENTIAL

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

22 August 1984

P F Ricketts Esq
Private Secretary to the Foreign and
Commonwealth Secretary
Foreign and Commonwealth Office
London SW1

Prime Minister

Dear Peter,

NEW EUROPEAN COMMISSION

Thank you for your letter of 9 August covering a paper on the new European Commission. The Chancellor has seen this and is generally content.

He agrees that we must push very hard indeed to secure the Budget portfolio. If, at the end of the day we cannot secure that, he believes that our second choice should be the Internal Market plus competition, with the Internal Market plus Services as a fallback. If we cannot secure our first choice, he thinks that we must insist on this. He would not think it desirable to press for Industry and Services alone - both the Internal Market and competition are of much more importance to the UK.

The Chancellor has noted Mr Jopling's suggestion of Sir Henry Plumb (and he entirely shares the view that we should try to avoid an Italian Agricultural Commissioner). However, he feels that any UK Commissioner holding the agricultural portfolio would be in an invidious position (as, indeed, to some extent would be one holding the Industry portfolio). That would be particularly so, in the case of agriculture, for a man with Sir Henry's background.

On the second Commissioner's portfolio, the Chancellor believes that we should go for either Regional Policy or Science, Research and Development.

Copies go to Charles Powell (No 10), Callum McCarthy (DTI), Michael Reidy (D/En) and David Harbourne (MAFF).

Yours ever,

Miss J C Simpson
Private Secretary

EVRo Pa: Appt of Brit Commr

CP 0/1

Qz.03840

MR POWELL

THE NEW EUROPEAN COMMISSION: PORTFOLIOS FOR BRITISH COMMISSIONERS

The Prime Minister will be receiving before 1 September a paper about possible portfolios for British Commissioners in the new European Commission. This paper has been discussed between officials and is expected shortly to receive the endorsement of the Ministers principally concerned.

2. It seems to me that in discussion with Monsieur Delors, the next President of the new Commission, in the early autumn there would be considerable advantage in not scattering our shot but concentrating on a limited number of important portfolios. A good number of Commissioners have portfolios of little importance or interest and it is best not to concern ourselves too much about them.

3. There are four major portfolios which a top British Commissioner might aim for - Budget, Foreign Affairs, Agriculture and Industry (with the internal market). On Budget, there will be very strong pressure for a change of nationality after 8 years of a British Commissioner and it is doubtful whether it would be worthwhile to press to the last for this portfolio. On Foreign Affairs, there is already a British Director General, which gives us some influence. The Agriculture portfolio is very important and I see no reason why we should not try for it, although there will be strong resistance from other member states. The Industry portfolio, provided that it covers also the internal market, could be increasingly important over the next 4 years and could serve the United Kingdom well. At present, this area of work is divided between, principally, Mr Davignon (who also has numerous other responsibilities for energy policy, research and development, etc) and Mr Narjes but there is no reason

/why

why it should not be the responsibility of a single Commissioner since industry and the internal market are the responsibility of a single Directorate General and Director General below the level of the Commission. I would recommend that the Prime Minister should say to Monsieur Delors, when he visits the United Kingdom in the early autumn, that the United Kingdom's principal portfolio should be one of these four subjects (Budget, Foreign Affairs, Agriculture and Industry (with the internal market)) but that we should indicate a preference for either Agriculture or Industry (which must include the internal market). We shall probably not get Agriculture but it is bad in principle that we should disqualify ourselves.

4. For a second United Kingdom Commissioner probably the most attractive and useful portfolios would be Competition (principally because this can help to control concealed aids elsewhere in the Community), Research and Development (because we want to establish proper priorities in this sector) and Social Affairs (because the United Kingdom has important financial benefits from the Social Fund). I recommend that this should be the order of priority.

5. These ideas may need some revision if the United Kingdom Commissioners have a particular experience or knowledge of a specific area of the Community's work.

6. I am sending a copy to Sir Robert Armstrong.

D F Williamson

D F WILLIAMSON

15 August 1984

THATCHER MAY DENY LABOUR EEC POST

By NICHOLAS COMFORT Political Staff

THE Prime Minister has told Mr Kinnock that she might break with tradition and appoint both of Britain's next two Common Market commissioners herself, instead of leaving the choice of one of them to Labour.

At a meeting with the Labour leader, Mrs Thatcher made it plain that while he was entitled to be consulted, he had no automatic right to nominate a commissioner, and the final choice was hers alone.

A decision on the Prime Minister's part to put forward two candidates of her own choice would effectively mean the sacking of Labour's Social Affairs Commissioner, Mr Ivor Richard.

Mr Richard, a former Labour MP and Ambassador to the United Nations, was reassured earlier this year by Mr Kinnock that the party would be happy for him to serve a second four-year term in Brussels.

His removal, especially if he were replaced by a committed Conservative, would prompt angry protests from Labour members of the European Parliament, and probably from the entire Socialist group.

At present all that is being said by Downing Street is that the "normal process of consultation" over the choice of EEC commissioners has begun. It is understood that Mr Kinnock is the only Opposition party leader being consulted, despite rumours that Mrs Thatcher might offer one of the jobs to Mr Steel, Liberal leader.

Based on 'mythology'

Mrs Thatcher has apparently been advised that the practice of each main party putting forward a nominee for the Commission is based on "mythology" rather than any formal requirement.

And her meeting with Mr Kinnock has given rise in some Labour circles to a conclusion that she is conducting only the "appearance of consultation."

Since Britain joined the Common Market in 1973, the Conservatives have been represented in Brussels by Lord Soames (1973-6), and Mr Christopher Tugendhat (1977 to date).

Labour's nominees have been Lord Thomson of Monifieth (1973-6); Mr Roy Jenkins (1977-80); and Mr Richard (since 1981).

Gruelling stint

While Mr Richard is apparently ready to stay on, and has been assured by Mr Kinnock that Labour would wish him to, Mr Tugendhat is anxious to return to domestic British politics after a gruelling stint as EEC Budget commissioner.

Consequently any decision by Mrs Thatcher to fill both posts herself when the new Commission under M. Delors, the former French Finance Minister, takes over at the end of the year, will mean her finding two suitable new names.

Nor has she much time, as most candidates of suitable standing would propably require a couple of months at least to wind up their present activities before moving to Brussels.

Decision way off

However, word from Downing Street that a decision is some way off strengthens suspicions that the Prime Minister may have no obvious candidates of her own in mind despite the firm line she is taking with Mr Kinnock.

A wide variety of names have been canvassed, with Sir Henry Plumb, present Conservative leader in the European Parliament, and Lord Cockfield, Chancellor of the Duchy of Lancaster, among the more plausible.

The chance of Mrs Thatcher nominating a former Minister like Mr Cecil Parkinson or Mr David Howell is eliminated because of her determination to avoid by-elections in the wake of the Conservatives' mishap at Portsmouth.

It was authoritatively suggested at one time that she might put forward two senior civil servants and take the issue out of poltics altogether, but the Budget agreement at Fontainebleau in June, despite subsequent recriminations over the small print, apparently put an end to this idea.

The possibility has been floated, however, that Sir Roy Denman, a former Whitehall mandarin who is now EEC representative in Washington, might be given one of the British places on the Commission.

A problem seen by EEC "insiders" is that a number of the more eligible candidates are probably too pro-European for Mrs Thatcher's liking. But if she appoints anyone too hostile to the line now being taken by the rest of the Community, tensions between Britain and its partners would merely be heightened.

Ministry of Agriculture, Fisheries and Food
Whitehall Place London SW1A 2HH

From the Minister's Private Office

Colin Budd Esq
Foreign and Commonwealth Office
Downing Street
London SW1

9 August 1984

Dear Colin,

PR 9/10

EC COMMISSION: PORTFOLIOS

My Minister has read with interest the letter from Mr Christopher Tugendhat which was attached to Charles Powell's letter to you of 2nd August.

He very much agrees that we ought not to rule out altogether the possibility of obtaining the agriculture portfolio. It is not strictly correct to say that this has always been occupied by one of the smaller countries since there was an Italian Commissioner for Agriculture, Mr Scarascia-Mugnozza, although only for a relatively short period. More importantly, it seems likely that the Italians will make a strong bid again this time and in Signor Natali they have a strong candidate. It would be disastrous if this were to happen. It does not seem likely that the Germans will come up with a suitable candidate and clearly the French are ruled out so long as they provide the Director General. The Danes have had their turn and our information is that Mr Andriessen is not particularly seeking the agriculture portfolio.

It is clearly highly desirable that we should secure one of the principal portfolios for the UK vice president. Mr Jopling believes that Sir Henry Plumb would be an extremely strong candidate given his background as past President of the NFU and COPA as well as his role in the European Parliament. We should be able to count on support from other northern countries and even from the French if we put forward the right man.

I am sending copies of this letter to Charles Powell, (No. 10) David Peretz, (HM Treasury) Callum McCarthy (DTI) and Michael Reidy (Department of Energy).

Yours ever,

David Harbourne

DAVID HARBOURNE

EUKs Pol: Appt. of Res
Pt 2

7/8

cc HMT
MAFF
DTI
Energy
FCO.

10 DOWNING STREET

THE PRIME MINISTER

8 August 1984

Thank you for your letter of 31 July about the next European Commission and the portfolios we might go for. I found this most interesting and valuable, and will have your reflections very much in mind.

(SD) M. THATCHER.

Christopher Tugendhat, Esq.

Foreign and Commonwealth Office

London SW1A 2AH

7 August 1984

CR

Be sym for PM's sig.

DMB 7/8

Dear David,

EC Commission: Portfolios

In his letter of 2 August enclosing a letter to the Prime Minister from Christopher Tugendhat, Charles Powell asked for a draft reply. I enclose one which follows his advice: no more than a friendly acknowledgement. Because it is not substantive we have not cleared it with other Departments.

Incidentally, Sir Geoffrey Howe, who saw Charles Powell's letter before his departure, agreed that the only surprise in Mr Tugendhat's letter as far as he was concerned was the suggestion that we had a serious chance of obtaining the Agriculture portfolio.

I am sending copies of this letter and enclosure to David Peretz (HM Treasury), Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food), Callum McCarthy (Department of Trade and Industry), and Michael Reidy (Department of Energy).

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

David Barclay Esq
10 Downing Street

DSR 11 (Revised)

DRAFT: ~~minute~~/letter/~~telegram~~/~~despatch~~/~~note~~

TYPE: Draft/Final 1+

FROM:

The Prime Minister

DEPARTMENT: TEL. NO:

Reference

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO:

Mr Christopher Tugendhat
Vice-President of the Commission
of the European Communities
rue de la Loi 200
1049 Brussels

Your Reference

Copies to:

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT:

Thank you for your letter of 31 July about the next European Commission and the portfolios we might go for. I found this most interesting and valuable, and will have your reflections very much in mind.

Enclosures—flag(s).....

EURO Pol: Appt of Pres Pt 2

(2)

pa
7/8

PRIME MINISTER

EUROPEAN COMMUNITY: BRITISH COMMISSIONERS

The Lord President has reflected further over the weekend but no fresh inspiration has descended. He says that the fact of the matter is that there is no financial wizard on the Labour benches of the Lords, something which Lord Cledwyn frequently bemoans. He is inclined to think that it is best now to leave matters until you return from holiday and then have a further discussion. He continues to think Lord Cockfield a good candidate.

MT

C.D.P.

6 August, 1984

ec Master

SUBJECT

NOTE FOR THE RECORD

EUROPEAN COMMUNITY: BRITISH COMMISSIONERS

The Prime Minister had a further discussion of this with Sir Geoffrey Howe today.

They agreed that, of the names submitted by Mr. Kinnock, Joel Barnett was by far the best. It was agreed that Sir Geoffrey Howe would sound him out as soon as possible to see whether he was interested. The Leader of the Opposition's Office should be informed of this. Of the other names on Mr. Kinnock's list only Stanley Clinton-Davis deserved serious consideration. He might be a fall-back if Joel Barnett was not interested.

There was also discussion of possible candidates on the Government side. The Prime Minister said that she thought Lord Jellicoe would be a good candidate. He had experience and good French. Sir Geoffrey Howe pointed out that he had performed well as Chairman of the British Overseas Trade Board. The Prime Minister concluded that he would do well provided that Joel Barnett agreed to be a candidate, since he (Barnett) could provide the expertise in financial and budgetary questions. But if Joel Barnett was not prepared to be considered then she would need to think again about George Jellicoe. The Prime Minister also mentioned that Lord Selsdon would be a strong candidate, though she doubted very much whether he would want the job. She recalled that the Lord President had also mentioned Lord Colville as a possible candidate.

Sir Geoffrey Howe will now approach Joel Barnett. Mr. Kinnock's Office have been informed.

C.D.P.

2 August 1984

File

10 DOWNING STREET

From the Private Secretary

2 August 1984

EC COMMISSION: PORTFOLIOS

I enclose a copy of a letter to the Prime Minister from Christopher Tugendhat containing his thoughts on the portfolios which we should go for in the next Commission. I think I am right in saying that the only surprise in it is the suggestion that the UK has a serious chance of obtaining the agricultural portfolio.

BFI

I should be grateful if you could let me have a draft reply. I do not think, at this stage, that we need do more than thank Christopher Tugendhat for his advice and say that the Prime Minister will have this very much in mind while considering candidates for the British Commissioners posts and, later on, in deciding which portfolios we ought to bid for.

I am sending copies of this letter and enclosure to David Peretz (H.M. Treasury), Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food), Callum McCarthy (Department of Trade and Industry), and Michael Reidy (Department of Energy).

CHARLES POWELL

Colin Budd, Esq.,
Foreign and Commonwealth Office.

PRIME MINISTER

BRITISH EC COMMISSIONERS

This probably cannot now be settled until the end of August, or early September, given that everyone is scattering for the holidays. Equally, it will need to be settled promptly then, if only because of the possible implications for a re-shuffle.

I suggest that with Geoffrey Howe tomorrow you try to clear up the following points:-

(i) Is your first choice a pair of politicians or a pair of civil servants/businessmen?

(ii) If you prefer a pair of politicians, you must get the Government nominee settled first before approaching a Labour candidate. Geoffrey Howe continues to have reservations about Arthur Cockfield. Give him until 27 August to come up with a candidate whom he can convince you is better?
What about George Jellicoe?

(iii) Assuming that you settle for politicians, what is the order of preference amongst Kinnock's suggestions (Barnett, Clinton-Davis and Moyle)?
Are there other Labour politicians you would prefer to some of these?

(iv) If you decide to go for officials/businessmen, do you agree on a Butler/Landau ticket?
A note on Mr. Landau, who was suggested by Mr. Kinnock, is attached.

The key thing is to settle a deadline of end-August for implementing a decision so that candidates can be approached promptly thereafter.

CDP.

1 August 1984

Top copy with Political Office

10 DOWNING STREET

THE PRIME MINISTER

1st August 1984

Dear Henry

Thank you so much for your letter of 24th July about the Presidency of the European Parliament.

It was good of you to keep me informed, and I read with interest what you said about the future.

I can quite understand your exasperation - I share it. I thought our M.E.P's were marvellous.

Yours

Sir Henry Plumb DL MEP

cc. John Selwyn Gummer Esq MP

Margaret

010

CHRISTOPHER TUGENDHAT

VICE PRESIDENT OF THE COMMISSION
OF THE EUROPEAN COMMUNITIES

RUE DE LA LOI, 200
1049 BRUSSELS - TEL. 235 25 14
235 26 10

31 July 1984

Prime Minister ②
I think he is very optimistic in suggesting that we might be able to get our hands on agriculture.
CDP 2/8
[reply commissioned]

Dear Prime Minister

Now that the future Presidency of the Commission has been settled, I thought it might be helpful to let you have some reflections that you might wish to take into account when considering who the British Commissioners should be.

My first point concerns status. The new Commission will probably contain at least four ex-finance ministers: Delors and Christophersen, who have already been named, and De Clercq and Andriessen who are expected to be. This is the criterion by which the British Commissioners, and notably the senior British Commissioner who may expect to be one of the Commission's Vice-Presidents, will be judged: the extent to which they measure up to this level of experience will play a significant part in deciding what portfolios they secure.

As so many Members of the present Commission are leaving, I imagine Delors will wish - and his colleagues insist - on changing the nationality of the holders of the various portfolios. This is likely to be particularly true of those portfolios which have remained in the same hands for more than the lifetime of one Commission. As you know, the allocation is made by the Commission itself on a proposal from the President and cannot be pre-arranged, though you will no doubt make your preferences known. It is important therefore that both British Commissioners, but especially the potential Vice-President, should be capable of doing a variety of jobs. But if you have a preference for a particular portfolio, the British candidate should be personally particularly suited to it.

The Rt. Hon. Margaret Thatcher, MP

.../...

I will not burden you here with all the various arguments for and against different portfolios. My own experience has confirmed my view that the ones which count most are those in respect of which there is a clear Community policy, and a specific Commission competence for executing it, not least insofar as its execution involves the expenditure of Community money. On this basis, the portfolios which seem to me the most interesting, apart from my own, are Agriculture, External Relations, Development, Regional and Social Affairs, Competition, the Internal Market, and, on a smaller scale, Fish.

It is by no means certain however that the actual content of portfolios in the next Commission will be the same. Certain ideas are afoot, for example, regarding the creation of a specific portfolio for Trade in Services, in which there would be an obvious British interest. It is likely in any event that Mr. Davignon's current empire of Industry and Energy will be broken up. A portfolio linking the Internal Market to Competition is a possibility and one which would offer considerable opportunities.

Agriculture and Development are two portfolios which will undoubtedly remain the same as they are at present, and I would like to say a word about both.

If a really well-qualified British candidate for Agriculture was available, I believe it could be obtained, but his qualifications would have to be beyond question. Although there will be a widespread reluctance to allow a Briton to take on Agriculture, our case would be strong if we no longer had the Budget and cannot go for External Relations, where there is a British Director-General, or Economic and Monetary Affairs, because of the EMS. In the past, Agriculture has always gone to a Commissioner from a smaller country. This time however I think the Danish, Dutch and Belgian Commissioners will all want something else. I do not see it being given to an Irishman or a Greek, but the Italians may mount a strong challenge and it would not be in our interest for them to succeed.

Development is less attractive than agriculture but, as you know, is a field in which the Commission plays an important rôle. Real interests are involved in the way policy is conducted towards the developing countries in general and those of Africa, the Caribbean and the Pacific in particular. In addition, the way in which contracts are arranged and signed is a matter of acute interest to the relevant British industrial and commercial interests.

There is one final point I should like to make. Whatever the political affiliation of the second British Commissioner may be, it is absolutely essential that he should be prepared to work closely with his colleague in all matters directly affecting the British interest. The same applies to their Cabinets.

With best wishes
Yours ever
Chris Patten

The Rt. Hon. Margaret Thatcher, MP
10 Downing Street

GB - LONDON SW1

10 DOWNING STREET

From the Private Secretary

Prime Minister.

British EC Commissioners.

You will recall that one of the names on Mr. Kinnock's list was Dennis LANDAU, Managing Director of the Cooperative Wholesale Society.

2. Since no-one here knew much about him, I asked Antony Acland to have a discreet word with Sir Adrian Cadbury, for whom he used to work.

3. The attached note records the result.

CDP 30/7

Secretary of State
See also WHO'S WHO entry below.
CPBudd 30/7

From: PS/PUS
Date: 30 July 1984

Private Secretary

? possible runner for the Development Portfolio. African experience relevant to Lomé.

NEXT BRITISH COMMISSIONERS

1. As agreed with you and Mr Powell at No 10, the PUS telephoned Sir Adrian Cadbury this morning to ask his impression of Mr Dennis Landau. Sir Adrian Cadbury said that he knew Mr Landau quite well, liked him and admired him for his abilities. He was an interesting man, a chemist by trade who had become a manager with Schweppes and had run the food side of Cadbury-Schweppes after the two companies had merged. About 10 years ago he had moved to the CWS. He was primarily an operator and a very effective manager. He had a good mind but did not put things down on paper. He was not a conceptual thinker. His 10 years at the CWS would have involved him in assimilating large quantities of complex material and reaching clear decisions on it. He would have been good at this, but would not have been good at setting out on paper the principles which would have guided him in reaching his decisions.

2. Sir Adrian Cadbury said that Mr Landau was a convinced socialist, Jewish and, Sir Adrian thought, still unmarried. He had wanted a job that would suit these convictions, and the CWS seemed to have done this well. Asked by the PUS how Mr Landau got on with people, Sir Adrian Cadbury said that people enjoyed working for him. At Cadbury-Schweppes he had had acerbic relations with some of his colleagues at his level, whom he had thought to be bureaucratic and obstructive. This was one of the reasons why he moved. There had been something of a clash of cultures - inevitable, perhaps, after the merger of the two companies. But Sir Adrian would not want to underestimate Mr Landau's undoubted abilities.

3. Sir Adrian Cadbury said that he doubted whether Mr Landau had much overseas experience or knew languages. Neither his job with Schweppes nor with Cadbury-Schweppes would have had an overseas or a European side to them. In reply to a question from the PUS, Sir Adrian pointed out that virtually all of his time in these jobs would have been before Britain joined the European Community and he would not, therefore, have picked up any understanding of community issues. Indeed,

/Sir

Sir Adrian thought that in these days he was a bit chary of Europe. Nor would he have got much overseas experience at the CWS, which was pretty insular. He might, however, have some contacts with Israel.

4. The PUS thanked Sir Adrian for this picture. Sir Adrian agreed to treat the conversation as entirely private.

MH Jay.

M H Jay
PS/PUS

30 July 1984

Laughton and I, 1938; Elsa Lanchester Herself (autobiog.), 1983. *Recreation:* wild flowers. *Address:* 9405 Brighton Way, Beverly Hills, Calif 90210, USA.

LANCHIN, Gerald; consultant; Chairman: Direct Mail Services Standards Board; Packaging Council; *b* 17 Oct. 1922; *o s* of late Samuel Lanchin, Kensington; *m* 1951, Valerie Sonia Lyons; one *s* two *d*. *Educ:* St Marylebone Grammar Sch.; London Sch. of Economics. BCom 1st cl. hons 1951; Leverhulme Schol. 1950-51. Min. of Labour, 1939-51; served with Army, RAOC and REME, 1942-46; Board of Trade (subseq. DTI and Dept of Trade): Asst Principal, 1952; Principal 1953; 1st Sec., UK Delegn to OEEC, Paris, 1955-59; Principal, Estabt and Commercial Relations and Exports Divs, 1959-66; Asst Sec., Finance and Civil Aviation Divs, 1966-71; Under-Sec., Tariff, Commercial Relations and Export, Shipping Policy, and General Divs, 1971-80 and Consumer Affairs Divs, 1971-82. *Recreations:* reading, gardening, music. *Address:* Herrick, Doggetts Wood Close, Chalfont St Giles, Bucks. *T:* 02-404 2822. *Club:* Reform.

LAND, Edwin Herbert; US physicist and inventor; Founder, President and Director of Research, Rowland Institute for Science, since 1981; Founder Chairman of Board and Consulting Director of Basic Research, Polaroid Corporation, retired 1982 (President, 1937-75; Chief Executive Officer and Director of Research, 1937-80); Fellow and Visiting Institute Professor, Massachusetts Institute of Technology, since 1956; *b* Bridgeport, Connecticut, 7 May 1909; *s* of Harry M. and Martha G. Land; *m* 1929, Helen Maislen; two *d*. *Educ:* Norwich Acad.; Harvard. Founded Polaroid Corporation, 1937. War of 1941-45, in charge of research into development of weapons and materials, and cons. on missiles to US Navy. Invented polarizer for light in form of extensive synthetic sheet; also camera which produces complete photograph immediately after exposure, 1947. Member: President's Science Adv. Cttee, 1957-59 (Consultant-at-large, 1960-73); President's Foreign Intelligence Adv. Bd, 1961-77; Nat. Commn on Technology, Automation, and Economic Progress, 1964-66; Carnegie Commn on Educational TV, 1966-67; President's Cttee, Nat. Medal of Science, 1969-72. Harvard University: Mem. Vis. Cttee, Dept of Physics, 1949-66, 1968; William James Lectr on Psychol., 1966-67; Morris Loeb Lectr on Physics, 1974. Trustee, Ford Foundn, 1967-75. Fellow: Photographic Soc. of America, 1950-; Amer. Acad. of Arts and Sciences, 1943- (Pres., 1951-53); Royal Photographic Society, 1958-; Nat. Acad. of Sciences, 1953-, etc. Hon. MRI, 1975; Hon. Mem., Soc. of Photographic Science and Technology, Japan, 1975; Hon. Fellow: Royal Microscopical Society, and many other American and foreign learned bodies. ScD (Hon.) Harvard Univ., 1957, and holds many other hon. doctorates in science and law. Awards include: Hood Medal and Progress Medal, RPS; Cresson Medal and Potts Medal, Franklin Inst.; Scott Medal, Philadelphia City Trusts; Rumford Medal, Amer. Acad. of Arts and Scis, 1945; Holley Medal, ASME, 1948; Duddell Medal, British Physical Soc., 1949; Nat. Medal of Science, 1967. Presidential Medal of Freedom, 1963. *Publications:* contributions Journal Opt. Soc. America, Amer. Scientist, Proceedings of Nat. Acad. of Science. *Recreations:* music, horseback riding. *Address:* 163 Brattle Street, Cambridge, Mass 02138, USA; (office) 100 Cambridge Parkway, Cambridge, Mass 02142. *T:* 617 497-4632. *Clubs:* Harvard (NY and Boston); Century Association (New York); St Botolph, Harvard Faculty (Boston); Cosmos (Washington, DC).

LAND, Prof. Frank William, MSc, PhD London; Professor of Education, University of Hull, 1961-77; *b* 9 Jan. 1911; *s* of Charles and Mary Land; *m* 1937, Nora Beatrice Channon; two *s* one *d*. *Educ:* King's Coll., University of London. Assistant Master, The Grammar School, Hampton-on-Thames, 1933-37; Mathematics Lecturer: College of St Mark and St John, Chelsea, 1937-39; Birkbeck Coll., London, 1939-40. Instructor Lieut, Royal Navy, 1940-46. Vice-Principal, College of St Mark and St John, Chelsea, 1946-49; Senior Lecturer, University of Liverpool, 1950-61. Chairman, Association of Teachers in Colleges and Departments of Education, 1956-57. *Publications:* Recruits to Teaching, 1960; The Language of Mathematics, 1961. *Recreation:* gardening. *Address:* Cremel Cwm, Church Lane, Gwernaffield, Mold, Clwyd CH7 5DT.

See also M. F. Land.

LAND, Gillian; *see* Lynne, Gillian.

LAND, Dr Michael Francis, FRS 1982; Reader in Biological Sciences, University of Sussex, since 1977; *b* 12 April 1942; *s* of Prof. Frank William Land, *qv*; *m* 1980, Rosemary (*née* Clarke); one *s* two *d*. *Educ:* Birkenhead Sch., Cheshire; Jesus Coll., Cambridge (MA); University Coll. London (PhD). Asst Lectr in Physiology, UCL, 1966-67; Miller Fellow, 1967-79, and Asst Prof. of Physiology-Anatomy, 1979-81, Univ. of Calif, Berkeley; Lectr in Biol Sciences, Univ. of Sussex, 1971-77. Vis. Prof., Univ. of Oregon, 1980; Sen. Res. Fellow, ANU, 1982-84. *Publications:* 45 papers on animal vision in learned jls. *Recreations:* photography, music. *Address:* 10 Cleve Terrace, Lewes, East Sussex BN7 1JJ. *T:* Lewes 6780.

LANDA, Hon. Abram, CMG 1968; LLB; Notary Public; Agent-General for New South Wales in London, 1965-70; *b* 10 Nov. 1902; *s* of late D. Landa, Belfast; *m* 1930, Perla (*d* 1976), *d* of late L. Levy; one *s* one *d*. *Educ:* Christian Brothers' Coll., Waverley, NSW; University of Sydney. Solicitor, 1927-. MLA for Bondi, NSW, 1930-32 and 1941-65; Minister for Labour and Industry, 1953-56; Minister for Housing and Co-operative Societies, 1956-65; Minister for Housing, NSW, 1956-65. Past Member Senate, University of Sydney; Past Trustee, NSW Public Library. *Recreations:* swimming, bowls. *Address:* 22 Coolong Road, Vaucluse, NSW, Australia. *Club:* Tattersall's (Sydney).

LANDA, Lynda, (Mrs Clive Landa); *see* Chalker, L.

LANDALE, Russell Talbot; HM Diplomatic Service, retired 1971; Consul-General, Amsterdam, 1969-71; *b* 25 Oct. 1911; 3rd *s* of late W. H. Landale and Ethel (*née* Talbot); *m* 1938, Margaret Myfanwy George; two *d* (one *s* decd). *Educ:* Berkhamsted Sch.; Wiesbaden Konservatorium; Rackows Kaufmännische Schule, Dresden; Institut de Touraine, Tours. British Tabulating Machine Co. (now ICL), 1933-39; HM Forces, 1940-46; Diplomatic Service, 1946-71. Chevalier de l'Ordre de Méduse, 1974. *Recreations:* viticulture, writing, music (compositions include Song of the Waves, Silver Jubilee Rag, Last Time We Met, Love has almost Gone, Meribel, Tulips of Holland, Let Our People Go, On Poets, Carol's Dance, Petit Nocturne Petite Valse, songs for children). *Address:* Fleur de France, Route de l'Ormée, 06140 Vence, France. *T:* Vence 580369.

LANDAU, Dennis Marcus; Chief Executive, Co-operative Wholesale Society Ltd, since 1980 (Deputy Chief Executive Officer, 1974-80); *b* 18 June 1927; *s* of late Michael Landau, metallurgist. *Educ:* Haberdashers' Aske's Hampstead Sch. Schweppes Ltd, 1952; Man. Dir, Schweppes (East Africa) Ltd, 1958-62; Chivers-Hartley: Prodn Dir, 1963; Man. Dir, 1966-69; Chm., Schweppes Foods Div., 1969; Dep. Chm. and Man. Dir, Cadbury Schweppes Foods, 1970; Controller, Food Div., Co-operative Wholesale Society Ltd, 1971. Director: C. W. S. Svineslagterier A/s; Co-operative Retail Services Ltd; Sorbie Cheese Ltd; CWS (NZ Hldgs) Ltd; CWS (India) Ltd; Co-operative Bank plc; Co-operative Insce Soc. Ltd. Member: Metrication Bd, 1972-80; Exec. Cttee, Food Manufacturers' Fedn Inc., 1972-. FIGD 1977 (Pres. 1982-); CBIM 1980. *Recreations:* Rugby, cricket, music. *Address:* 9 Grey Road, Altrincham, Cheshire WA14 4BT. *T:* 061-928 4116. *Club:* Lancashire CC.

LANDEN, Dinsdale (James); actor; *b* 4 Sept. 1932; *s* of Edward James Landen and Winifred Alice Landen; *m* 1959, Jennifer Daniel. *Educ:* King's Sch., Rochester; Hove County Grammar Sch. *Stage:* Dead Secret, Piccadilly, 1957; Auntie Mame, Adelphi; Provok'd Wife, Vaudeville; Philanthropist, May Fair, 1970; Alphabetical Order, May Fair, 1975; London Assurance, New, 1972; Bodies, Ambassadors; Taking Steps, Lyric, 1980; *National Theatre:* Plunder; The Philanderer; On the Razzle, 1981; Uncle Vanya, 1982; *television:* Great Expectations, Mickey Dunne, The Spies, Glittering Prizes, Devenish, Two Sundays, Fathers and Families, Pig in the Middle. *Recreations:* walking, golf. *Address:* The Coach House, Larpent Avenue, SW15. *T:* 01-788 5273. *Club:* Stage Golfing Society.

LANDON, Alfred Mossman; Independent Oil Producer; *b* 9 Sept. 1887; *s* of John Manuel Landon and Anne Mossman; *m* 1915, Margaret Fleming (*d* 1918); one *d*; *m* 1930, Theo Cobb; one *s* one *d*. *Educ:* University of Kansas. Republican State Chm., 1928; Governor of Kansas, 1933-37; Republican nominee for Pres. of United States, 1936; Delegate to Eighth International Conference, Lima, Peru, 1938; Chm. Kansas Delegation Republican Nat. Convention, 1940, 1944, and 1948; Mem. Methodist Church; Member, Kansas Bar; Member, Phi Gamma Delta; Mason, Elks, Odd Fellows. Hon. LHD Kansas State, 1968; Hon. LLD Emporia Coll., 1969. Distinguished Citizenship Award: Washburn Univ., 1967; Baker Univ., 1975. *Recreations:* horseback riding, fishing, bridge. *Address:* 521 Westchester Road, Topeka, Kansas 66606, USA. *T:* 233-4136.

LANDON, Howard Chandler Robbins; author and music historian; *b* 6 March 1926; *s* of late William Grinnell Landon and Dorothea LeBaron Robbins; *m* 1957, Else Radant. *Educ:* Aiken Preparatory Sch.; Lenox Sch.; Swarthmore Coll.; Boston Univ., USA (BMus). European rep. of Intercollegiate Broadcasting System, 1947; founded Haydn Soc. (which recorded and printed music of Joseph Haydn), 1949; became a Special Correspondent of The Times, 1957 and contrib. to that newspaper until 1961. Visiting Prof., Queen's Coll., NYC, 1969; Regents Prof. of Music, Univ. of California (Davis), 1970, 1975, 1979; John Bird Prof. of Music, UC Cardiff, 1978-; Christian Johnson Prof. of Music, Middlebury Coll., Vermont, USA, 1980-. Hon. Professorial Fellow, University Coll., Cardiff, 1971-79; Hon. Fellow, Lady Margaret Hall, Oxford, 1979-. Hon. DMus: Boston Univ., 1969; Queen's Univ., Belfast, 1974; Bristol, 1982. Verdienstkreuz für Kunst und Wissenschaft from Austrian Govt, 1972. *Publications:* The Symphonies of Joseph Haydn, 1955 (London); The Mozart Companion (co-ed with Donald Mitchell), 1956 (London); The Collected Correspondence and London Notebooks of Joseph Haydn, 1959 (London); Essays on Eighteenth-Century Music, 1969 (London); Ludwig van Beethoven: a documentary study, 1970 (London); critical edn of the 107 Haydn Symphonies, (completed) 1968; five-vol. biog. of Haydn: vol. 3, Haydn in England, 1976; vol. 4, Haydn: The Years of The Creation, 1977; vol. 5, Haydn: The Late Years, 1977; vol. 1, Haydn: The Early Years, and vol. 2, Haydn in Esterhaza, 1978-80; Haydn: a documentary study, 1981; Mozart and the Masons, 1982; scholarly edns of eighteenth-century music (various European publishing houses). *Recreations:* swimming, cooking, walking. *Address:* Anton Frankgasse 3, Vienna 1180, Austria. *T:* 314205; Hirschbach 114 (Vitis), 3942 Austria. *T:* 02854/404; The Vicarage, 48 Bridge Street, Chepstow, Gwent. *T:* Chepstow 4407.

LANDRETH, Rev. Canon Derek, TD 1963; Vicar of Icklesham, Diocese of Chichester, since 1983 (Priest-in-charge, 1982-83); Chaplain to the Queen,

RM

10 DOWNING STREET

THE PRIME MINISTER

27 July, 1984.

Dear Mr. Kinnock,

I am most grateful for your letter of 25 July in which you suggest a number of names for the position of one of the British Commissioners to the European Community. I shall need to discuss the choice of our Commissioners further with Geoffrey Howe when he returns from Peking at the end of next week and I shall be in touch with you again after that.

Thank you once more for your help.

Yours sincerely

Margaret Thatcher

The Rt. Hon. Neil Kinnock, M.P.

Conservative and Unionist Party, GB
Det konservative folkeparti, DK
Ulster Unionist Party, N. Ireland

31

Top copy with Political Office

EUROPEAN DEMOCRATIC GROUP
EUROPEAN PARLIAMENT

Chairman
Sir Henry Plumb, DL, MEP

LONDON

2 Queen Anne's Gate
London, SW1H 9AA
Tel. (01)222 1720
(01)222 1729
Telex 917650 EDGLDN

26th July, 1984

The Rt. Hon. Margaret Thatcher, MP
Prime Minister,
10 Downing Street,
London S.W.1.

Dear Prime Minister,

I am writing to express my appreciation for your kind and encouraging message to me and other Conservative MEPs earlier this week.

All of us in the Group were heartened to receive such positive and helpful good wishes in what promises to be a more difficult Parliament than its predecessor. Members of other Groups in the Parliament who have heard about your message have been full of praise for its reaffirmation that the majority of anti-Socialist parties in the Parliament can and should work together.

As you know, it was with Conservative votes on the second round that Monsieur Pflimlin was elected President of the Parliament last Tuesday. I attach a copy of the letter which Dr. Klepsch, Chairman of the European People's Party Group (Christian Democrats), sent to me in recognition of Diana Elles's withdrawal of her candidature after the first round of voting for the Parliament's Presidency. I think this letter forms a good starting point for our attempt in 1987 to place a British Conservative in the Presidency of the European Parliament.

I am asking John Gummer to send a copy of this letter to Dr. Kohl and other leading members of the European Democratic Union. It would obviously be helpful if you could gently remind our friends within the Community from time to time of the obligation that they have undertaken towards us in this matter.

.../...

Dr. Klepsch signed this letter on behalf of the Heads of national delegations within his Group, and I am optimistic that we can hold him to it.

I am writing to Geoffrey Howe separately with a fuller account of the events of this first session of the second directly elected European Parliament.

Yours ever,

Henry.

HENRY PLUMB

Enc.

c.c. John Selwyn Gummer, Esq., MP

FROM: Mr. Egon A. Klepsch

TO: Sir Henry Plumb

Dear Sir Henry,

I am writing to record my appreciation and that of my Group for the helpful and positive contribution the European Democratic Group made to the election this week of Mr. Pflimlin to the Presidency of the European Parliament.

I should like particularly to thank Lady Elles, who is held in particular esteem and affection by the European People's Party, for her generous withdrawal as a candidate for the Presidency before the second round of voting. I think the European Democratic Group's support for Mr. Pflimlin is an excellent example of the way in which the majority in this Parliament can work together; I am confident we can repeat this cooperation in the next presidential election.

My colleagues and I will, in consequence, support any acceptable Presidential candidate from the EDG for the next Presidential election.

Yours .....

Egon A. Klepsch

in name of the presidency and the chairs of delegations for the European People's Party group.

MINISTÈRE
DES
AFFAIRES EUROPÉENNES

LE MINISTRE

N° 1649 /CAB/JMR/LA

PARIS, LE 26 JUIL. 1984

MT

Dear Prime Minister,

I would like to thank you for giving me the opportunity to meet you a week ago and for considering the name of M. Jacques DELORS as a candidate for the Presidency of the European Communities Commission on that occasion.

The French Government is most grateful for your approval which made his nomination possible later in the week. I sincerely believe the choice they made is a good one for the Community.

Many new challenges remain ahead of us but I am confident that the spirit of constructive cooperation which has prevailed within the Community in the recent past will continue.

Let me add that it was an honour and a personal pleasure for me to meet you again and that I shall be looking forward to do so again on future occasions.

Yours.

Roland DUMAS

Madame Margaret THATCHER
Premier Ministre
LONDRES
GRANDE-BRETAGNE

cc FCO

(8)

Prime Minister
CDP 2/8.

AMBASSADE DE FRANCE
LONDRES

L'AMBASSADEUR

1st August, 1984

PS. 6/P.

Dear Prime Minister,

I have just received through the diplomatic bag the enclosed letter addressed to you by Monsieur Roland DUMAS, Ministre des Affaires Européennes.

I enclose it herewith.

Yours sincerely

Emmanuel

The Rt. Hon. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
London S.W.1.

MR BUTLER
PRIME MINISTER

EUROPEAN COMMISSIONERS

Mr Kinnock has submitted some names (attached). He has not approached any of them to find out whether they would be willing to go. Joel Barnett stands out well above the others. The inclusion of Mr Landau suggests that Mr Kinnock is prepared to see someone nominated who is not a "serving politician". This opens the option of appointing two non-politicians if you choose to.

You said yesterday that you would welcome some more suggestions. Geoffrey Howe will no doubt let you have some when he gets back. Robin and I have been giving some thought and I attach a list of some names (some of whom Robin has already mentioned to you).

MT

CDP

C D POWELL

BRITISH COMMISSIONERS

Lord Soames (again)

Lord Barber (probably would not be interested)

Lord Jellicoe (probably would not be interested)

Sir John Nott

Sir Philip de Zulueta

Sir Walter Goldsmith

Sir David Wolfson

He would not do it FERB

Christopher Hogg (Courtaulds)

Jeffrey Stirling

HOUSE OF COMMONS
LONDON SW1A 0AA

The Office of the Leader of
the Opposition

25 July 1984

Dear Prime Minister,

Further to our meeting last Friday I am now offering you a list of suggested names for the position of one of the British Commissioners to the European Economic Community. I have not directly or indirectly consulted any of these people since I feel it would be inappropriate to make such an approach at this stage. If one or more of them is likely to meet with your approval and should you wish to make the relevant contact please inform me.

For greater accuracy I have included brief references to professional and political background in respect of each of those on the following list:

Stanley Clinton-Davies	(solicitor, Under Secretary Department of Trade);
Joel Barnett	(accountant, Chief Secretary to the Treasury);
Dennis Landau	(Chief Executive Officer, Co-operative Wholesale Society);
Lord Wedderburn	(Professor of Commercial Law);
Roland Moyle	(Minister of State, Northern Ireland, Minister of State for Health).

Yours sincerely,

Neil Kinnock

Rt Hon Margaret Thatcher MP

NOTE FOR THE RECORD

cc Mr Butler

EUROPEAN COMMISSIONERS

The Prime Minister had some further discussion on this with the Foreign and Commonwealth Secretary and the Chief Whip on 24 July. Mr Alison was also present for part of the time.

Sir G Howe said that other members of the Community rated Commissoner posts highly and this was reflected in the quality of those whom they sent to fill them. The French were the best example of this. We should look for the best available candidates even if this meant drawing someone from the Government ranks in the House of Commons. The Prime Minister commented that the French appeared exceptional: few of the Commissioners from the other States were of the same calibre. In any event she was firmly resolved not to select a candidate from the House of Commons.

In subsequent discussion a number of names were mentioned but rejected either because it was felt that their qualities were needed in the Government or that their abilities did not match the requirements of the job. The latter category included Lords Windlesham, Thomas, Limerick, Avon and Aberdare. It was suggested that the net should be cast wider, for example the City and industry.

The Prime Minister concluded that the candidate whom she proposed still appeared to be the strongest contender. But it was clear that a further trawl of possible names was needed. She would like to see some suggestions.

C D P.

C D POWELL

25 July 1984

MJ

25 July 1984

The Prime Minister has asked me to thank you for your letter confirming your interest in serving as a member of the EC Commission and to say that she will bear your interest and experience in mind when considering possible candidates.

CP

The Lord Northfield.

From: Lord Northfield

2 4th July 1984

Dear Prime Minister.

Appointment of EEC Commissioners

My name was among those you considered when Ivor Richard was appointed four years ago. Should you be considering any change for the period ahead, may I confirm my continuing deep interest?

You will perhaps know of my work at Nuffield College and at Sussex, with a fellowship for study of the EEC institutions: this was in the first half of the nineteen-seventies, and Emile Noel gave me free run of Berlaymont. I then became chairman of the Development Commission (partly using European experience to change it into a rural development agency) and of Telford New Town, where your Ministers have twice re-appointed me. But I kept up my EEC connections by becoming one of the international group of four special advisers to the EEC Commissioner dealing with the environment; and I have been assisting understanding between the Commission and the DoE on several of the new environment directives, particularly the one dealing with environment impact assessment.

As to personal qualities and politics (I remain on the Labour benches but am well-known as very cross-bench!) these would be best commented upon by ministers such as Patrick Jenkin, Michael Heseltine or Irwin Bellwin. They would also no doubt comment on my work at Telford.

Yours Sincerely

Donald Northfield.

Rt. Hon. Mrs. Margaret Thatcher M.P.
Prime Minister.

FILE

GM
cc: PC

10 DOWNING STREET

From the Private Secretary

23 July, 1984

THE FRENCH PRESIDENCY OF THE EC

The Prime Minister has noted with interest Sir Michael Butler's letter of 11 July on this subject.

(C.D. Powell)

C.R. Budd, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

File

cc: PE

87

10 DOWNING STREET

From the Private Secretary

23 July, 1984

Dear Len,

MESSAGE TO SIR HENRY PLUMB

The Foreign Secretary minuted the Prime Minister on 20 July to propose that she should send a telex to Sir Henry Plumb to strengthen his hand in discussion within his Group of the Presidency of the new European Parliament. The Prime Minister agrees to send a message and has approved the attached telex. I shall be grateful if you will arrange for its early despatch.

Yours sincerely,

Charles Powell

(C.D. Powell)

L. Appleyard, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

TELEX FROM THE PRIME MINISTER TO SIR HENRY PLUMB

Best wishes to you and our Conservative colleagues at the constituent session of the European Parliament! The voters have given a majority in the new Parliament to Parties which work for personal freedom and economic freedom. I know that the EDG will play its full part in this majority and against a socialist Europe. Five years of hard work await you - make sure you get off to a good start.

Prime Minister
Agree proposed message to Sir H Plumb?
CDP 20/7

PM/84/127

PRIME MINISTER

Yes mt

1. As you know, the European Parliament will be electing its new President next week. It is important that our MEPs play their part in this election in a way which reinforces the centre-right alliance we have been advocating and gives no comfort to the Socialists. They have a choice between three candidates. The Socialists have united in support of Mr Dankert, whom we would not wish to see elected. At this stage there are two candidates on the centre-right; Diana Elles as the EDG candidate, and M. Pflimlin, a Christian Democrat and former Prime Minister of France and Mayor of Strasbourg. M. Pflimlin has some deficiencies as a candidate - his election would mean French Presidents of both Parliament and Commission, he is reaching the end of his political career, and he is anxious to keep the Parliament in Strasbourg. Between these two, the choice for us is clear. But if, as seems possible, Diana Elles is eliminated and there is a final run off between M. Pflimlin and Mr Dankert, it appears possible that some of our MEPs might support Mr Dankert. In my view (and I understand also Henry Plumb's view) it would be very damaging to the prospects of long-term cooperation among centre-right Parties for the British Conservatives to be seen to split between a Socialist and a Christian Democrat, especially if this resulted in the election of the Socialist.

2. I therefore suggest that you consider sending a telex along the lines of the attached draft to Henry Plumb in order to strengthen his hand at the crucial stages of discussion within his Group. I know Henry would welcome this. The draft may strike you - as it did me - as somewhat delphic. But I am advised that it strikes the right note, without opening up the possibility of claims

/that

that we are interfering. It would be most useful if it were to arrive during the course of Monday, 23 July.

GEOFFREY HOWE

Foreign and Commonwealth Office

20 July 1984

DSR 11 (Revised)

TELEX

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

TYPE: Draft/Final 1+

FROM:

Prime Minister

Reference

DEPARTMENT: TEL. NO:

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO:

Sir Henry Plumb

Your Reference

Copies to:

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT:

Best wishes to you and our Conservative colleagues at the constituent session of the European Parliament! The voters have given a majority in the new Parliament to Parties which work for personal freedom and economic freedom. I know that the EDG will play its full part in this majority and against a socialist Europe. Five years of hard work await you - ~~[good luck with the beginning.]~~ make sure you get off to a good start.

Ends

CDP

Enclosures—flag(s).....

CONFIDENTIAL

file BM

bc PC

10 DOWNING STREET

From the Private Secretary

20 July 1984

Next President of the EC Commission

Thank you for your two letters of 18 July and your letter of 19 July summarising developments.

The Prime Minister has noted these.

(C.D. Powell)

Colin Budd, Esq.,
Foreign and Commonwealth Office

CONFIDENTIAL

dg

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T130/84

FILE
cc: FCO

RM

10 DOWNING STREET

SUBJECT
cc Master
ops

THE PRIME MINISTER

20 July, 1984

My dear Prime Minister,

Thank you for your letter of 6 July about the candidacy of Frans Andriessen for the post of President of the European Commission.

I recognise Mr. Andriessen's great qualities, and gave very careful consideration to his candidacy. But Garrett FitzGerald's soundings of our colleagues came up, as you know, with a consensus for M. Delors.

Warm regards,

Yours sincerely

Margaret Thatcher

His Excellency Dr. Ruud F.M. Lubbers.

RM

SUBJECT
& Master Set

Pl. f.6
CDP

NOTE FOR THE RECORD

EUROPEAN COMMISSIONERS

The Prime minister discussed with the Leader of the Opposition in her room at the House of Commons today the nomination of the next British Commissioners. Mr Alison, Mr Clements (Mr Kinnock's office) and I were present.

The Prime Minister recalled that before the present UK Commissioners had been nominated she had held discussions with Mr. Callaghan. Mr Fred Mulley and Mr Joel Barnett (as they then were) had been considered before Mr Ivor Richard was chosen. She had thought that Joel Barnett would be excellent and would be glad to put him forward on this occasion if the Labour Party put him forward and he was willing to accept. She was not prepared to nominate Mr Richard for a second term because she thought that as a general rule people should not serve as Commissioners for too long: also she could tell Mr Kinnock confidentially that he had not been very good. She had considered whether she should nominate Sir Michael Butler, of whom she had the highest opinion; but this would be unpopular with her own Party if she were to nominate alongside him a politician from the Labour Party. She was not however in favour of putting forward someone from the House of Commons since this would involve a by-election. She took the view that the Commission was too large and had proposed that it be reduced to 12; but for the present she was working on the assumption that it would remain at 17 and that the UK would continue to have two places.

The Leader of the Opposition said that he took the view that it was better to have politicians and that ideally they should serve two terms. The Prime Minister was only the second person to give him a poor report about Mr. Richard.

He would have preferred that Mr Richard should serve a second term, but he recognised the force of the Prime Minister's view and the constitutional position and he therefore reluctantly accepted that Mr Richard should not be nominated again. In his view it would be easier to nominate an official if the British Commissioners were reduced to one; failing that, he suggested that politicians should be nominated. He would probably look in the House of Lords for his candidates and would try to give the Prime Minister names by the middle of the coming week.

F.E.R.B.

20 July 1984

CONFIDENTIAL file DCAADY

file

10 DOWNING STREET

From the Private Secretary

20 July 1984

European Community: Portfolios in the Next Commission

Thank you for your letter of 19 July enclosing a paper on portfolios in the next Commission. This was very helpful background for the Prime Minister's meeting with the Leader of the Opposition this morning, on the subject of the Commission.

I suggest that you circulate the paper for the views of other departments, with the aim of putting agreed recommendations to the Prime Minister by 1 September.

Charles Powell

C.R. Budd, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

cc TF
Press

Foreign and Commonwealth Office

London SW1A 2AH

19 July 1984

Dear Charles,

European Community: Appointment of M. Delors

The Irish Government this morning announced that Heads of State and Government of the Community had reached agreement that M. Delors should be appointed President of the next Commission.

The Foreign Secretary recommends that we should warmly welcome M. Delors' appointment on the following lines:

> "M. Delors is a man of outstanding ability. He is very well qualified for the post and we warmly welcome his appointment. His distinguished background in dealing with economic and budgetary issues will be a major asset to the Community".

/ I also enclose some additional notes for supplementaries on which the Prime Minister might wish to draw if questions are asked in the House this afternoon.

I am copying this letter to the Private Secretary to Sir Robert Armstrong.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

SURELY IT IS NOT THE TURN OF THE FRENCH?

It had been expected that the Germans might put forward a candidate on this occasion. Both they and the Italians decided not to do so. The choice was therefore between the candidates who were actually in the field. The main requirement was that the job should go to someone of outstanding ability.

WHY NOT A BRITISH CANDIDATE?

Britain held the Presidency last time round (1977-1981). It would not have been appropriate for us to put forward a candidate again so soon.

WHAT ABOUT M. DAVIGNON?

M. Davignon was another very highly qualified candidate for the post. However, to be appointed, he would have needed wider support than he apparently received.

A GERMAN CANDIDATE NEXT TIME ROUND?

The President of the Commission is appointed for two years. His appointment may be renewed. A decision on renewal of M. Delors' appointment, or of the appointment of a successor, will be taken by Heads of Government at the time.

CONFIDENTIAL

(1)

Foreign and Commonwealth Office

London SW1A 2AH

19 July 1984

Prime Minister
Agree to circulate to other departments for eventual Ministerial discussion?
CDP
19/7

Dear Charles,

European Community: Portfolios in the Next Commission

I enclose a paper on the portfolios we might aim for in the next Commission.

Sir Geoffrey Howe agrees that our ability to secure the portfolios we want will depend crucially on the qualifications of our nominees for the new Commission. We should aim to retain the Budget portfolio if we can, but it will be very difficult to do so as we have held it for eight years and Mr Tugendhat will be leaving. We should therefore aim alternatively for the main internal market portfolio combined either with industry or services, including insurance. The paper deals also with the possibilities for portfolios for our second Commissioner.

We have not of course cleared this paper with other Departments, though we believe that the Treasury and DTI would support this broad approach. I should be grateful if you would, in due course, let us know if you would like us to circulate a paper on these lines more widely, for the views of other Departments.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

EUROPEAN COMMUNITY: PORTFOLIOS IN THE NEXT COMMISSION

Procedure

1. Dr FitzGerald is expected to announce formally the appointment of M Delors as the next President of the Commission in his speech to the European Parliament on 25 July. Thereafter the President-designate would visit the capitals of all member states to discuss national nominations for their Commissionerships with the heads of government. His aim will be to try to influence governments to appoint people he feels he can work with. In practice it is open to governments to insist on their own nominees.

2. the new Commissioners then would normally be appointed ''by common accord'' by the governments of the member states (Article 158 of the Treaty) in the margins of the December Foreign Affairs Council. The President might convene an informal meeting of the Commissioners-designate in December, so that they can get to know each other and have a preliminary discussion of portfolios. The allocation of portfolios takes place at the first meeting of the Commission in early January, with the President of the Commission playing a central role, since it is he who has to reconcile the conflicting demands of his colleagues.

Portfolios

3. Member states have no formal role in the allocation of portfolios. But by convention as a major state we are entitled to expect one of the major portfolios. In discussing our possible candidates with M Delors - probably in the autumn - the Prime Minister will wish to make clear from the outset the portfolios for which we think they will be particularly well qualified. It follows that the personal qualifications and standing of the British Commissioners-designate, together with their expressed wishes and those of the Government, will strongly influence their chances of getting any particular portfolio.

4. The Commission operates on a collegiate basis. The ability of our nominees to exert effective influence as Commissioners will depend no less crucially on their personal qualifications and ability to operate successfully in the Brussels

/environment

environment. Davignon's success in accumulating power within the Commission has been an outstanding example of this. The new Commission, initially, will still consist of 14 members. With the accession of Spain and Portugal in 1986 the number will probably rise to 17. Within the enlarged Commission there will be a stronger tendency than ever for an inner cabinet to be formed, and it will be essential to the pursuit of our interests in the Community that the British candidates should be of a calibre which will ensure that our leading Commissioner forms part of that inner group. An ability to operate effectively in French is virtually a sine qua non for real influence within the Commission. We cannot assume that portfolios will remain the same as in the existing Commission. There will be some re-distribution and we ourselves have been considering suggesting the creation of a combined internal market/services portfolio.

The British Interest

5. What we need out of the new Commission is better internal management, budgetary control, the development of the internal market and sensible industrial policies. We should consider against these objectives the portfolios for which we might aim with reasonable prospects of success.

6. It would not normally make sense to aim for British Commissioners to be heads of Directorates General in which there are already British Directors General. Mr Fielding is Director General for External Relations and exerts a great deal of influence on external trade policies. If there were a British Commissioner, he would be moved. Since the External Relations Commissioner spends much of his time travelling, he may be absent for important collegiate discussions in the Commission. In general our interests are likely to be best served by keeping our Directors General where they are and bidding for other key portfolios. Mr Steele is doing a good job as Director General for Transport and Mr Audland as Director General for Energy. We need to secure influence in areas of real importance for the future, and where our interests are less well represented.

/7.

7. It is not usually possible to secure portfolios in areas where a given member state is considered to hold views at one end or the other of the spectrum of Community opinion. We would have no chance of securing the Agriculture portfolio. We should probably not be able to secure the Economic Affairs portfolio so long as we are not participating in the exchange rate mechanism of the EMS. Retention of the Budget portfolio would be of great interest to us, but would be extremely difficult to achieve with Mr Tugendhat leaving, as we have now held it for eight years. The Fisheries portfolio would also be very difficult to secure, and is of somewhat less interest now that the main features of the Common Fisheries Policy have been settled.

8. There are other portfolios of real importance and interest to us. In particular we should aim for the industry portfolio, and that to do with the internal market, services, etc. There seem likely to be two portfolios covering this area in the new Commission. We should make it clear that if we are to be satisfied with industry as our major portfolio, it must include the internal market responsibilities. In other words we should argue that there should be a single Commissioner covering the responsibilities of Directorate General 3. Alternatively, we should aim for a combined internal market and services portfolio, including insurance (from DG15). Otherwise we should seek to retain the Budget portfolio; and we should put in a strong bid for that portfolio in any event, since it would be in our interests to secure it if we can; and because such a bid could help to ensure that, if we cannot retain the Budget, we secure a really substantial internal market portfolio.

9. As regards our second portfolio, it has been suggested that we should bid for Development. In that event we should have to be prepared to move fairly rapidly in September to a consensus on the future size of the EDF. We should not exclude the possibility of bidding

/for

for that post. In any event we should aim to ensure that it is no longer held by the French; and we should insist on this if we were unable to retain the Budget portfolio.

10. The Competition portfolio would be of considerable interest to us, though it would be difficult to obtain if we secured the main internal market portfolio. Regional Policy is more likely to go as a first portfolio to someone else and, with enlargement, we are unlikely to derive significant benefits from the Regional Fund. Science, Research and Development would be another good possibility as a second portfolio. We would also have an interest in Social Affairs, but it would be difficult to retain that portfolio when Mr Richard leaves; and we should not want it in the hands of someone who would favour social legislation of a kind incompatible with our objective of creating the right conditions for industrial growth.

11. An annotated note on the Directorates-General of the Commission and a paper setting out the allocation of responsibilities in the existing Commission are attached.

DIRECTORATES GENERAL OF THE EUROPEAN COMMISSION

DG1 External Relations. British Director General (Mr Fielding).

DG2 Economic Affairs. Unlikely to succeed in a bid for this portfolio as we are not participating in the exchange rate mechanism of the EMS.

DG3 Industry and Internal Market. We should bid for the major portfolio in this area. At present responsibility is divided between Davignon and Narjes. We should aim for a single Commissioner to supervise the responsibilities of Directorate General 3; or for a combined internal market and services portfolio, including insurance (from DG 15), but not transport (DG 7), which is likely to remain a separate portfolio, and where there is a British Director General.

DG4 Competition. Of less importance than the internal market side of DG 3, but would be of interest as a second portfolio.

DG5 Social Affairs. At present held by Mr Richard. Would still be of some interest to us in a new Commission.

DG6 Agriculture. We shall not obtain this portfolio.

DG7 Transport. British Director General (Mr Steele).

DG8 Development. Difficult to obtain this portfolio as we and the Germans are alone in resisting maintenance in real terms of the EDF. But we want to see it out of French hands and should insist that the French relinquish it if we are unable ourselves to retain the Budget portfolio.

DG9 Personnel. Of no real interest to us and there is a British Deputy Director General (Mr Hay).

DG10 Information. Of little interest.

DG11 Environment and Consumer Protection. Could be of some interest as a second portfolio - but not a priority.

DG12 Science, Research and Development. Would be of interest as a second portfolio.

DG13 "Information and Innovation". Portfolio of no great consequence. British Director General (Mr Appleyard).

DG14 Fisheries. We should be unlikely to succeed in a bid for this portfolio.

DG15 Taxation. No real interest.

DG16 Regional Fund. Would be of interest to us, but there will be strong competition from others seeking this as a first portfolio.

DG17 Energy. British Director General (Mr Audland).

DG18 Credit. Of no real interest.

DG19 Budget. Of great interest to us. But after eight years, and with Mr Tugendhat leaving, it will be extremely difficult to retain this portfolio.

DG20 Financial Control. Usually goes with the Budget portfolio.

Special responsibilities of the Members of the Commission

President	Gaston THORN	Secretariat-General Legal Service Spokesman's Group Security Office Cultural Affairs
Vice-President	François-Xavier ORTOLI	Economic and financial affairs Credit and investments
Vice-President	Wilhelm HAFERKAMP	External relations including nuclear affairs
Vice-President	Lorenzo NATALI	Mediterranean policy Enlargement Information
Vice-President	Étienne DAVIGNON	Industrial affairs Energy Euratom Supply Agency Research and science Joint Research Centre
Vice-President	Christopher TUGENDHAT	Budget and financial control Financial institutions Taxation
Member of the Commission	Antonio GIOLITTI	Regional policy Coordination of Community funds
Member of the Commission	Richard BURKE	Personnel and administration Joint Interpreting and Conference Service Statistical Office Office for Official Publications
Member of the Commission	Giorgios CONTOGEORGIS	Transport Fisheries Coordination of questions related to tourism

Member of the Commission	Karl-Heinz NARJES	Internal market Industrial innovation Customs Union Service Environment, consumer protection Nuclear safety
Member of the Commission	Frans ANDRIESSEN	Relations with the European Parliament Competition
Member of the Commission	Ivor RICHARD	Employment and social affairs Tripartite Conference Education and vocational training
Member of the Commission	Poul DALSAGER	Agriculture
Member of the Commission	Edgard PISANI	Development

Commission
portfolios

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister

19 July 1984

CDP
19/7

Dear Charles,

Herr Genscher telephoned the Secretary of State at 0930 today to follow-up the question put to him by Sir J Taylor yesterday as to what was behind the news report that the German Government had expressed its support for M. Delors as the next President of the Commission.

Genscher recalled that in the past the Germans had on several occasions said they intended to put forward a candidate of their own. In the event, however, they had decided that it would make sense for Biedenkopf to start as Commissioner and Vice-President. The Chancellor had, therefore, told President Mitterrand that he could agree to Delors as the next President, but that the Germans would expect Delors' successor to come from the Federal Republic.

In discussion, Sir Geoffrey and Genscher agreed that Delors was a very able candidate and would do a good job as President.

Genscher offered no clue as to how long the Germans expect Biedenkopf to serve as Vice-President before moving on to the top job. Sir Geoffrey naturally did no more than take note, making no comment either on Biedenkopf or on the reported arrangement between the French and the Germans. We should clearly reserve judgement on Biedenkopf for the moment, and look at his candidacy later in the light of his performance meanwhile.

We must in any case surely regard the formal German position as resting with the message from Kohl relayed to No 10 yesterday by Neuer.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

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NEXT PRESIDENT OF THE COMMISSION:
TELECON HALLETT/WALL (ECDI)

1. THE TAOISEACH'S DEPARTMENT ISSUED THE FOLLOWING STATEMENT THIS MORNING:-

BEGINS

THE TAOISEACH, DR GARRET FITZGERALD, TD, IN HIS CAPACITY AS PRESIDENT OF THE EUROPEAN COUNCIL AND IN ACCORDANCE WITH THE MANDATE GIVEN TO HIM BY THE HEADS OF STATE OR GOVERNMENT AT THE EUROPEAN COUNCIL IN FONTAINEBLEAU, HAS HAD CONSULTATIONS WITH HIS COLLEAGUES ABOUT THE APPOINTMENT OF A NEW PRESIDENT OF THE COMMISSION OF THE EUROPEAN COMMUNITIES AS FROM JANUARY, 1985. FOLLOWING THESE CONSULTATIONS, THE HEADS OF STATE OR GOVERNMENT OF THE TEN MEMBER STATES OF THE COMMUNITIES HAVE AGREED TO THE APPOINTMENT OF M. JACQUES DELORS TO THE OFFICE OF PRESIDENT OF THE COMMISSION.

THE PRESIDENT OF THE EUROPEAN COUNCIL WILL AVAIL OF THE OPPORTUNITY TO SEEK THE OPINION OF THE ENLARGED BUREAU OF THE EUROPEAN PARLIAMENT ON THE AGREEMENT REACHED BY THE HEADS OF STATE OR GOVERNMENT ON THE APPOINTMENT OF M. DELORS.

ENDS

FCO PLEASE ADVANCE TO:-

NO 10 DOWNING STREET

GOODISON

PRIME MINISTER

MEETING WITH MR KINNOCK: BRITISH EC COMMISSIONERS

Points to make:

Had hoped to achieve a smaller Commission with only one Commissioner from each Member State. This is the most which is justified by the amount of work. But some others - notably Italy and Germany with coalition Governments - were unwilling to accept this. So expect there to be a 17-man Commission after enlargement, with two Commissioners from each of the larger Member States.

The Government nominates the UK Commissioners but customary to consult the Opposition. Met Mr Callaghan in similar circumstances in 1980 and asked him to let me have two or three names for consideration. Grateful if you would do this.

Not good to keep the same person in Brussels too long. As you will have heard, not ready to nominate Ivor Richard for a further term. {True that Mr Tugendhat had served two terms but he was appointed in one Government and continued under another}.

Name of Joel Barnett comes naturally to mind. Was approached last time, but reluctant to give up his seat.

An alternative would be to go for two non-political commissioners.

Distribution of portfolios in the new Commission will be discussed in the autumn. The Budget portfolio will remain important. Other areas of interest will be the industry/energy/research portfolio at present held by

Viscount Davignon (though no-one else it will be likely to get their hands on quite such a large segment of work); and the developing countries portfolio which the French have had for far too long.

Hope you can let me have some suggestions quickly. Now that the Presidency of the Commission has been settled we need to move to nominate the British Commissioners fairly rapidly so that they can start to prepare themselves. (If asked: no absolute deadline, but would like to decide before Summer Recess if possible).

{If asked}: Not yet reached a decision on whom to nominate as the senior British Commissioner.

Background

In 1980 the Prime Minister met Mr Callaghan on 2 July and asked him to suggest names for the second British Commissioner post. Mr Callaghan said he would take soundings and let the Prime Minister have the names of two or three possible candidates. In the event, when the Prime Minister saw him again on 21 July, he proposed only the name of Mr Mulley. He had tried Joel Barnett who had not wanted to be considered. Although it is not explicit in the files, Mr Callaghan seems to have mentioned several other names but without actually proposing any of them. In subsequent discussions various names were considered including Lord George Brown, Shirley Williams, Lord Northfield and several others. In the end the choice fell on Ivor Richard, who Mr Callaghan must have mentioned as a possible at some stage. But this was not settled until the beginning of October.

The Chief Whip has been in touch through the normal channels. It is clear that Mr Kinnock is likely to press the claims of Ivor Richard again, if only to be able to say

that he has done so. But he will be aware that you are not ready to agree to this.

CDP.

C D POWELL

18 July 1984

CONFIDENTIAL

Pa: CD 20/7

(2)

Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister
Following our conversation this morning. Geoffrey Howe will tell Dumas & the Irish Presidency that we will support Delors.
CDP 18/7

18 July 1984

Dear Charles,

Next President/Secretary General of the EC Commission

Sir Geoffrey Howe spoke to M. Dumas early yesterday evening about this, saying that while he had not yet been able to discuss with the Prime Minister the question of the new President, he wanted to follow-up with M. Dumas their earlier exchange about the Noel succession. In reply M. Dumas noted that there was scope for a UK/French agreement on these questions, although M. Noel would not be retiring for two or three years. Did the UK have a candidate? Sir Geoffrey Howe said that we did have one possibility in mind. We hoped for firm French support. It was left that M. Dumas would telephone Sir Geoffrey Howe back on the afternoon of 18 July, once the latter had been able to talk to the Prime Minister.

In the event, M. Dumas telephoned back as early as 0910 this morning, anxious to have the final UK view on M. Delors. Sir Geoffrey Howe said that he had not yet been able to discuss the point again with the Prime Minister, but said he would do so as soon as possible. M. Dumas, when pressed again on the question of the Noel succession, said he saw no problem about that: he had discussed the matter last night with President Mitterrand. We could be assured that the President was personally committed to support the British candidate when the time came to find a successor for M. Noel.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

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cc PC

RESTRICTED

Foreign and Commonwealth Office

London SW1A 2AH

18 July 1984

Prime Minister
Dr. Kohl's Private Secretary finally telephoned this afternoon to confirm that there would be no German candidate, & they supported ~~Kohl~~ Delors
CDP 18/7

Dear Charles,

Next President of the EC Commission

Sustained efforts by the Embassy in Bonn having borne no fruit by mid-afternoon, Sir Geoffrey Howe decided to wait no longer for final confirmation that the Germans will not be putting forward a candidate. He therefore telephoned Dr Fitzgerald at 3.40 pm to confirm that the UK could accept Mr Delors as the next President of the Commission. The Taoiseach was most grateful for this news. He went on to say how surprised he had been by the general willingness to fall in with the French proposal of Delors. Even Martens had shown no inclination to press the candidacy of Davignon, support for whom had in general been noticeable by its absence.

The Taoiseach went on to say that an announcement would be made tomorrow morning at around 9 am. He was also in touch with Dankert, who had indicated his provisional assent but had said he would like to see a telex communicating the news formally. This was in hand, and Dr Fitzgerald would also be addressing the Parliament next Wednesday.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

PS Shortly after making the above call Sir Geoffrey telephoned M. Dumas to pass on our decision. Monsieur D. was most grateful.

RESTRICTED

cc France Int Sit
Europ CAP
Europ Budget

Ref. A084/2063

PRIME MINISTER

Cabinet: Community Affairs

You may like to tell Cabinet about your discussions with Dr FitzGerald, in his capacity as President of the European Council, and with the French Minister for European Affairs, Monsieur Dumas, particularly about the next President of the Commission. In the absence of a German candidate, most member states are supporting Monsieur Delors (until the recent reshuffle, the French Minister of Finance). The French Government are pressing for an early decision, in order to resolve uncertainties about Monsieur Delors's future. We do not dispute Monsieur Delors's personal qualities, although we should have preferred greater respect for rotation of this office between member states.

2. The Foreign and Commonwealth Secretary may refer to the appointment of Monsieur Fabius as Prime Minister of France and the consequences for Ministerial responsibilities there. He will also report on his discussion with Monsieur Dumas about the handling in Brussels of the Commission's proposals for a supplementary budget for 1984 and for the preliminary draft budget for 1985 which are in excess of the revenue available under the 1 per cent VAT ceiling. In discussion with Monsieur Dumas, the Foreign and Commonwealth Secretary has also received an assurance, in exchange for our agreement to Monsieur Delors as the next President of the Commission, of French support for a United Kingdom candidate for the post of Secretary General of the Commission, when this becomes available at some time between now and 1987.

3. The Minister of Agriculture, Fisheries and Food will report on the Agriculture Council on 16-17 July. This reached agreement on better control of production aid for olive oil. In response to pressure from the United Kingdom, the Commission promised a comprehensive report in September about the

arrangements in other member states for administering the milk supplementary levy; Mr Jopling urged the vital importance of avoiding discrimination between the producers in different Community countries. The United Kingdom also urged the Commission to produce early proposals for the introduction of a guarantee threshold for olive oil. The French made a statement on the budgetary implications of the 1984 farm price fixing, arguing that the package of economies then agreed was the most that was politically acceptable and that everybody had recognised that a supplementary budget would be needed later in the year. Mr Jopling recalled that the United Kingdom had made it clear at the time that agreement to the prices package did not signify the United Kingdom's acceptance of the need for additional budgetary provision for 1984 and had recorded this view formally in the minutes. The United Kingdom believed that the budget must be brought into balance in accordance with the Treaty.

4. The Budget Council on 18-19 July is discussing the draft supplementary budget for 1984 and the 1985 preliminary draft budget: this will be a difficult Council, since it is in the United Kingdom's interest to maximise savings and to push any irreducible minimum 1984 budget overrun into 1985 when we shall benefit from the new budget refund system. The interest of other member states in the contrary. It is unlikely that the results of this Council will be known before Cabinet. The last Foreign Affairs Council before the Community's August holiday is on 23-24 July.

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Approved by
ROBERT ARMSTRONG
and signed in his absence.

18 July 1984

10 DOWNING STREET

From the Private Secretary

Prime Minister

Para. 1 is rather overtaken by events. After:

(a) you had secured a personal commitment from President Mitterrand to support a British candidate for Secretary-General of the Commission; and

(b) the Germans told us directly that they would not field a candidate but would support Delors,

Geoffrey Howe told Dr. Fitzgerald that we too would support Delors. This

opens the way for an announcement by the Irish Presidency at 9 a.m. tomorrow that Delors will be the ~~who~~ new President.

C.D.P.

18/7

cc PC.

Foreign and Commonwealth Office

London SW1A 2AH

(4)

17 July, 1984

Prime Minister
You will want to read paras. 1-7
C D P
17/7.

Dear Charles,

The French Presidency of the EC

I enclose a copy of Michael Butler's letter of 11 July on this subject. Sir G Howe has suggested that the Prime Minister might like to see it.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

OFFICE OF THE UNITED KINGDOM
PERMANENT REPRESENTATIVE
TO THE EUROPEAN COMMUNITIES
ROND-POINT ROBERT SCHUMAN 6
1040 BRUSSELS

TELEPHONE 230 62 05

11 July 1984

Sir Crispin Tickell KCVO
FCO

Dear Crispin,

FRENCH PRESIDENCY: JANUARY TO JUNE 1984

1. For the Community as a whole, and even more for the United Kingdom, the completion of the post-Stuttgart negotiations at Fontainebleau was by far the most important event of the French Presidency. But much else got done, thanks to performances by several French Ministers ranging from good to excellent. Looking back on the Presidency it seems almost miraculous that so many decisions were taken, given the inability of French officials in Paris or Brussels to plan ahead because they could not forecast the intentions of their Ministers and the complete uncertainty about the outcome in which the Presidency allowed both the Brussels and Fontainebleau European Councils to begin. If Mitterrand knew what he was doing at every stage - and I am not sure that he did - he left a lot to chance and to his ability to sway things one way or the other at the last moment.

POST-STUTTGART NEGOTIATIONS

2. In the New Year the Presidency embarked on a long series of bilateral meetings at Presidential, Ministerial and official levels, without any visible effects in advance of the European Council in March, for which multilateral preparation was virtually non-existent. On budget discipline (where French and British views had come into uneasy balance before Athens) and the increase in own resources these tactics worked well in Brussels and texts which would have been very controversial with the smaller Member States if they had been tabled beforehand were provisionally adopted by the European Council with relatively little discussion. Even on budget imbalances surprising progress was made. The Presidency text which we negotiated with the French on the second morning contained a budget correcting mechanism with nearly all the attributes we were seeking. If Mitterrand thought that he could bounce that through as well he was over-optimistic. Despite an hour's apparent effort on his part the Italians, supported by the Greeks and Danes, dug in their toes. And Kohl's proposal for a 5-year ad hoc arrangement, to which Mitterrand rallied straight away, destroyed all hope of a settlement at that meeting. (Had they cooked it up together at breakfast? I suspect so.)

3. With the benefit of hindsight, I think that it is quite likely that Mitterrand never intended to go all the way at Brussels, lest the French opposition should be able to complain of a Thatcher victory in the European election campaign. Early in the Presidency there were rumours that the June European Council was the French target date for a settlement and this caused adverse reactions elsewhere. It may be that the French move in February/March towards apparently trying to get the deal done in Brussels was mainly designed to cut the ground from under criticism of French inaction. Perhaps Mitterrand would have been prepared to settle in March if the UK had been willing to make a rather poor settlement form our point of view. But I do not think that the

/French

French really expected that we would.

4. During April, May and the first week in June the French again did nothing in Brussels, while leading a campaign elsewhere to suggest that the March offer was no longer on the table and that the Community would move on without the UK if we did not settle in June. In my view this was partly designed for home consumption in the European elections - no question of Mitterrand conceding as much as Giscard had done in 1980 - and partly to bring psychological pressure to bear on the UK. Even 10 days before Fontainebleau, though it was clear that the French had thought through the financial and budgetary consequences of a failure to settle, there was no real sign of compromise on the French side and their campaign with the other Eight had yielded quite a high degree of apparent resolution not to give in to the British. I believe all this was largely for show. Mitterrand probably always intended to settle in June provided that he could do so in a way which could be presented publicly as a genuine compromise - no victors, no vanquished.

5. However that may be, Fontainebleau too was ill-prepared in the Community. In the few days before the meeting the French ran the so-called Morel solution with some of the other Member Governments and then Dumas wrote to the Secretary of State putting it forward on the Sunday night. But it was pretty clear that Dumas' own money was on the idea of a simple two thirds refund of our VAT share/expenditure share gap, a proposal that he had put to me as early as 27 March and which he had discussed with the Secretary of State in the week before Fontainebleau. At Fontainebleau itself, and throughout the months leading up to it, it continued to be very difficult to find out what the French position was. Attali, obviously wielding great influence on Mitterrand, was constantly trying to throw spanners in the works and seemed to be still at it at Fontainebleau. Nevertheless Mitterrand (in the European Council) and Dumas (outside) quite clearly signalled on the first day that they were working for a settlement and in the early morning of the second day Legras, speaking with instructions, readily conceded that the main elements of the March correcting mechanism (less the threshold) would have to be incorporated in the Conclusions of Fontainebleau. But it was clear that the French, and even more the Germans, were extremely determined not to go above a two thirds refund and they continued to try to grind us down at the margin with texts designed to make us pay more for enlargement or the German refund. So the negotiation was difficult right up to the end.

6. We conceded enough - in March the VAT share/expenditure share gap and in June the loss of the threshold and 66% rather than 70% or a bit more - for it to be possible for Mitterrand to take the line in his press conference that there had been concessions on all sides. But there is little doubt in the minds of those on the inside in France that the long argument beginning with the Heath/Pompidou discussions of 1971 and the "unacceptable situation" declaration, continuing in the so-called re-negotiation in 1974/75, beginning in earnest with the return of the present Government in 1979 which lead to the 30 May 1980 Agreement and on to Stuttgart, Athens, Brussels and Fontainebleau was a major victory for the UK. It is worth recalling that when we tabled in Coreper in February 1980 a proposal for a percentage refund of our net contribution, the French led the way in declaring that it was absolutely out of the question. Indeed throughout the long drawn out battle it was the French who battled most strongly to preserve the acquis of the CAP and the own

/resources

resources decision. So the outcome, which will cost France a lot of money (plus or minus 500 mecus a year from now on), was not really attractive to France and, as seen from here, it is a measure of Mitterrand's great political skills that the reaction in France was not more negative.

7. The French performance in the last stages of this great negotiation was very French. They insisted on being the ones to call the tune, even though we made them produce music they did not like. They employed all their well-known negotiating gambits, to which the Germans always fall victim - psychological warfare, preparation of (admittedly improbable) alternatives to agreement, hardening the position just before the crux of the negotiations and giving great prominence to a few negotiating points which they did not expect to win in order to strengthen their psychological hand on the main question (the money). They manoeuvred the Germans into accepting an appallingly bad settlement from the German viewpoint. They also infuriated many of the smaller countries by their complete disregard for their views, though the latter always seem ready to take it from the French in the end. They treated the Thorn Commission with the contempt it deserved. Cheysson made no attempt to be an impartial chairman. Plus ça change .....

EUROPEAN UNION

8. President Mitterrand's speech to the European Parliament in May was an important event of the Presidency, but one which it is still difficult to interpret. I assume that he regards a strongly "European" position as being good politics in France and that it was aimed largely at the French electorate. But an important subsidiary purpose may well have been to continue the process of convincing Kohl that they share the same woolly European idealism (and that this involves constant German concessions to French interests). But what about the substance? Mitterrand gave the Parliament the impression that he was going a long way towards backing the Spinelli draft treaty on European union. But will the French Government really come out in favour of giving the Parliament the power of co-decision on Community legislation or phasing out the Luxembourg Compromise over the next few years? There is much cynicism in Brussels on this subject. We shall see whether it is justified when the so-called Spaak Committee invented by the French at Fontainebleau gets into its stride. Like the Ad Hoc Committee on a People's Europe, which clearly has a strong element of gimmickry about it, the Spaak Committee may only have been intended to give the impression that France is once again in the lead in promoting the construction of Europe.

AGRICULTURE

9. Rocard's achievement in the Agriculture Council in securing agreement within the 31 March deadline on a price-fixing package combining (relative) austerity and a reform of the system when he seemed to have no coordinated backing in Paris and a sure prospect of severe agricultural discontent was remarkable. In addition, decisions were taken on a new five year import regime for New Zealand butter, the first leg of a new structural policy and on a large number of other matters which, though of a lesser magnitude, might nevertheless have defeated the Council under a lesser Presidency.

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(There were failures, too, somewhat surprisingly in view of the French interests at stake, in the field of the internal market, namely in respect of veterinary and harmonisation questions, where abysmal preparation at official level was largely responsible.)

10. Without doubt, the credit must go to Rocard. Although he was a relative newcomer, the other Council members were soon aware of his keen intelligence and political acumen. He soon found out how they ticked and proceeded to make them do so with ruthlessness, intelligence, energy and a strong sense of strategy and tactics. His judgment in deciding whether to bully or cajole his colleagues seemed seldom at fault, and he scored a major tactical success during the price-fixing by his habit of locking Ministers into the Council chamber through nights and over weekends. (In March, the Council met for 11 days out of 27, four of them on weekends and with regular late or all-night sessions.) This incarceration kept the maximum psychological pressure on Ministers. It enabled Rocard continuously to impose his own personality on them. It prevented them from obtaining the psychological and physical relief of retreat to their delegation rooms. It kept their contact with their experts and with the press to a minimum. Last, but not least, it meant that the endless bilateral "confessionals", normally held discreetly in the margins, took place in full view of all other Ministers which kept the scope for histrionics to a minimum and maximised their awareness of the collective nature of their work.

11. Rocard's other successful tactic (followed to some extent by other French Ministers including Cheysson in the Foreign Affairs Council) was to resort increasingly to voting, or a strong threat of voting, which did speed things up. In previous Presidencies, with the notable exception of the 1982 price-fixing, voting was virtually unheard of in the Agriculture Council. On the whole, this went down quite well. Indeed I suspect that some of the Ministers were relieved to be voted down where they were isolated.

12. Rocard even managed to give a communautaire appearance to his defence of important French national interests. And of course he was much tougher and more effective than any recent French Agriculture Minister in being prepared to tell his farmers at home to face up to realities. He also took considerable, and visible, pleasure during the price-fixing period in achieving success after his old rival Mitterrand had failed at the March European Council: he several times drew the contrast to his colleagues' attention.

SPECIALIST COUNCILS

13. As no French Ministers could decently afford to be seen to fail to add to "la gloire de la patrie", the excitement did not stop there. In many areas the French Presidency managed to give fresh impetus to Community activity. Their efforts were generally based on a sound assessment of what was politically feasible as well as what they wanted to achieve, combined with a flexible and pragmatic approach at working level (in stark contrast to the tread-mill excesses of the Germans and Greeks).

/14. In social

14. In social policy and transport the emphasis was on a fresh political approach. Attention was focussed on political rather than legal texts, and on this basis the Presidency succeeded in getting agreement on the adoption of a social policy programme for the medium term as well as conclusions on the social implications of new technology. The adoption of resolutions on women's unemployment and local employment initiatives contributed to their aim of creating an "espace social" but they failed to get agreement on the recommendation on working time, because we blocked it, right up to the European Council. On transport, too, they concluded that their only prospect of making progress was to secure agreement on political texts, and conclusions were adopted on lorry weights, road haulage quotas and drivers' hours (although the Germans have since re-interpreted the political deal struck at the Council on 10 May in a way that still leaves it at risk).

15. On other areas their approach was more conventional. They simply did it better than their immediate predecessors and so deservedly chalked up successes on important issues. On environment the result was an impressive crop of agreed texts including directives on transfrontier shipments of hazardous wastes; air pollution from industrial plants, air quality standards on nitrogen dioxide and water pollution by lindane. They also pulled off a considerable coup in getting agreement on the new regulation on the ERDF (again by a vote). They even had successful councils on Consumer Protection resulting in agreement on the long-standing proposal on misleading advertising. Many of the Ministers involved showed great skill in handling difficult meetings with a clever mix of firmness and diplomacy. Madame Bouchardeau (Environment) and Madame Lalumière (Consumers) almost succeeded in outshining the politically able Fiterman (Transport) and Beregovoy (Social Affairs). Legnane (Fisheries) took the Council through to quick agreement on 1984 TACs and quotas and other issues.

16. The record is not of course one of pure achievement. Mitterrand will be disappointed that a Recommendation on Working Time eluded his grasp, even though he took the issue all the way to Fontainebleau. In the industrial, research and energy fields, the French were noticeably less active than either of their two predecessors. This was due partly to circumstances and to a realistic calculation of the possible, but in part also to deliberate policy. The French were keen to advance major initiatives involving high technology. Esprit was approved in February to general acclaim. But they proved much less forward in promoting activity in areas where even moderate concessions from the French position would be required. Fabius was a remarkable chairman of the Research and Steel Councils (and the informal Industry Ministers meeting), often making a formidable partnership with Davignon. But there were limits to what he or they could do. The French displayed very little interest in energy, and on nuclear questions slowed down the pace of work from the outset, probably in order to shield exposed French positions. They also lacked enthusiasm for the Internal Market Council which met only once at only a week's notice in March under the chairmanship of Madame Lalumière, in the wake of the French lorry-divers' strike. They did, however, work hard on individual dossiers, including the unit trusts directive, the single administrative document, tourist assistance and the 15 blocked directives on technical barriers to trade. They also devoted considerable effort to insurance services, but the outcome (and probable purpose) of their high level group was to leave positions divided and to sidetrack a promising compromise sponsored by the Germans.

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EXTERNAL AFFAIRS

17. If the Community's standing abroad is supposed to be a function of its ability to solve its internal problems, it should be looking relatively good, though of course the external effects of Athens and Brussels were not as grave as they were often painted. Externally, the Community has certainly been active, as you would expect under the peripatetic Cheysson. The Greenland withdrawal negotiations were successfully concluded, a new Common Commercial Policy Regulation was agreed (though adoption remains delayed by the Danes' inability to clear the politically linked package of Article 100 Directives). The French managed to use the Presidency to ensure that the European Community's response to Japanese and US pressure for a new multilateral trade round was cautious. But they were unable to get a Commission mandate to do more than open negotiations in the GATT on restraining imports of cereal substitutes as part of the 31 March agriculture price-fixing package - a good outcome for the Community as a whole. And they did not make much progress with another of their priorities - the definition of a Mediterranean policy in an enlarged Community.

18. The two main areas of external activity were of course the enlargement and Lomé negotiations. On enlargement, having blocked the agriculture chapter until October 1983, the French pressed ahead with it particularly vigorously, to the point of substantial agreement by June with Portugal and the beginnings of an outline agreement on the more difficult Spanish case. They maintained steady progress on other issues, and by the end of the Presidency detailed Community positions were on the table for nearly all major issues. Those chapters that lag behind do so through no fault of the Presidency's. However, here too one had a feeling that success was not the result of carefully laid plans. Cheysson and Dumas acted largely independently both of each other and of developments in Brussels, where the Presidency's representatives were good and impartial. Presidency considerations had little effect on the (generally very hard) positions of the French delegation, at least below Council level. If the overall outcome with Spain has been relatively positive, it is mainly thanks to a long negotiating session with Spain conducted by the Presidency and Commission alone on the night of 19 June (a procedural innovation), during which the Spaniards gave much more ground than the Presidency. With the Portuguese the way has been prepared for a major negotiation on agriculture and fish.

19. The French pushed forward effectively on the Lomé re-negotiations, where Cheysson's experience with Lomé issues proved invaluable during two ACP/EC Ministerial meetings. Although the substantive negotiations were not over by the end of June as the French had hoped, they certainly broke the back of them.

THE WORKING LEVEL

20. At the Coreper level in Brussels, the French were pleasant but their performance was exasperating. Splitting responsibility between Cheysson and Dumas added to the confusion inherent in the present French government system and no one here could ever tell us what they planned to do. Leprette spoke of the Presidency with detachment, as something distant, unpredictable and uninfluenceable, never going further than: "Je ferai rapport à la Présidence". Yet, amazingly enough, they did get things done, more perhaps than any Presidency in my time in Brussels. Although confusion tended to take over when a Minister in Paris suddenly took political control of a

/dossier

dossier, the performance of French officials, often very young, chairing groups here in Brussels has been generally of very high quality indeed. Ersbøll shares this view; and he feels that the French avoided much of the trouble they might have had because of poor communication between Brussels officials and Ministers by the fact that Ministers took advice from the Secretariat, to a greater extent than any Presidency in Ersbøll's experience.

21. In Coreper (Deputies) it was a competent and undramatic Presidency. Vidal was knowledgeable, equable, courteous and patient; his summings up were clear if painstaking and for the most part fair. He made little apparent attempt to fix matters in advance or to pressurise recalcitrant delegations outside the meeting, and produced few sparks inside it. The Presidency's handling of veterinary questions, like that of its predecessors, was a shambles, and several other subjects went to Councils with inadequate preparation. But any dossier that looked ripe for adoption before the end of June received better treatment. Vidal's chairmanship was characterised above all by flexibility in pursuit of timely agreement.

22. To sum up, though it was inevitably very French, nearly always unpredictable and therefore often difficult for others to find palatable, it was on the whole a good and effective Presidency. Things got done, including the budget settlement. Grâce à Mitterrand!

Yours ever

Michael

Michael Butler

cc Mr D F Williamson CB, Cabinet Office.

HM Ambassadors at: ATHENS
BONN
BRUSSELS
COPENHAGEN
DUBLIN
THE HAGUE
LUXEMBOURG
PARIS
ROME
MADRID
LISBON
WASHINGTON

Subject
cc Master Set.

file
cc Mr P. Cradock

LPO

10 DOWNING STREET

From the Private Secretary

17 July 1984

PRIME MINISTER'S MEETING WITH M. DUMAS

I enclose a record of the Prime Minister's meeting this morning with M. Roland Dumas.

I am sending a copy of this letter and enclosure to David Peretz (HM Treasury) and to Richard Hatfield (Cabinet Office).

CHARLES POWELL

Colin Budd, Esq.,
Foreign and Commonwealth Office.

E.P.

CONFIDENTIAL

RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND M. DUMAS AT No. 10 DOWNING STREET ON 17 JULY 1984 AT 0930

PRESENT

The Prime Minister
Mr. C. D. Powell

M. Dumas
M. de Brichambaut

M. Dumas said that he brought the Prime Minister regards from President Mitterrand. The Prime Minister asked M. Dumas to convey hers in return. She continued that she wished to thank M. Dumas particularly for all he had done to bring about an agreement at Fontainebleau. It could not have been done without M. Dumas' efforts.

Community Budget

The Prime Minister said that she was relieved to have got settled the problem of Britain's budget contribution. But that still left the very important question of budget discipline. M. Delors had been the architect of measures for improving this. Britain, France, Germany and The Netherlands recognised the need for strict budget discipline. But others seemed ready to spend as though there were no tomorrow. If this were allowed, the result would be that the 1.4 per cent VAT ceiling would be reached quickly. Discipline must be strict and must be incorporated into the Community's budgetary procedures. M. Dumas said he was optimistic that the problem could be worked out. France was ready to do it.

M. Dumas continued that there were problems for the Community budget in 1984. The Prime Minister said that the problems could not be solved by loans or advances, it could only be by national financing or by pushing expenditure forward into the next year. Article 199 of the Treaty required the Community budget to be in balance. M. Dumas said that a solution had to be found. Would it be possible to bring forward the date of entry into force of the new own resources decision? The Prime Minister said that the essential steps were to find savings in the 1984 budget, to consider the scope for national financing with reimbursement in later years and to introduce tough budgetary discipline. Parliament would not ratify the new own resources decision unless there were adequate arrangements for budgetary discipline. If these measures were implemented she might, in the last resort, accept that new own resources should be introduced from 1 October 1985. It would have to be clear that this was not retrospective: the effective rate for 1985 would be 1.1 per cent, not 1.4 per cent. M. Dumas commented that new guidelines on budgetary discipline would apply from 1985. But that still left the need for a special solution for 1984.

Ad Hoc Committees

The Prime Minister said that she had discussed representation on these committees with Dr. Fitzgerald. They had agreed that it would be for Ministers to attend the Committee of Institutional Questions and our representative would be Mr. Rifkind. The Committee of a People's Europe would be concerned with more detailed matters and so therefore for officials. Our representative would be Mr. Williamson. M. Dumas indicated that the French Government were thinking along the same lines. They were

looking for a major political figure such as M. Faure.

Presidency of the Commission

M. Dumas asked the Prime Minister's views on the right size of the next Commission. The Prime Minister said that a Commission of 17 was ludicrous and would get the Commission a bad name. A twelve-member Commission for an enlarged Community was more than enough. Even then she doubted whether there would be enough work to go round. M. Dumas said that France could agree to a smaller Commission but there were different views in other Member States.

The Prime Minister said that, in regard to the Presidency, she was astonished to learn that the Germans were unable to find a candidate. Chancellor Kohl had not actually confirmed this to her yet. M. Dumas said that he understood that a decision would be reached in Germany tomorrow. The Prime Minister continued that she was a great believer in ability. It would be wrong to overlook the claims of Viscount Davignon: he was outstanding. He was also very pro-French but that did not inhibit her from supporting him. It was also important to stick to the principle of rotation. To save M. Dumas the embarrassment of having to ask her direct she would tell him that M. Cheysson would not make a good President. She had the highest regard for M. Delors. But one had to have strong reasons to go against rotation and overlook ability. M. Dumas said that he thought the Prime Minister was right in her comments on possible French candidates. He expected President Mitterrand to advance the name of M. Delors.

The Prime Minister said that she had been very candid. She must ask M. Dumas to put to President Mitterrand that to overlook an extremely able candidate from a country which had not had the Presidency of the Commission for a long time and which had made a major contribution to the Community would be a very difficult step. She believed that Viscount Davignon was the man who should have the job and would argue strongly for this. But if this could not be agreed, she recognised that M. Delors would be the next best candidate. M. Dumas observed that M. Delors was very strict on budget matters. He would inform President Mitterrand of the Prime Minister's views.

Majority Voting

The Prime Minister said that the UK thought that the number of votes to secure a qualified majority in the enlarged Community should be 57. M. Dumas said that France had proposed 52. The Prime Minister said that the obvious compromise was 54. This would allow two large Member States and one other (other than Luxembourg) to block. M. Dumas said that he was confident that France could rally to this position.

17 July 1984

Subject
cc. Master Set

LR

cc PC

10 DOWNING STREET

From the Private Secretary

17 July 1984

PRESIDENCY OF THE EC COMMISSION

The Taoiseach telephoned the Prime Minister again on this subject at 1240 today.

Dr. Fitzgerald said that he had now spoken to all Community Heads of Government. It was clear that there would not be a German candidate. Against this background, all, with the exception of Papandreou, had said that Delors was their preferred candidate. Papandreou wanted Cheysson but several Heads of Government had, explicitly or implicitly, expressed reservations about him. Even those countries which had candidates of their own, Belgium, The Netherlands and Denmark, had expressed a preference for Delors. (Schluter had not even mentioned the Danish candidate). Dr. Fitzgerald said that his conclusion was that it had to be Delors.

The Prime Minister said that she found it astonishing that Germany was unable to produce a candidate, and no less surprising that her colleagues were prepared to overlook the outstandiung ability of Davignon with all his experience of the Commission. Surely it was a slap in the face for Belgium, a country which had contributed mightily to the Community. She thought very highly of M. Delors but objected to the way in which the matter was being rushed through. Dr. Fitzgerald said that it was indeed surprising that there was no pressure from the small Member States for their candidates. The Prime Minister said they probably thought the situation hopeless and that there had been a fix behind the scenes. She did not wish to give an answer straightaway. She would need to discuss it with Sir Geoffrey Howe. Perhaps the matter could be left to be resolved at the Foreign Affairs Council next week. There were other matters which needed to be considered along with the Presidency of the Commission. In reply to a question from Dr. Fitzgerald, the Prime Minister indicated that she had in mind the Secretary-Generalship.

/Dr. Fitzgerald said

Dr. Fitzgerald said that delaying matters until the Foreign Affairs Council would be awkward. The French Government in particular was pressing for an early decision since their Government's reshuffle depended upon it. The Prime Minister said that it would be a mistake to try to reach a snap decision. She was concerned that she had had no message from the Germans about their intentions. Nor, indeed, did M. Dumas, whom she had seen this morning, seem to realise that matters were so advanced. She feared that there were crossed wires. Dr. Fitzgerald said that Chancellor Kohl had told him personally that there would be no German candidate and that he would support Delors.

Dr. Fitzgerald asked whether the Prime Minister would call him back today with a firm view. The Prime Minister said that this would not be possible. She had too many other things on her mind and would need to talk to Sir Geoffrey Howe. Dr. Fitzgerald concluded by expressing the hope that the Prime Minister would telephone him tomorrow.

I am sending copies of this letter to David Peretz (HM Treasury) and to Richard Hatfield (Cabinet Office).

CHARLES POWELL

Colin Budd, Esq.,
Foreign and Commonwealth Office.

PRIME MINISTER

M. DUMAS' VISIT

Geoffrey Howe gave Dumas dinner tonight. Dumas said he had just been to Bonn and it was clear to him that the Germans would not be putting up a candidate for President of the Commission. He had then made a case for Cheysson but abandoned it very rapidly. When Geoffrey Howe put forward Davignon's name, Dumas had simply walked past it. Geoffrey Howe's impression is that the whole exercise was mounted so that Dumas could report that he had done his best for Cheysson but failed and the field was open to Delors.

MT

Duty Clerk

pp C D Powell

16 July 1984

CONFIDENTIAL

PRIME MINISTER

Meeting with M. Dumas

The main subject will be the Presidency of the Commission. You may also want to raise budgetary discipline and voting in the enlarged Community. He may raise the 1984 Budget overrun. Briefs are attached.

Sir Geoffrey will be dining with M. Dumas this evening. I shall let you have a further note later on the outcome of this.

C D P

16 July 1984

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

16 July 1984

17/7.

Dear Charles,

Call by M. Dumas, French Minister for Foreign Affairs: 17 July

I enclose the following briefing for the Prime Minister's meeting with M. Dumas tomorrow morning:

(a) Presidency of the Commission;

(b) Budgetary discipline;

(c) Budget overrun (if revised).

We expect that most of the meeting will be taken up with the question of the next President of the Commission. The Foreign and Commonwealth Secretary does not therefore recommend that the Prime Minister raises other issues, with the exception of budget discipline. It would be useful if the Prime Minister could emphasise that it will be necessary, if increased own resources are to be made available, for genuine measures on budget discipline to be adopted. A political declaration of the kind which the French currently appear to envisage will not be enough.

The Prime Minister will wish to be aware that in discussion in Brussels over the last few days, Mr Andriessen's staff have been taking an unhelpful attitude over the two cases which the Commission are proposing to bring to the European Court in connection with milk pricing practices in the UK. Sir Geoffrey Howe suggests that the Prime Minister should make no special mention of Mr Andriessen's candidature. Should M. Dumas ask about our view, the Prime Minister might simply say that we regard M. Davignon as being much better qualified.

Yours ever,

Colin

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

PRIME MINISTER'S MEETING WITH M DUMAS, FRENCH MINISTER FOR EUROPEAN AFFAIRS: 17 JULY 1984

PRESIDENCY OF THE COMMISSION

Points to Make (General)

1. We have not so far given serious thought to a French candidate, because it is really not the turn of a French, any more than of a British candidate, to hold the Presidency of the EC Commission. M Ortoli and Mr Jenkins were Presidents too recently.

2. Surprised that Germans have not come up with a candidate. Do we yet have confirmation that they have really dropped out?

3. Failing a German candidate, other contenders in the field - Davignon (Belgium), Andriessen (Netherlands) and Christophersen (Denmark). Davignon's credentials obviously very strong.

4. [If Cheysson's claim is pressed] Curious to have a French candidate so soon after Ortoli. Should be a rotation.

5. [If Delors is pressed] From the point of view of his personal qualifications, we think he would be likely to make an excellent President. But idea of rotation of the Presidency between Member States is one to which we attach importance.

PRIME MINISTER'S MEETING WITH M DUMAS, FRENCH MINISTER FOR EUROPEAN AFFAIRS: 17 JULY 1984

PRESIDENCY OF THE EUROPEAN COMMISSION

References: A : Sir G Howe's minute of 10 July to the Prime Minister

B : Mr Powell's letter of 11 July to Mr Bone (recording Mr Fitzgerald's conversation with the Prime Minister)

Background

1. Candidates for Presidency of Commission are:

Delors	- French Minister for Economy, Finance and Budget
Cheysson	- French Foreign Minister
Davignon	- (Belgian) Vice-President of European Commission, responsible for Industrial Affairs, Energy and Research
Andriessen	- Netherlands Commissioner for Competition and Relations with the European Parliament
Christophersen	- Deputy Prime Minister of Denmark and Minister for Finance

Of these, the Irish Presidency have already concluded from their contacts that only the French candidates and Davignon have any serious chance.

2. Davignon is our first choice. He is far better qualified than most others for the post. But Kohl is strongly opposed to him. We have no interest in Cheysson and should be prepared to indicate that he is not acceptable to us.

/3.

3. We should continue to support Davignon. But, if, he is blocked by the Germans, Delors could be an excellent President. If we were to accept him, we should want to secure French support for a UK successor to Noel as Secretary-General of the Commission, at which Dumas has already hinted; Sir G Howe will be mentioning this to him on 16 July.

European Community Department (Internal)
16 July 1984

Mr Renwick
cc PS
PS/Mr Rifkind
PS/PUS.
Sir C Tickell
Mr Williamson (Cab Off)
Mr Fairweather

PM/84/117

PRIME MINISTER

Mrs McNeill

11/7

Presidency of the European Commission

1. Dr FitzGerald will be in touch with you on Wednesday about the Presidency of the Commission. We had a word about this yesterday. We are both familiar with the facts and arguments. This note shows how my own thinking has moved on a little since we spoke.

2. We face a difficult situation as a result of Kohl's indecision. We have been in touch with his staff, who claim that Kohl has still not yet finally decided whether or not to put forward a German candidate and will only do so on his return from Latin America next week. But the reports about Biedenkopf are now much less firm. We do not want Kohl to propose Genscher. If Genscher were nominated, I do not see how we could oppose him but I do not think he would be a good President of the Commission.

3. Dumas claimed to the Irish that the Germans would definitely not nominate a candidate. It is up to FitzGerald to check with Kohl what his intentions are; and we shall do so again ourselves as soon as Kohl returns to Bonn.

4. If there is no German candidate, then we should be free to support Davignon, the candidate whom we should both prefer. But we should avoid committing ourselves too heavily as that

/might

might work against his candidature (it is far from certain that his candidature can succeed). He is far better qualified than most others for the post, and has a keener political sense. But Kohl is strongly opposed to him. At the least we should be able to use his candidature to try to block off others who would be thoroughly undesirable from our point of view - above all Cheysson. We are trying to find out how much support there is for Davignon among the smaller Member States; but the Danes and Dutch of course have nominated their own candidates. We are also trying to find out the Italian attitude.

5. Dumas told the Irish that there would be two French candidates - Cheysson and Delors. It is not the French turn to hold the Presidency: Ortoli was President before Roy Jenkins. But this is an unwritten rule, and if the Germans do not come forward with a candidate, the earlier rotation will probably not apply. After Cheysson's unhelpful role in the budget negotiations, there is no reason why we should accept his candidature. I think he would be a very bad President of the Commission, with little interest in controlling future expenditure.

6. Delors is a candidate of no less competence than Davignon. As Finance Minister in Paris, he has argued strongly for sensible economic policies and I am rather surprised that Mitterrand thinks he can spare him from his Government. A recent speech he made in Paris suggested that he would like to move from his present post. Delors would be likely to take a far more serious interest in the management of the Community's finances. If we do not get Davignon, I think we could live with Delors as President of the Commission. We should consider whether, if we were to accept him, we could exact French support for a British candidate to replace Noel in

/the key

the key post of Secretary General in the Commission (a possibility Dumas has mentioned to me).

7. I suggest that when Dr FitzGerald telephones, you might take the line that:

(a) we still do not know whether the Germans are going to put forward a good German candidate. What is the Irish impression of German intentions? Are they in touch direct with Kohl?

(b) if there is no strong German candidate, we consider that on the grounds of competence Davignon would be well qualified for the post. How much support does Dr FitzGerald think there is for his candidature?

8. If Dr FitzGerald mentions Cheysson's candidature, I suggest you make clear that our position is entirely reserved. Ortoli held the post from 1973-76. We do not see in what respect Cheysson's qualifications could be regarded as superior to those of Davignon. If Dr FitzGerald mentions Delors, you might say that we do not see why the French should hold the Presidency again so soon after Ortoli, but avoid giving the impression that we are as negative about Delors as we are about Cheysson. He has financial qualifications which would be important. We should need to think more carefully about this.

9. I am minuting separately about the composition of the two ad hoc groups of personal representatives of heads of government which will be established as a follow up to the Fontainebleau European Council.

/10.

10. I am sending copies of this minute to the Chancellor of the Exchequer and to Sir Robert Armstrong.

(GEOFFREY HOWE)

Foreign and Commonwealth Office
10 July 1984

PRIME MINISTER'S MEETING WITH M DUMAS, FRENCH MINISTER FOR EUROPEAN AFFAIRS, 17 JULY 1984

BUDGET DISCIPLINE

POINTS TO MAKE

1. Reaction in UK Parliament to Fontainebleau settlement has been that increase in own resources can only take place if effective budget discipline is implemented. Government have said that they will only recommend increase in own resources to Parliament when necessary measures to guarantee the agreed principles of budget discipline are in place.

2. Welcome decision of Council of Finance Ministers on 9 July to ask ad hoc group on budget discipline to meet again this week and to report back to Finance Ministers in September. Believe that work on budget discipline and on revised own resources decision needs to go ahead in parallel so that decisions can be taken on both together in the Autumn.

3. Important that the agreement on budget discipline should be incorporated in the Community's budget procedures. If Treaty amendment not possible, there will need to be a binding Council regulation for the guideline for agricultural spending.

ESSENTIAL FACTS

1. The European Council text on budgetary discipline is attached. ECOFIN agreed, at its meeting on 9 July, that the ad hoc group of senior officials set up after the March European Council should meet again on 17 July with a view to making early recommendations on the implementation of the European Council text. Finance Ministers will consider the text again at their informal meeting on 15/16 September and we hope that an agreed text might be adopted at the informal meeting of ECOFIN on 15 October. This timing is likely to fit with that of separate Ministerial consideration of the revised own resources decision. However, the European Parliament's opinion on both subjects will of course have to be sought and this could give rise to further delays before implementation can take place.

2. M Delors told the Chancellor of the Exchequer in the margins of ECOFIN that he thought the best we could hope for was a "solemn and binding declaration" on budget discipline by the December European Council. We need to do better than that, if we are to demonstrate to our Parliament that measures to guarantee budget discipline have been adopted.

3. Treaty amendment will definitely not be available but we should continue to press for a regulation under Article 235 of the Treaty for implementation of the financial guideline for agriculture. Such a regulation would bind the Council to observe the guideline. Under the provisions of the Commission proposal, which is endorsed in the European Council Conclusions, the guideline could be exceeded if the Council so decided. An Article 235 regulation would however, ensure that the Council could not vote to exceed the guideline without our consent.

4. We face a separate problem in that, whatever the guideline, there is no way short of Treaty amendment, that we can bind the Commission not to exceed it at some point during the agricultural price fixing. At the moment, the Commission have committed

themselves to observe the guideline in their price fixing prosposals. We should try to get them to give an undertaking in writing to observe the guideline throughout the price fixing. While this assurance would not be bankable, it would nevertheless be a solemn commitment on which the Commission could only renege with difficulty.

5. Our greatest difficulty will be in implementing the reference framework which will primarily affect non-obligatory spending. A Regulation under Article 235 would not be binding on the European Parliament. In the absence of Treaty amendment, it will not be possible to bind the Parliament to observe the reference framework. We are, however, examining the possibility of incorporating the reference framework into the revised own resources decision. This could only to done by agreement with Parliament. However, if provision were made whereby the Council, after consultation with the European Parliament could fix the VAT rate for the following year, in February of the current year, this would go a long way towards curbing subsequent action by the Parliament to increase non-obligatory spending during the budget process.

BUDGETARY AND FINANCIAL DISCIPLINE

The European Council considers it essential that the rigorous rules which at present govern budgetary policy in each Member State also apply to the budget of the Communities.

The level of Community expenditure will be fixed as a functio of available revenue.

Budgetary discipline, which calls for a combined effort by all the Institutions in the framework of their respective powers, will apply to all budget expenditure.

2. The European Council invites the Council of Ministers for its part:

- to fix at the beginning of the budget procedure a reference framework, i.e. the maximum level of expenditure which it considers it must adopt to finance Community policies during the following financial year;

- so to proceed that the net expenditure relating to agricultural markets calculated on a three-yearly basis will increase less than the rate of growth of the own resources base. This development will be assessed on comparable bases from one year to the next. Account will be taken of exceptional circumstances, in particular in connection with enlargement. The provisions laid down in the Commission document on financial guidelines concerning the Common Agricultural Policy will be implemented;

- to undertake to comply with the maximum rate throughout the budget procedure as defined in Article 203 of the Treaty of Rome. At the first reading the Council will keep the increase in Non-Compulsory Expenditure to a level no higher than half the maximum rate. At the second reading the Council will adopt a position such that the maximum rate is not exceeded.

3. The European Council invites the Council of Ministers to adopt by June 1984 the measures necessary to guarantee the effective application of the principles referred to in paragraph 2.

PRIME MINISTER'S MEETING WITH M DUMAS, FRENCH MINISTER FOR EUROPEAN AFFAIRS, 17 JULY 1984

BUDGET OVERRUN [IF RAISED]

POINTS TO MAKE

1. UK position, as explained at Fontainebleau, is that the budget must be brought into balance. Believe this should only be done through the own resources, ie we are against supplementary financing which is tantamount to an increase in the 1% ceiling.

2. UK has put forward a number of proposals for savings. Also believe that there should be deferals into 1985. If necessary, we would be prepared to see any residual overrun at the end of the year funded exceptionally and temporarily by the intervention agencies in each Member State, with their costs reimbursed from the Community budget in 1985 or 1986. As part of a package approach, we would be willing to see increase in own resources take place in the second half of 1985. This would enable any unavoidable residue of the 1984/1985 overrun ie an agreed sum which could clearly not be dealt with by savings, to be financed by a supplementary budget. It would also enable the UK refund for 1984 to be paid on the revenue side, as the Commission have proposed.

ESSENTIAL FACTS

1. At a meeting on 13 July, under the Prime Minister's chairmanship, ministers agreed that our position at the Budget Council on 18/19 June would be as follows:

a) the 1984 overrun would be reduced to the maximum possible extent by savings and deferals;

b) the remaining gap should be financed exceptionally and temporarily by the national intervention agencies in each Member State with their costs to be reimbursed from the Community budget in 1985 or 1986.

c) the 1985 budget should be brought back within the 1% ceiling, with the brunt of necessary cuts being taken by agricultural spending;

d) in order to secure our 1983 refunds and to put together a package negotiable with other Member States, we would be willing to see the revised own resources decision taking effect in the second half of 1985.

2. It was also agreed that Sir Geoffrey Howe would explore the position with M Dumas to see if the French could agree to a package of this kind. The French Government are not opposed to making savings in 1984. At official level, they have indicated support for German proposals for savings of up to 700 mecus in 1984, mostly from non-obligatory expenditure, in particular expenditure for which there is appropriation provision in the budget but where spending is in practice unlikely to take place in 1984.

3. Savings of this order would, however, leave an anticipated overrun of approximately 1.5 billion ecus. The French, in common with the Germans and other Member States, are ready to finance this by a system of national advances under which Member States

would fund the overrun by means of a special payment, with each Member State contributing at its normal VAT share [22.7% for France; 28.7% for Germany and 20% for the UK]. Assuming a budget overrun of 1.5 billion, the initial cost to the UK of contributing its share would be 300 million ecus of which approximately half would come back to us in the form of agricultural receipts.

4. Far preferable from the UK point of view would be to defer this expenditure into 1985 when, because of the effects of the budget system, the net budget cost to the UK would be reduced to 49 million ecus. For this same reason, French and others are likely to argue that any expenditure deferred into 1985 should not count towards UK reliefs. In those circumstances there would be no advantage to us in deferring the expenditure, (the net cost would be the same as if we had made an advance at our normal VAT rate). We shall therefore need to argue strongly against any such suggestion. We should argue that the whole budget imbalance agreement was reached on the assumption that the 1% ceiling was to be maintained in 1984, and that because of the resulting pressure on Community spending, we were prepared to accept a further ad hoc payment of 1000 mecus. It was clearly understood that, thereafter, the system would apply. There is no case for penalising the UK for expenditure deferred into 1985 which will significantly add to our budget burden and therefore must qualify towards reliefs.

Foreign and Commonwealth Office

London SW1A 2AH

16 July, 1984

Dear Charles,

Presidency of EC Commission: Letter from Mr Lubbers

In your letter of 10 July to Roger Bone you asked for a draft reply to the letter of 6 July from the Prime Minister of The Netherlands in support of Frans Andriessen's candidacy for the Presidency of the European Commission. I enclose a polite but non-committal draft reply to Mr Lubbers.

I am sending copies of this letter to David Williamson in the Cabinet Office and to David Peretz in the Treasury.

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

DSR 11 (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

The Prime Minister

DEPARTMENT: TEL. NO:

Reference

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO:

Mr R F M Lubbers
Prime Minister of The Netherlands

Your Reference

Copies to:

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT:

Thank you for your letter of 6 July 1984 about the candidacy of Frans Andriessen for the post of President of the European Commission.

There are, of course, a number of candidates in the field, ~~but I~~ recognise Mr Andriessen's qualities and can assure you that I shall bear ~~Mr Andriessen's~~ his candidature carefully in mind. Garrett FitzGerald will have been in touch with you about the matter, as he has been with me, and ~~I look forward to hearing~~ we shall have to consider the results of his soundings.

Enclosures—flag(s).....

EURO POL: Res of Euro Com: | Rz

16 JUL 1984

Subject: Ireland — Meetings with the Taoiseach.

Ref. A084/2035

PRIME MINISTER

Mr Goodall and I visited Dublin on 16 July. I shall be reporting in detail on the conversations which we had with our counterparts on Anglo-Irish business.

2. While we were in Dublin I was invited to go and see the Taoiseach, and had about half an hour with him. He made the following points:

1. On Anglo-Irish affairs, he thought that it would be useful to take advantage of the Irish Presidency of the European Community to arrange meetings between himself and you which, while ostensibly to deal with Community business could also extend to Anglo-Irish affairs. Specifically, the Taoiseach said that he was going to Strasbourg from 24 to 26 July, and could come and see you in London either on his way to or on his way back from Strasbourg (for instance on 27 July). I said that I would report this to you. This was, however, a very busy time of year for you, and I said that my impression was that there was room for one or two further discussions between Mr Nally and me before matters were taken to a higher level. The Taoiseach accepted that it might well be appropriate to leave a contact until (say) very late August or early September, but he clearly remains anxious to have a further opportunity of talking to you privately before very long.

2. The Taoiseach hoped that you might be able to find an opportunity to receive Mr Dick Spring, the Leader of the Irish Labour Party and the Tanaiste (Deputy Prime Minister). He thought that it would be useful to hear at first hand Mr Spring's commitment to the kind of policies which the Taoiseach was himself following in relation to Northern Ireland. It would not surprise me if domestic Irish politics had something to do with this: there are

suggestions that the Fine Gael - Labour coalition has been under strain, and Dr FitzGerald may feel that your receiving Mr Spring would help to buttress it.

3. The Taoiseach emphasised that the new Irish Ambassador, Mr Noel Dorr, enjoyed his total confidence and could be regarded as speaking with his authority on Anglo-Irish affairs.

4. The Taoiseach was clearly worried about the resolution of European Community budget problems (having just had a meeting with Monsieur Ortoli), and hoped that we should be playing a constructive part at the Budget Council later in the week.

5. On the Presidency of the European Commission, Dr FitzGerald said that the enquiries he had been making suggested that there would be a consensus around the Community in favour of Monsieur Delors (the only outstanding country being Greece, which still supported Monsieur Cheysson). It was clear that other countries would not accept Monseiur Cheysson, and would prefer Vicomte Davignon to that. The Taoiseach said that he had noted your strong support for Vicomte Davignon; but he had also noted that you spoke warmly in personal terms about Monsieur Delors, and he hoped that you would be willing to support Monsieur Delors's candidacy.

ROBERT ARMSTRONG

16 July 1984

CB BONN/FCO 14/13

DD FCO 131645Z

OO UKREP BRUSSELS

PP PARIS

Mr. Powell, No. 10.

GRS 400
CONFIDENTIAL
DESKBY 131645Z
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FM BONN 131600Z JUL 84
TO IMMEDIATE FCO
TELEGRAM NUMBER 699 OF 13 JULY
INFO IMMEDIATE UKREP BRUSSELS (PERSONAL FOR SIR M BUTLER)
INFO PRIORITY PARIS (PERSONAL FOR SIR J FRETWELL)

FOR RENWICK

YOUR TELNO 372: PRESIDENCY OF EUROPEAN COMMISSION

1. HANDELSBLATT, A SERIOUS ECONOMIC/BUSINESS DAILY, HAS A REPORT TODAY THAT DUMAS WOULD COME NEXT WEEK TO BONN AND THAT THE FRENCH AND GERMAN GOVERNMENTS MIGHT DECIDE TO PUT FORWARD A JOINT CANDIDATE FOR THE PRESIDENCY OF THE COMMISSION.

2. I SPOKE TODAY TO NEUER IN THE FEDERAL CHANCELLERY, SINCE TELTSCHIK WAS TIED UP WITH OTHER BUSINESS FOLLOWING THE CHANCELLOR'S RETURN LAST NIGHT FROM MEXICO. AT FIRST NEUER SAID THERE WAS NOTHING HE COULD ADD TO WHAT TELTSCHIK HAD TOLD ME ON 3 JULY (MY TELNO 658). WHEN I REMONSTRATED THAT THE GERMANS OWED US A CLEARER IDEA OF THEIR THINKING, HE AGREED TO CONSULT AND COME BACK TO ME. HE LATER TOLD ME, AFTER CONSULTING THE CHANCELLOR, THAT:

A) KOHL WOULD HAVE A SERIES OF MEETINGS ON THE MORNING OF MONDAY 16 JULY, WHICH MIGHT RESULT IN A DECISION ON THE GERMAN POSITION.

B) IF THAT DECISION WAS NOT TO PUT FORWARD A GERMAN CANDIDATE, THE FRG WAS LIKELY TO SUPPORT ''THE FRENCH CANDIDATE''.

3. NEUER CONFIRMED IN REPLY TO QUESTIONS THAT DUMAS WOULD BE HERE ON THE AFTERNOON OF 16 JULY AND WOULD SEE KOHL AND GENSCHER.

4. WHEN ASKED WHO MIGHT BE MEANT BY THE REFERENCE IN 2 (B) ABOVE TO ''THE'' FRENCH CANDIDATE, NEUER SAID HE ASSUMED THAT THE FRENCH WOULD BEFORE LONG PLUMP FOR A SINGLE CANDIDATE, ALTHOUGH TWO NAMES WERE STILL BEING HEARD IN PUBLIC SPECULATION.

5. I TOLD NEUER THAT HMG WOULD STILL BE INTERESTED TO KNOW AS SOON AS POSSIBLE WHETHER THERE WAS TO BE A GERMAN CANDIDATE. OF THE NAMES ALREADY IN THE FIELD, ONE - DAVIGNON - SEEMED TO HAVE OUTSTANDING EXPERIENCE OF EC AFFAIRS. THE IDEA OF FRANCE OCCUPYING THE PRESIDENCY AGAIN SO SOON SEEMED TO ME ALL WRONG. I REMINDED NEUER OF TELTSCHIK'S UNDERTAKING (PARA 1 OF MY TELNO 658) THAT THE CHANCELLOR WOULD BE IN CONTACT WITH THE PRIME MINISTER ONCE HE HAD TAKEN HIS DECISION.

COMMENT

6. GENSCHER HAS HIMSELF TODAY SAID PUBLICLY, IN REPLY TO A QUESTION ABOUT HIS INTENTIONS REGARDING THE BRUSSELS JOB, THAT HE SEES HIS ROLE AND DUTY AS FOREIGN MINISTER IN BONN. AFTER SO MANY FDP STATEMENTS ON THESE LINES, IT SEEMS EXTREMELY UNLIKELY THAT HE WILL DO AN IMMEDIATE U-TURN AND GO FOR THE BRUSSELS JOB THIS YEAR. BIEDENKOPF, NEVER A STRONG CANDIDATE, HAS SEEMED TO BECOME WEAKER AS TIME HAS PASSED. IT SEEMS INCREASINGLY PROBABLE THAT THERE WILL BE NO GERMAN CANDIDATE. I FEAR THAT, IN THESE CIRCUMSTANCES, THE NATURAL GERMAN REACTION IS TO FALL IN WITH FRENCH WISHES.

MALLABY

NNNN

SENT 131654Z MK

GRS 300
CONFIDENTIAL
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TO IMMEDIATE FCO
TELNO 482
OF 130700Z JULY 1984

INFO PRIORITY (PERSONAL FOR AMBASSADORS) ATHENS, BONN, BRUSSELS UKREP BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG, PARIS.

YRTELNO 256 TO ATHENS: PRESIDENCY OF THE EUROPEAN COMMISSION

1. THE HEAD OF CRAXI'S DIPLOMATIC OFFICE, BADINI, HAS TOLD HEAD OF CHANCERY THAT WHEN FITZGERALD TELEPHONED CRAXI ABOUT THE PRESIDENCY OF THE COMMISSION (DUBLIN TELNO 322), THE DISCUSSION HAD BEEN INCONCLUSIVE BECAUSE CRAXI HAD OTHER THINGS ON HIS MIND. FITZGERALD HAD TOLD CRAXI THAT IT WAS NOT YET CLEAR WHETHER THE FRENCH WOULD INSIST ON RUNNING A CANDIDATE.

2. WHEN SPEAKING TO FITZGERALD CRAXI DID NOT (NOT) NOMINATE AN ITALIAN, NOR DID HE EXPRESS ANY PREFERENCE AMONG THE EXISTING CANDIDATES. BADINI SAID THAT THE ITALIANS WOULD HAVE SUPPORTED A GERMAN CANDIDATE HAD ONE BEEN FORTHCOMING. IF THE FRENCH PRESSED HARD FOR THE PRESIDENCY, ITALY WOULD ''EXAMINE THEIR CANDIDATE WITH GREAT ATTENTION'' AND BY IMPLICATION WOULD PROBABLY ACCEPT HIM. IN OTHER CIRCUMSTANCES , BADINI SAID, THE ITALIANS WOULD PREFER DAVIGNON AS THE BEST QUALIFIED CANDIDATE FROM THE SMALLER MEMBER COUNTRIES. THEY MUCH PREFERRED DELORS TO CHEYSSON.

3. ON THE ITALIAN COMMISSIONERS, BADINI SAID CATEGORICALLY THAT GIOLITTI WOULD LEAVE (THOUGH THE PRESS SEEM MORE DOUBTFUL) AND THAT (PLEASE PROTECT) IT WOULD BE GOOD IF NATALI ALSO LEFT BECAUSE HE WAS USELESS. HE CONFIRMED THAT THE COMMUNISTS WERE PRESSING HARD FOR ONE OF THE TWO ITALIAN SLOTS, BUT SAID THAT CRAXI WOULD RESIST UNLESS (WHICH WAS MOST UNLIKELY) THE DC INDICATED THAT THEY DID NOT WANT TO PROPOSE A REPLACEMENT FOR NATALI. BADINI THEREFORE EXPECTED DC AND SOCIALIST NOMINEES TO REPLACE THE EXISTING ONES. HE CONFIRMED THAT ITALY WOULD CONTINUE TO WANT TWO COMMISSIONERS
AND MADE NO ATTEMPT TO JUSTIFY THIS OTHER THAN ON DOMESTIC GROUNDS (BADINI HAD EARLIER BEEN IN TOUCH TO ASK ABOUT OUR OWN ATTITUDE).

4. LETTER FOLLOWS GIVING MORE DETAIL.
BRIDGES

LIMITED
HD/ECD(E)
HD/ECD(I)
PS
PS/MR RIFKIND

PS/PUS
SIR C TICKELL
MR RENWICK

COPIES TO:
MR WILLIAMSON CABINET OFFICE
MR POWELL NO 10 DOWNING ST.

CONFIDENTIAL

GRS 150
DEDIP CONFIDENTIAL
FM THE HAGUE 121303Z JUL 84
TO PRIORITY FCO
TELEGRAM NUMBER 239 OF 12 JULY
AND TO PRIORITY INFO (PERSONAL FOR AMBASSADOR) ATHENS, BRUSSELS, COPENHAGEN, LUXEMBOURG, ROME, PARIS, BONN, DUBLIN, UKREP BRUSSELS.

YOUR TEL NO 256 TO ATHENS : PRESIDENCY OF THE EUROPEAN COMMISSION.

1. DURING A CALL TODAY ON POSTHUMUS MEYJES I RAISED INTER ALIA THE QUESTION OF THE PRESIDENCY. THE DUTCH HAVE GLEANED NO MORE THAN OURSELVES OF GERMAN AND FRENCH INTENTIONS AND ARE DISMISSIVE OF CRISTOPHERSEN'S CANDIDITURE.

2. POSTHUMUS MEYJES CONFIRMED (BRUSSELS TEL NO 174) THAT BENELUX MINISTERS HAD CONSULTED ON THIS ISSUE DURING THE PAST FEW DAYS. HE SAID THE CONCLUSION HAD BEEN THAT, WHILE THE FIELD REMAINS SO OPEN, BELGIUM AND THE NETHERLANDS SHOULD EACH MAINTAIN SUPPORT FOR THEIR OWN CANDIDATE, BUT WOULD BE READY TO DECIDE AS THE SITUATION DEVELOPED WHETHER TO PUT THEIR WEIGHT BEHIND A SINGLE BENELUX CANDIDATE OR SWITCH SUPPORT TO A GOOD FRENCH OR GERMAN CANDIDATE. VAN DEN BROEK HAD APPARENTLY THIS MORNING EXPLAINED THE NETHERLANDS POSITION IN THESE TERMS WHEN HIS IRISH OPPOSITE NUMBER TELEPHONED TO SOUND HIM OUT.

CHAPMAN

LIMITED
HD/ECD(E)
HD/ECD(I)
PS
PS/MR RIFKIND
PS/PUS
SIR C TICKELL
MR RENWICK

COPIES TO:
MR WILLIAMSON CABINET OFFICE

MR POWELL NO 10. DOWNING ST.

CONFIDENTIAL

GRS 100 CONFIDENTIAL

CONFIDENTIAL

FM ATHENS 110615Z JUL 84

TO IMMEDIATE FCO.,

TELNO 350 OF 11 JULY 1984.,

REPEATED AS ROUTINE INFO TO OTHER EC POSTS.

YOUR TELEGRAM NO. 256: PRESIDENCY OF THE EUROPEAN COMMISSION

1. I DOUBT WHETHER THE GREEKS HAVE STRONG VIEWS ON THE PROSPECTS FOR THE PRESIDENCY. WHEN THE SUBJECT CAME UP AT A LUNCH GIVEN BY PANGALOS ON 9 JULY THERE WAS SOME DESULTORY DISCUSSION LED BY THE DANE. PANGALOS'S ONLY COMMENT WAS THAT WE SHOULD REACH A QUICK DECISION ON THIS AND ON THE NUMBER OF COMMISSIONERS AFTER ENLARGEMENT. ON THE LATTER TOPIC HE WAS FIRMLY IN FAVOUR OF ONE COMMISSIONER PER MEMBER STATE.

2. THE GREEKS WILL GO ALONG WITH THE MAJORITY VIEW. THEY WOULD NOT BE LIKELYS O OPPOSE DAVIGNON. THE WOUAD PROBABLVH PRENER HIM TO A GERMAN WHOM THEY WOULD REGARD AS ASSOCIATED WITH STRICT BUDGETARY DISCIPLINE.

R H O D E S

LIMITED
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PS/MR RIFKIND
PS/PUS
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MR RENWICK

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GRS 250
CONFIDENTIAL
FM DUBLIN 111505Z JUL 84
TO IMMEDIATE FCO
TELEGRAM NUMBER 322 OF 11 JULY 1984
INFO IMMEDIATE ATHENS BONN BRUSSELS UKREP BRUSSELS COPENHAGEN
THE HAGUE LUXEMBOURG PARIS ROME (PERSONAL FOR AMBASSADORS)

YOUR TELNO 256 TO ATHENS: PRESIDENCY OF THE EUROPEAN COMMISSION

1. DONLON (SECRETARY DFA) RAISED THIS IN A REVIEW OF THE TASKS OF THE IRISH PRESIDENCY AT A MEETING OF ALL EC HEADS OF MISSION (EXCEPT LUXEMBOURG) ON 10 JULY. HE SAID THAT DURING THE NEXT FEW DAYS THE TAOISEACH WOULD TELEPHONE ALL THE HEADS OF STATE OR GOVERNMENT ON THIS TOPIC. HE WOULD ASK EACH IF HE HAD A NOMINEE AND IF HE WISHED TO CAST A NEGATIVE VOTE AGAINST ANY OF THE CANDIDATES. THERE WOULD PROBABLY THEN HAVE TO BE ANOTHER ROUND OF TELEPHONE CALLS. HE HOPED TO GET CONSENSUS IN A WEEK OR SO, OR AT LEAST BY 25/26 JULY WHEN HE WOULD ADDRESS THE EUROPEAN PARLIAMENT.

2. DR FITZGERALD WILL BEGIN WITH KOHL. DONLON SAID THE IRISH WOULD PREFER A GERMAN CANDIDATE BUT HE REFERRED DOUBTFULLY TO BIEDENKOPF AND SAID THEY THOUGHT THAT NO GERMAN NOMINEE WOULD BE FORTHCOMING. HE SAID THAT DELORS, CHEYSSON, A BELGIAN, AND A DANE WERE IN THE RUNNING AND MY DUTCH COLLEAGUE SAID THEY ALSO HAD A CANDIDATE. (ONLY THE FRENCH WERE NAMED) DONLON SAID THAT HE WOULD BET 2-1 ON ONE OF THE FRENCHMEN GETTING THE JOB AND 4-1 ON THE BELGIAN AND WOULD NOT BACK ANY OF THE OTHERS.

GOODISON

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HD/ECD(I)
PS
PS/MR RIFKIND
PS/PUS
SIR C TICKELL
MR RENWICK

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MR WILLIAMSON CABINET OFFICE
MR POWELL NO 10 DOWNING STREET.

CONFIDENTIAL

ORS 030
CONFIDENTIAL
DEDIP
FM BRUSSELS 111300Z JUL 84
TO PRIORITY FCO
TELEGRAM NUMBER 174 OF 11 JULY
INFO (PERSONAL FOR AMBASSADORS) ATHENS, COPENHAGEN, THE HAGUE, LUXEMBOURG, ROME, PARIS, BONN, DUBLIN, UKREP BRUSSELS

YOUR TELNO 256 TO ATHENS: PRESIDENCY OF THE EUROPEAN COMMISSION.

1. ALTHOUGH DAVIGNON HAS NOT BEEN FORMALLY NOMINATED IN WRITING, MARTENS HAS MADE IT CLEAR BOTH PUBLICLY AND PRIVATELY THAT HE HAS THE BELGIAN GOVERNMENT'S SUPPORT. REYN IN TINDEMANS' CABINET TOLD ME THIS MORNING THAT THE GOVERNMENT WAS ACTIVELY PROMOTING DAVIGNON'S CANDIDATURE, WHICH THEY BELIEVED WOULD BE GOOD FOR BELGIUM AND FOR THE COMMUNITY, AND THAT CONSULTATIONS WERE TAKING PLACE BETWEEN BELGIUM, THE NETHERLANDS AND LUXEMBOURG TO TRY TO REACH A COMMON POSITION WITHIN THE BENELUX GROUP. IT WAS NOW UP TO THE IRISH PRESIDENCY TO TAKE SOUNDINGS ABOUT ATTITUDES TO THE VARIOUS CANDIDATES IN THE FIELD.

2. THE OFFICIAL BELGIAN POSITION IS DESIGNED TO REBUT ANY SUGGESTION THAT BELGIAN SUPPORT FOR DAVIGNON IS LUKEWARM. BUT IT IS GENERALLY ASSUMED THAT AT LEAST SOME MEMBERS OF THE GOVERNMENT WOULD PRIVATELY BE QUITE CONTENT IF DAVIGNON'S CANDIDATURE FAILED, LEAVING THE WAY OPEN FOR THE NOMINATION OF A FLEMISH LIBERAL AS THE BELGIAN COMMISSIONER. MOST BELGIANS TO WHOM WE HAVE SPOKEN THINK THAT DAVIGNON IS EXTREMELY WELL QUALIFIED BUT THAT HE WOULD HAVE LITTLE CHANCE IF OPPOSED BY A POLITICALLY STRONGER CANDIDATE BACKED BY FRANCE AND GERMANY. HIS REPUTATION HERE AS BRITAIN'S CHOICE FOR THE JOB IS GENERALLY CONSIDERED A DOUBTFUL ASSET. DAVIGNON HIMSELF IS PESSIMISTIC ABOUT HIS CHANCES (OUR TELNO 164).

COLTMAN

LIMITED
HD/ECD(I)
PS
PS/MR RIFKIND
PS/PUS
SIR C TICKELL
MR RENWICK

COPIES TO:-
MR WILLIAMSON CABINET OFFICE
MR POWELL NO 10 DOWNING ST.

THIS TELEGRAM WAS NOT ADVANCED

TELEPHONE CALL WITH DR. FITZGERALD

WEDNESDAY 11 JULY

1. What news do you have of German intentions? Are you in touch with Kohl? Ought we not to press them hard to put forward a good candidate?

2. If there is not a good German, we would favour Davignon. He is head and shoulders above the rest in ability.

3. Don't see that the French have any claim to the post. They had it quite recently. Are other countries supporting a French candidate?

4. How do you intend the two ad hoc committees to operate? The one on constitutional questions probably ought to be at political level. We would be represented by someone like Malcolm Rifkind. The other is probably more suitable for senior officials.

/ 5. Many

5. Many thanks for your message on Kinsale Gas, just received. Will look into it carefully and let you have a reply soon.

Subject c. matter

CONFIDENTIAL

File
bc P.C.

10 DOWNING STREET

From the Private Secretary

11 July 1984

PRESIDENCY OF THE EUROPEAN COMMISSION

The Taoiseach telephoned the Prime Minister at 1020 this morning to discuss the Presidency of the EC Commission.

Dr. FitzGerald said that it seemed virtually certain that the Germans would not put up an candidate for the Presidency. The French were likely to put forward the names of Delors and Cheysson. Other names on the table would be Davignon, Andriessen and Christophersen. The Prime Minister said that she was astonished at the Germans for not putting up a candidate of their own. The French had had the Presidency quite recently. The claims of others could not just be ignored. Had Dr. FitzGerald checked that the Germans were really not going to put up a candidate? Dr. FitzGerald said that he had first had the news from Dumas but had not accepted this as sufficient evidence. He had therefore spoken to Genscher who had confirmed that Germany would very probably not put forward a candidate, though a decision would be deferred until Kohl's return. However surprising this might seem, there seemed no option but to accept it as a fact.

The Prime Minister said that, in that case, she felt that Davignon was by far the most effective candidate. It would not be right to overlook someone of his ability who had already done such good service to the Community. Dr. FitzGerald said that he had heard - though indirectly - that the Germans would not accept Davignon. The Prime Minister said she thought this was because of some of the decisions he had taken on steel. We had not liked all his decisions either. But this did not mean that we would overlook his ability on those grounds. She very much hoped that nothing had been arranged between the French and Germans. Dr. FitzGerald said that he thought the French probably had got an assurance of German support, though he could not be sure about this.

/The Prime Minister

The Prime Minister said that Andriessen was also a strong candidate, though Davignon was better still. If at the end of the day we had to have a French candidate, Delors would be good, though she was surprised that he could be spared. But Cheysson would not do at all. Leadership was not his forte: Dr. FitzGerald knew that as well as she did. Dr. FitzGerald said that he did not disagree, but as President he had, of course, to reserve judgement. The Prime Minister repeated that Cheysson was positively not the man. She also wished to leave Dr. FitzGerald in no doubt that it would not be good for Europe if the French and Germans appeared to be ganging up to impose a candidate of their choice.

Dr. FitzGerald commented that it was rather strange that the Benelux countries had not been able to agree on a single candidate. The fact that the Dutch had put up Andriessen seemed to suggest that they might have reservations about Davignon. He understood, however, that they were meeting today to try to settle on a single candidate. The Prime Minister repeated that she could agree to Andriessen but Davignon was better.

Dr. FitzGerald then raised the question of the two ad hoc committees established at Fontainebleau. He was sceptical whether they would achieve a great deal. He thought the Committee on Institutional Affairs should be at political level and he intended to appoint Senator Dooge as the Irish representative. The Germans would be nominating a political State Secretary. The Prime Minister agreed that this Committee should have political representation. She thought that Malcolm Rifkind would be a very good representative for the United Kingdom. The Committee on "A People's Europe" was more appropriate for officials. Dr. FitzGerald said that its agenda was a curious mixture of political and technical subjects. Maybe the answer was to refer the more political items to the Committee on Institutional Affairs. The Prime Minister said that she had an open mind on this but that our representative would be David Williamson who would do it very well.

I am sending copies of this letter to David Peretz (HM Treasury) and Richard Hatfield (Cabinet Office).

(C.D. POWELL)

Roger Bone, Esq.,
Foreign and Commonwealth Office.

PRIME MINISTER

Telephone Call with Dr. FitzGerald

Dr. FitzGerald is to telephone you at 1015 tomorrow.

The main subject will be the Presidency of the European Commission. A minute from Sir Geoffrey Howe is attached. It suggests that you sound out Dr. FitzGerald on what he knows of German intentions; and then say that, if there is not a good German candidate, you would favour Davignon. It also suggests that you make clear that we will not accept Cheysson but are more open-minded about Delors (Foreign Office officials are moving to the view that Delors could be the best candidate, particularly if we can get a promise of the Commission Secretary General post in exchange). You would also want to be aware that Lubbers has sent you a message pressing Andriessen's claims. He is good and, in my view, would be better than a Frenchman: but Davignon is better still.

Dr. FitzGerald will also raise the question of the two committees set up at Fontainebleau. One will be the committee of permanent representatives of heads of government and will consider ways to improve European co-operation generally. The other, which is more likely to be at official level, will deal with the suggestions put forward for 'A People's Europe'. You will want to find out at what level Dr. FitzGerald intends these groups to operate. Assuming the first is at political level Geoffrey Howe will probably recommend that Malcolm Rifkind should be our representative, with David Williamson on the other one.

You should also be aware that Dr. FitzGerald has today sent you a message on Kinsale Gas. You might just tell him

that you have received it and will reply in due course.

Separate card with points to make to Dr. FitzGerald attached.

CDP.

10 July 1984

EURO POL
Presidency EC

E B1 VP 10/7

10 DOWNING STREET

From the Private Secretary

10 July 1984

Presidency of the EC Commission

I enclose a copy of a letter which the Prime Minister has received from Mr. Lubbers, Prime Minister of the Netherlands, promoting the candidacy of Mr. Andriessen for the Presidency of the European Commission.

As you know the Prime Minister is discussing this subject with Dr. Fitzgerald tomorrow morning. I should be grateful if you could let me know by telephone whether Mr. Lubbers' message requires any change or addition to the briefing you have provided for that telephone call. I shall also be grateful if in due course you could let me have a draft reply.

BF

I am sending a copy of this letter to David Peretz (HM Treasury) and David Williamson (Cabinet Office).

Charles Powell

Roger Bone Esq
Foreign and Commonwealth Office.

PM/84/118

PRIME MINISTER

European Community: Ad Hoc Committees on 'A People's Europe' and Institutional Affairs

1. Dr Fitzgerald may raise this with you at the same time as he does the Presidency of the Commission.

/ 2. I attach a copy of the Presidency conclusions from Fontainebleau about the terms of reference for these groups.

3. You may wish to ask Dr Fitzgerald how he proposes to carry this work forward; what arrangements he envisages for the chairmanship; and how he sees the relationship between the two groups. There are reports from Dublin that he intends to appoint Senator Dooge, formerly Foreign Minister, as the next Irish Commissioner in Brussels. It may be that he will be asked to preside over one or both of these groups.

4. It is not yet clear whether other member states will be represented at a political level, e.g. State Secretary, though the Dutch have indicated that they will be. In that event, I would be inclined to recommend that we should be represented by a Minister. You will note that the committee on institutional affairs is likely to deal with matters going beyond Community business including 'political', or any other, co-operation'.

/5.

5. I am not sure, however, that a Minister would be able to devote time to both these groups. Representation at senior official level might be appropriate, especially on that concerned with 'A People's Europe'. We could decide about this in the light of your discussion with Dr Fitzgerald and further indications about the intentions of the others.

6. We shall want discussion of the development of the Community to deal with the issues we have raised in our paper on 'Europe - the Future'. Some of these ideas can be carried forward through the normal Community processes. But in the area of 'A People's Europe' we shall want to try to use the ad hoc committee to give some further impetus to our ideas on the abolition of intra-Community barriers of all kinds, cheaper air services, etc. It would be worth making this point to Dr Fitzgerald.

(GEOFFREY HOWE)

Foreign and Commonwealth Office

10 July 1984

6. A PEOPLE'S EUROPE

The European Council considers it essential that the Community should respond to the expectations of the people of Europe by adopting measures to strengthen and promote its identity and its image both for its citizens and for the rest of the world.

An ad hoc Committee will be set up to prepare and co-ordinate this action. It will be composed of representatives of the Heads of State or of Government of the Member States.

The European Council approves the agreement reached on the principle of creating a European passport and asks the Council to take the necessary decisions to ensure that this passport is actually available to Member States' nationals by 1 January 1985 at the latest.

It asks the Council and the Member States to put in hand without delay a study of the measures which could be taken to bring about in the near future, and in any case before the middle of 1985:

- a single document for the movement of goods;
- the abolition of all police and customs formalities for people crossing intra-Community frontiers;
- a general system for ensuring the equivalence of university diplomas, in order to bring about the effective freedom of establishment within the Community.

The Committee will examine inter alia the following suggestions:

- symbols of the Community's existence, such as a flag and an anthem;
- formation of European sports teams;
- streamlining procedures at frontier posts;
- minting of a European coinage, namely the ECU.

It would also like the Member States to take steps to encourage young people to participate in projects organised by the Community beyond its frontiers, and in particular to support the creation of national committees of European volunteers for development, bringing together young Europeans who wish to work on development projects in the third world.

The ad hoc Committee will also examine the following suggestions:

- measures to combat drug abuse;
- the twinning of children's classes.

The Commission will contribute to the proceedings of the Committee within the limits of its powers.

7. AD HOC COMMITTEE ON INSTITUTIONAL AFFAIRS

The European Council decided to set up an ad hoc Committee consisting of personal representatives of the Heads of State and of Government, on the lines of the "Spaak Committee".

The Committee's function will be to make suggestions for the improvement of the operation of European co-operation in both the Community field and that of political, or any other, co-operation.

The President of the European Council will take the necessary steps to implement that decision.

PM/84/117

PRIME MINISTER

Presidency of the European Commission

1. Dr FitzGerald will be in touch with you on Wednesday about the Presidency of the Commission. We had a word about this yesterday. We are both familiar with the facts and arguments. This note shows how my own thinking has moved on a little since we spoke.

2. We face a difficult situation as a result of Kohl's indecision. We have been in touch with his staff, who claim that Kohl has still not yet finally decided whether or not to put forward a German candidate and will only do so on his return from Latin America next week. But the reports about Biedenkopf are now much less firm. We do not want Kohl to propose Genscher. If Genscher were nominated, I do not see how we could oppose him but I do not think he would be a good President of the Commission.

3. Dumas claimed to the Irish that the Germans would definitely not nominate a candidate. It is up to FitzGerald to check with Kohl what his intentions are; and we shall do so again ourselves as soon as Kohl returns to Bonn.

4. If there is no German candidate, then we should be free to support Davignon, the candidate whom we should both prefer. But we should avoid committing ourselves too heavily as that

/might

might work against his candidature (it is far from certain that his candidature can succeed). He is far better qualified than most others for the post, and has a keener political sense. But Kohl is strongly opposed to him. At the least we should be able to use his candidature to try to block off others who would be thoroughly undesirable from our point of view - above all Cheysson. We are trying to find out how much support there is for Davignon among the smaller Member States; but the Danes and Dutch of course have nominated their own candidates. We are also trying to find out the Italian attitude.

5. Dumas told the Irish that there would be two French candidates - Cheysson and Delors. It is not the French turn to hold the Presidency: Ortoli was President before Roy Jenkins. But this is an unwritten rule, and if the Germans do not come forward with a candidate, the earlier rotation will probably not apply. After Cheysson's unhelpful role in the budget negotiations, there is no reason why we should accept his candidature. I think he would be a very bad President of the Commission, with little interest in controlling future expenditure.

6. Delors is a candidate of no less competence than Davignon. As Finance Minister in Paris, he has argued strongly for sensible economic policies and I am rather surprised that Mitterrand thinks he can spare him from his Government. A recent speech he made in Paris suggested that he would like to move from his present post. Delors would be likely to take a far more serious interest in the management of the Community's finances. If we do not get Davignon, I think we could live with Delors as President of the Commission. We should consider whether, if we were to accept him, we could exact French support for a British candidate to replace Noel in

/the key

the key post of Secretary General in the Commission (a possibility Dumas has mentioned to me).

7. I suggest that when Dr FitzGerald telephones, you might take the line that:

(a) we still do not know whether the Germans are going to put forward a good German candidate. What is the Irish impression of German intentions? Are they in touch direct with Kohl?

(b) if there is no strong German candidate, we consider that on the grounds of competence Davignon would be well qualified for the post. How much support does Dr FitzGerald think there is for his candidature?

8. If Dr FitzGerald mentions Cheysson's candidature, I suggest you make clear that our position is entirely reserved. Ortoli held the post from 1973-76. We do not see in what respect Cheysson's qualifications could be regarded as superior to those of Davignon. If Dr FitzGerald mentions Delors, you might say that we do not see why the French should hold the Presidency again so soon after Ortoli, but avoid giving the impression that we are as negative about Delors as we are about Cheysson. He has financial qualifications which would be important. We should need to think more carefully about this.

9. I am minuting separately about the composition of the two ad hoc groups of personal representatives of heads of government which will be established as a follow up to the Fontainebleau European Council.

/10.

10. I am sending copies of this minute to the Chancellor of the Exchequer and to Sir Robert Armstrong.

(GEOFFREY HOWE)

Foreign and Commonwealth Office
10 July 1984

ROYAL NETHERLANDS EMBASSY
LONDON

Prime Minister
Relevant to your talks with Dr. Fitzgerald tomorrow. I have asked for the Foreign Secretary's advice.
CDP 10/7.

Prime Minister
Very sensitive
CDP 11/7.

10 July, 1984

Dear Prime Minister,

At the request of my Prime Minister I enclose herewith a copy of a letter he is sending to you and of which the original should reach me one of these days by diplomatic bag. Mr.Lubbers wanted you to have the contents of his letter at the earliest possible date.

Yours faithfully,

J.L.R.Huydecoper

The Right Honourable
Margaret Thatcher, M.P.
etc., etc., etc.,

COPY

9 July 1984

(Dear Colleague)

Please find enclosed a copy of a letter which I have sent to Mr FitzGerald today and which I believe speaks for itself.

I should greatly appreciate it if you would look favourably on Mr Andriessen's candidacy.

(Thank you for your kind letter and cooperation at Fontainebleau)

was signed

R. Lubbers

COPY

(Dear Garret)

Further to our discussions at Fontainebleau, I would like to draw your attention again to the candidacy of Frans Andriessen for the Presidency of the European Commission.

As you know, Frans Andriessen has considerable political and administrative experience, first as leader of his party, the then Catholic People's Party, and later as Minister of Finance.

The way in which he is currently managing the competition portfolio in the European Commission and his excellent contacts with the European Parliament on the Commission's behalf are universally appreciated.

Frans Andriessen's success in Europe is attributable to his strength of character, his belief in the European idea, his great familiarity with the various currents of thought in Europe, and - not least - his excellent knowledge of languages. He speaks French, English and German fluently.

Lastly, may I add that apart from the brief interregnum of Sicco Mansholt, no Netherlands commissioner has ever held the Presidency of the Commission. It would seem reasonable that the Netherlands should now be permitted to make this contribution.

I sincerely hope that Andriessen's candidacy will receive the consideration which I believe it deserves.

was signed

R. Lubbers

cc FERB
Appleyard FCO

CONFIDENTIAL

NOTE FOR THE RECORD

BRITISH COMMISSIONERS FOR THE NEXT EC COMMISSION

The Prime Minister held a meeting this morning to consider possible candidates for the two British Commissioner posts in the next European Commission. Those present were the Lord President, the Foreign and Commonwealth Secretary, the Secretary of State for Trade and Industry, the Lord Privy Seal and the Chief Whip.

It was pointed out that candidates normally came from both Government and Opposition. On the Government side, a number of names were mentioned from the House of Commons, notably Douglas Hurd, Nicholas Ridley, Cecil Parkinson and Terence Higgins. It was agreed that some would make excellent candidates but their nomination would involve a by-election. It was desirable to avoid this. The Prime Minister said that the key thing was to send someone who would ensure tight control of the Community's budget. The ideal person in this respect would be Lord Cockfield. The Foreign Secretary said that an alternative would be to find an experienced official. Sir Michael Butler appeared the strongest candidate. The Chief Whip and the Lord Privy Seal, however, were emphatic that there would have to be a candidate from the Government ranks if there were to be one from the Opposition. The Party would not understand a solution whereby the Government candidate was an official and the Opposition were allowed a politician. If both were officials or businessmen, it would be easier to accept.

In a brief discussion of possible Opposition candidates, it was agreed that the best would be Lord Barnett if he would agree to be nominated. It was agreed that the Chief Whip would sound out Opposition views on whether they would wish to submit suggestions from within their ranks, or would be content with officials.

CDP

9 July 1984

FILE 814

cc: SBC

10 DOWNING STREET

From the Private Secretary

9 July, 1984

Presidency of the EC Commission

I wrote to you on Friday to say that the Taoiseach would be telephoning the Prime Minister on 11 July to discuss this question.

Mr. Kirwin, Assistant Secretary in the Department of the Taoiseach, gave me some further background this morning. He said that during Dumas' visit to Dublin last week, he had claimed that the Germans were withdrawing their candidate. There were two possible French candidates: Delors and Cheysson. The purpose of the Taoiseach's telephone call would be to establish whether agreement was possible on a French candidate. I asked whether the Irish Government had any independent confirmation from the Germans that they were withdrawing their candidate. Mr. Kirwin said that they did not yet, but were taking steps to find out.

Mr. Kirwin added that the Taoiseach was also likely to raise the question of the ad hoc committee on institutions, which it was agreed to set up at Fontainebleau. I should be grateful if the briefing for the Prime Minister could cover this point also.

C. D. POWELL

CST.

R. B. Bone, Esq.,
Foreign and Commonwealth Office

SUBJECT cc Master

CONFIDENTIAL

bc. P.C.

10 DOWNING STREET

9 July 1984

From the Private Secretary

Dear Roger,

PRESIDENCY OF THE EC COMMISSION

The Prime Minister had a brief discussion of this subject this morning. Those present were the Lord President, the Foreign and Commonwealth Secretary, the Secretary of State for Trade and Industry, the Lord Privy Seal and the Chief Whip.

The Prime Minister said that Dr. FitzGerald would be telephoning her on Wednesday to discuss this subject and she needed to decide what to say. There seemed to be a distinct risk that the Germans would not put forward a candidate after all and would leave the field free for the French. Urgent efforts should be made to convey to the Germans our views that this was disappointing and would redound badly upon Germany. In particular, it should be made clear to Chancellor Kohl that the French could not be considered residuary legatee for the Presidency if the Germans did not take their turn.

As to other candidates, Andriessen was well spoken of and Davignon a strong contender. Our best course might be to try to form an alliance around Davignon of the smaller countries and Italy, though there must be risk that Craxi would side with the French. Sir Geoffrey Howe agreed that this appeared the best prospect though we should be careful not to be too prominent in leading such an alliance. Mr. Tebbit pointed out that there were arguments for supporting Davignon, whatever the outcome; we should earn ourselves useful credit with him. The Prime Minister commented that if, at the end of the day, there had to be a French candidate, Delors might be acceptable, Cheysson not.

You will wish to take account of this discussion in preparing briefing for the Prime Minister's talk with Dr. FitzGerald. You will also wish to pursue urgently the question of a German candidate and also the prospects of rallying support behind Davignon.

Yours sincerely,

Charles Powell

(CHARLES POWELL)

Roger Bone, Esq.,
Foreign and Commonwealth Office.

FILE

da

DC P. Williams

10 DOWNING STREET

From the Private Secretary

7 July 1984

Presidency of EC Commission

The Taoiseach will be telephoning the Prime Minister on Wednesday 11 July to discuss the Presidency of the EC Commission.

I should be grateful if you could let me have briefing for the Prime Minister by the evening of Tuesday 10 July.

Charles Powell

R.B. Bone, Esq.,
Foreign and Commonwealth Office.

NR

Subject cc masters
ofs

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T120c/84

MINISTER-PRESIDENT

No.: 346516

The Hague, 6 July 1984

Dear Colleague

Please find enclosed a copy of a letter which I have sent to Mr Fitzgerald today and which I believe speaks for itself.
I should greatly appreciate it if you would look favourably on Mr Andriessen's candidacy.

Thank you for your kind letter, and cooperation at Fontainebleau

(R.F.M. Lubbers)

The Rt. Hon. Margaret Thatcher MP
Prime Minister
of the United Kingdom

Postbus 20001 - 2500 EA 's-Gravenhage - Kantooradres: Binnenhof 20 - Tel. 070 - 61 40 31

MINISTER-PRESIDENT

No.: 346516

The Hague, 6 July 1984

Dear Garret,

Further to our discussions at Fontainebleau, I would like to draw your attention again to the candidacy of Frans Andriessen for the presidency of the European Commission.

As you know, Frans Andriessen has considerable political and administrative experience, first as leader of his party, the then Catholic People's Party, and later as Minister of Finance.

The way in which he is currently managing the competition portfolio in the European Commission and his excellent contacts with the European Parliament on the Commission's behalf are universally appreciated.

Frans Andriessen's success in Europe is attributable to his strength of character, his belief in the European idea, his great familiarity with the various currents of thought in Europe, and - not least - his excellent knowledge of languages. He speaks French, English and German fluently.

Lastly, may I add that apart from the brief interregnum of Sicco Mansholt, no Netherlands commissioner has ever held the Presidency of the Commission. It would seem reasonable that the Netherlands should now be permitted to make this contribution.

I sincerely hope that Andriessen's candidacy will receive the consideration which I believe it deserves.

(R.F.M. Lubbers)

Dr Garret FitzGerald
Prime Minister of the
Republic of Ireland

Postbus 20001 - 2500 EA 's-Gravenhage - Kantooradres: Binnenhof 20 - Tel. 070 - 61 40 31

President
Commission

TPM

Action in hand
CDP

PRIME MINISTER

PRESIDENT OF THE EC COMMISSION

Dr. FitzGerald is planning to make a round of telephone calls next Wednesday to Community Heads of Government in connection with the Presidency of the European Commission. We have agreed, in principle, that you will speak to him at 1015 hours that day.

Agree?

Yes - must previously agree line with the F.C.S.
MT

CDP.

C.D. Powell
6 July 1984

Charles
Pl. will you fix a time with Mr. Kirwin
FERB

ROBIN

cc Charles Powell 6.7.

Mr Kirwin, Assistant Secretary in the Department of the Taoiseach telephoned (4.55 pm) to say that Dr Fitzgerald is making a round of telephone calls to Heads Of Government in connection with the candidates for the European Commission next Wednesday, 11 July.

He would like to make a call to the Prime Minister in the morning and would like some idea as to what time would suit her, in order to fit in all the other calls. Mr Kirwin has suggested 10.00 am but will fall in with the Prime Minister's wishes.

I said that you would ring him back as soon as possible - Dublin 766-031

cc.
To note.
CR 9/7.

Angela
5.7.84

GRS 440
CONFIDENTIAL
FM BONN 041100Z JUL 84
TO IMMEDIATE FCO
TELEGRAM NUMBER 658 OF 04 JULY
INFO IMMEDIATE CABINET OFFICE- PERSONAL FOR WILLIAMSON, UKREP BRUSSELS- PERSONAL FOR SIR M BUTLER

PERSONAL FOR RENWICK

PRESIDENCY OF EUROPEAN COMMISSION

1. I ASKED TELTSCHIK, THE CHANCELLOR'S DIPLOMATIC ADVISER, LAST NIGHT ABOUT GERMAN INTENTIONS ON THE SUCCESSION TO THORN. TELTSCHIK SAID THAT THE CHANCELLOR HAD NOT YET TAKEN A DECISION ON WHETHER TO PUT FORWARD A GERMAN CANDIDATE OR, IF SO, WHO THAT CANDIDATE SHOULD BE. TELTSCHIK'S PERSONAL ASSUMPTION WAS THAT, IF A GERMAN CANDIDATE WAS FIELDED, IT WOULD BE BIEDENKOPF. TELTSCHIK EXPECTED THE CHANCELLOR TO TAKE A DECISION IN THE WEEK BEGINNING 16 JULY, AFTER RETURNING FROM HIS VISIT, BEGINNING TODAY, TO ARGENTINA AND MEXICO. TELTSCHIK SAID THAT THE CHANCELLOR RECALLED HIS CONVERSATIONS WITH THE PRIME MINISTER ON THIS SUBJECT AND THAT THE GERMANS COULD ONLY ASK THE BRITISH TO BE PATIENT. THE CHANCELLOR WOULD NO DOUBT BE IN CONTACT WITH THE PRIME MINISTER ONCE HE HAD TAKEN HIS DECISION.

COMMENT

2. BIEDENKOPF HAS NEVER LOOKED A REALLY STRONG CANDIDATE. HIS CURRENT EFFORTS TO MEDIATE IN THE PRINTERS' STRIKE HAVE NOT SO FAR GONE WELL. AFTER FONTAINEBLEAU, THE GERMAN PRESS REPORTED THAT HE WAS OUT OF THE RUNNING AND THAT THE RACE WAS NOW BETWEEN CHEYSSON AND DAVIGNON. I WOULD NOT EXPECT KOHL TO ADVANCE BIEDENKOPF ENERGETICALLY UNLESS HE HAD DEFINITE HOPES THAT THE LATTER WOULD GET THE JOB.

13

File

MR. POWELL

cc Fontainebleau

1. Tomorrow's meeting is confirmed for 10 a.m.

2. I have arranged for the meeting to discuss the question of British Commissioners to take place after Cabinet on Thursday, 28 June. It is never a very popular decision to have meetings after Cabinet, but I am afraid in this case there was no alternative as it was the only time I could get everybody together.

BF

I could not put it in for next Thursday as there is a meeting already arranged to discuss the New Ireland Forum.

CR

14 June 1984

MRS. RYDER

When the Prime Minister met Sir Geoffrey Howe this evening it was agreed to hold a meeting this Friday about an aspect of preparations for Fontainebleau. Would it be possible to find a time, ideally in the morning, about half-an-hour to forty-five minutes? Those who would need to be invited are: the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, Sir Crispin Tickell, Sir Michael Butler, Sir Jock Taylor (Ambassador in Bonn), Mr. Williamson and Mr. Unwin. (Treasury)

(1)

They also want to have a meeting to discuss the question of British Commissioners in the next European Commission. This would involve, besides Sir Geoffrey Howe, Lord Whitelaw, the Chief Whip and Mr. Gummer. It should, if possible, be in the latter half of next week, perhaps directly after Cabinet.

(2)

Grateful for your advice.

CDP

13 June 1984

PERSONAL AND CONFIDENTIAL

10 DOWNING STREET

From the Private Secretary

5 June 1984

PRESIDENT OF THE EUROPEAN COMMISSION

The Prime Minister has noted the contents of your letter of 4 June reporting rumours that Genscher has agreed that the Germans should nominate Cheysson to be the next President of the Commission.

I shall bring this letter to the Prime Minister's attention again before she sees Chancellor Kohl.

A. J. COLES

Roger Bone, Esq.,
Foreign and Commonwealth Office.

PERSONAL AND CONFIDENTIAL

No. 10 DOWNING ST

GRS 560

CONFIDENTIAL

CONFIDENTIAL

DESKBY 221600Z

FM BONN 221400Z MAY 84

TO IMMEDIATE FCO

TELEGRAM NUMBER 510 OF 22 MAY

INFO ROUTINE UKREP BRUSSELS PARIS

YOUR TELNO 283: NEXT COMMISSION

1. ALTHOUGH THE PRESS HAVE FOR SOME TIME BEEN MENTIONING BIEDENKOPF AS A POSSIBLE SUCCESSOR TO THORN, THE CHANCELLOR'S DIPLOMATIC ADVISER (TELTSCHIK) TOLD ME ON 20 MAY THAT NO DECISION IN FAVOUR OF BIEDENKOPF, OR ANY OTHER GERMAN CANDIDATE, HAD YET BEEN TAKEN. THE MATTER HAD NOT BEEN DISCUSSED IN CABINET, WHOSE APPROVAL WOULD BE REQUIRED.

2. TELTSCHICK REFUSED TO BE DRAWN ON BIEDENKOPF'S CHANCES OF NOMINATION AND, ALTHOUGH ADMITTING THAT HE HAD DISCUSSED THE MATTER WITH THE CHANCELLOR AT THE WEEK-END, CLAIMED TO HAVE NO IDEA WHERE THE GERMAN DECISION WOULD EVENTUALLY FALL. THE ECONOMIC DIRECTOR OF THE AUSWAERTIGES AMT (FISCHER) HAS ADMITTED TO US THAT BIEDENKOPF MIGHT BE A POSSIBILITY. HE ADDED THAT IN VIEW OF THE DANISH NOMINATION OF HENNING CHRISTOPHERSEN, THE GERMANS HAD BEEN IN TOUCH WITH THE DANES. THE GERMANS WOULD BE READY FOR DISCUSSION AT SALON DE PROVENCE. TELTSCHICK MERELY RECOGNISED THAT, IF THE TERM OF OFFICE OF THE COMMISSION WAS NOT EXTENDED, THE GERMANS WOULD HAVE TO ACT QUICKLY. I MADE CLEAR THAT WE OPPOSED EXTENSION BUT WOULD BE PREPARED TO BACK A REALLY GOOD GERMAN CANDIDATE.

3. WE SUMMARISED BIEDENKOPF'S QUALIFICATIONS FOR THE PRESIDENCY IN MALLABY'S LETTER OF 25 OCTOBER 1983 TO HANNAY. HE IS AN INTELLECTUALLY HIGH POWERED, ENGAGING, MULTI-TALENTED MAN IN A FAR HIGHER CLASS THAN THE PRESENT GERMAN COMMISSIONERS. HE IS CAPABLE OF THINKING IN CONCEPTUAL TERMS AND PRODUCING NEW POLICY IDEAS, NOTABLY IN THE ECONOMIC FIELD. HE IS UNDOUBTEDLY WELL DISPOSED TOWARDS THE UK, SPEAKS EXCELLENT ENGLISH, AND HAS A GENUINE REGARD FOR THE PRIME MINISTER'S SUCCESS IN COMING TO GRIPS WITH THE UK'S ECONOMIC PROBLEMS.

4. BIEDENKOPF HAS NO DIRECT EXPERIENCE OF THE EC (THOUGH HE HAS CLEARLY FOLLOWED DEVELOPMENTS THERE) NOR HAS HE HAD MUCH TO DO WITH INTERNATIONAL FINANCIAL MATTERS. HE HAS THE CAPACITY TO LEARN QUICKLY. INSOFAR AS HE HAS MADE HIS VIEWS ON THE EC PUBLIC, THEY DO NOT APPEAR TO BE ALL THAT FAR FROM OUR OWN (AS THOSE WHO HEARD HIS EXCELLENT FINAL ADDRESS AT THIS YEAR'S KOENIGSWINTER CONFERENCE WILL AGREE).

CONFIDENTIAL

/5.

5. THE OBVIOUS DISADVANTAGE OF BIEDENKOPF IS THAT HE HAS NEVER SHOWN THE FORCE OF CHARACTER OR THE QUALITIES NECESSARY FOR STRONG CHAIRMANSHIP OR GOOD MANAGEMENT. ALTHOUGH CHARMING AND COURTEOUS, HE HAS AN INTELLECTUAL ARROGANCE WHICH ALIENATES MANY. HE ALSO SEEMS TO LACK REAL AUTHORITY OR BITE. DURING HIS TIME AS SECRETARY-GENERAL OF THE CDU (1973-77), HE LED AN IMPRESSIVE REGENERATION OF PARTY POLICIES BUT FAILED NOTORIOUSLY TO GET TO GRIPS WITH THE ADMINISTRATION OF CDU HEADQUARTERS. HE SHOWED A SIMILAR DISREGARD FOR MANAGEMENT AND ADMINISTRATION AS HEAD OF THE CDU IN NORTH RHINE WESTPHALIA (THE LARGEST REGIONAL PARTY). THIS FAILURE PLAYED AN IMPORTANT PART IN THE PARTY'S REJECTION OF HIM AS LEADER FOR NEXT YEAR'S LAND ELECTION.

6. BIEDENKOPF FELL OUT WITH KOHL SOME YEARS AGO. THIS LARGELY ACCOUNTS FOR HIS LOSS OF EFFECTIVE POWER WITHIN THE CDU. HE STILL RETAINS CONSIDERABLE INFLUENCE AND, IF THINGS BEGAN TO GO WRONG FOR THE CHANCELLOR, COULD CONCEIVABLY HAVE A FUTURE IN FEDERAL POLITICS. SHOULD THE GERMANS NOMINATE BIEDENKOPF FOR THE PRESIDENCY OF THE COMMISSION, IT WOULD BE HARD TO REPRESS ALL SUSPICION THAT THE CHANCELLOR HAD SEEN THE APPOINTMENT AS AN OPPORTUNITY TO EXCLUDE HIM FROM THE MAIN STREAM OF GERMAN POLITICS ONCE AND FOR ALL.

7. THE BEST GERMAN CANDIDATE WOULD BE ALBRECHT. BUT HE IS NOT ON OFFER. I CAN THINK OF NO BETTER GERMAN ALTERNATIVE THAN BIEDENKOPF. WE ARE NOT COMMITTED TO SUPPORTING HIM. BUT THE GERMANS WOULD BE VERY DISAPPOINTED IF WE DECIDED TO SUPPORT DAVIGNON. IF BIEDENKOPF IS PUT FORWARD BUT DAVIGNON IS OUR CHOICE, IT WOULD BE PREFERABLE TO DELAY DISCLOSING THIS TO THE GERMANS WHILE THE BUDGET NEGOTIATION CONTINUES.

FCO PLEASE ADVANCE TO: WILLIAMSON CABINET OFFICE
TICKELL, RENWICK, FAIRWEATHER - FCO

TAYLOR

LIMITED
ECD (E)
SIR C TICKELL
MR RENWICK.

COPIES TO
MR WILLIAMSON
MR STAPLETON
MR DURIE
} CAB OFFICE

NO 10 DOWNING ST

CONFIDENTIAL

File

BM

10 DOWNING STREET

From the Private Secretary

1 May 1984

Dear Roger,

Thank you for your letter of 27 April with which you enclosed a draft reply to the letter from the Prime Minister of Denmark about the nomination of Mr. Henning Christophersen to the post of President of the European Commission.

The Prime Minister signed the letter as drafted and I enclose the top copy for transmission to Mr. Schlüter by HM Ambassador.

Yours ever

Tim Flesher

(Timothy Flesher)

R.B. Bone, Esq.,
Foreign and Commonwealth Office

BrC

SUBJECT
cc OPS
Master

file

cc FCO
By
CB

LPO

10 DOWNING STREET

THE PRIME MINISTER

1 May 1984

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 68/84

Dear Prime Minister,

Thank you for your letter of 5 April, delivered by your Ambassador on 16 April, about the nomination of Mr. Henning Christophersen to the post of President of the next Commission.

The Presidency of the Commission is a vital post and I agree with you that we need an outstanding person for it. I take note of Mr. Christophersen's candidature, which you may be sure my colleagues and I will consider seriously when we come to take a view on the best candidate for the post.

Yours sincerely

Margaret Thatcher

His Excellency Mr. Poul Schlüter.

DRP

Foreign and Commonwealth Office

London SW1A 2AH

27 April, 1984

GR
pse type

Dear John

Presidency of the European Commission: Danish Candidacy

David Williamson copied to you his minute of 16 April reporting a call on him by the Danish Ambassador to hand over a letter for the Prime Minister from the Danish Prime Minister seeking support for the candidature of Mr Henning Christophersen as President of the next European Commission.

The Prime Minister may wish to reply to Mr Schlüter in friendly but non-committal terms. I enclose a draft. If you would let me have the signed top copy of the letter we will arrange for it to be delivered by HM Ambassador in Copenhagen.

I am sending a copy to David Peretz and Richard Hatfield.

Yours ever

Roger Bone

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

Euro Pol: Presidency Pt 2

DSR 11 (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM: Prime Minister

Reference

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO: Mr Paul Schlüter
Prime Minister of Denmark

Your Reference

Copies to:

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT:

Thank you for your letter of 5 April, delivered by your Ambassador on 16 April, about the nomination of Mr Henning Christophersen to the post of President of the next Commission.

The Presidency of the Commission is a vital post and I agree with you that we need an outstanding person for it. I take note of Mr Christophersen's candidature, which you may be sure my colleagues and I will consider seriously when we come to take a view on the best candidate for the post.

Enclosures—flag(s).....

Qz.03685

MR COLES

PRESIDENCY OF THE EUROPEAN COMMISSION: LETTER FROM THE DANISH PRIME MINISTER

The Danish Ambassador called on me this afternoon, at his request, and handed over for the Prime Minister the attached letter from the Danish Prime Minister seeking support for Mr Henning Christophersen as candidate for the Presidency of the European Commission from January 1985. I said only that the United Kingdom Government had not yet taken a view on the next President of the Commission and that the Danish Prime Minister's letter would be considered.

BF

The Foreign and Commonwealth Office have a copy of this letter and will be letting you have directly their advice.

I am sending a copy to Roger Bone (FCO) and to Sir Robert Armstrong.

D F WILLIAMSON

16 April 1984

PERSONAL AND CONFIDENTIAL

Rev

bs ~~SR~~ Sir P.C.

10 DOWNING STREET

From the Private Secretary

11 April, 1984

NEXT PRESIDENT OF THE EUROPEAN COMMISSION

The Prime Minister has seen the Minute of 9 April by the Chancellor of the Exchequer to the Foreign and Commonwealth Secretary on this subject. She discussed it with the Foreign and Commonwealth Secretary today. The conclusion was reached that it would be premature for us to decide to support the candidature of M. Davignon and to make this known. One factor which weighed with the Prime Minister was Chancellor's Kohl's earlier statement to her that he intends to put forward a German candidate. Although there is no such candidate in sight, the Prime Minister feels that we should wait a little longer in case one does emerge.

I am copying this letter to Roger Bone (Foreign and Commonwealth Office), Janet Lewis-Jones (Lord President's Office), Callum McCarthy (Department of Trade and Industry) and to Michael Reidy (Department of Energy).

A. J. COLES

D. Peretz, Esq.,
HM Treasury

PERSONAL AND CONFIDENTIAL

3.58 PERSONAL AND CONFIDENTIAL

cc Mr Littler

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

FOREIGN SECRETARY

NEXT PRESIDENT OF THE EUROPEAN COMMISSION

I agree with the preference in your minute of 14 March for Davignon, compared with Christophersen.

2. I had wondered whether there might be more to gain from supporting a really good French or German candidate, if one were put forward. But as far as a French possibility is concerned, I suppose this might be ruled out by the still comparatively recent Presidency of Ortoli. And it does not look as if there will be a satisfactory German candidate.

3. I am therefore inclined to suggest that we ought to consider letting the Belgians know that we would support Davignon, and doing so quite soon. This might influence the Belgian Government in their own selection, as you suggest. It might also gain us a little credit, both with them and with Davignon himself, who is increasingly playing a central, and on balance constructive, role in the budget negotiations.

4. It happens that I shall be seeing De Clercq, the Belgian Finance Minister and your successor as Chairman of the Interim Committee, in Washington on Thursday this week. If you and others agree that we could now indicate support without waiting any longer to learn of other possible candidates, it might be helpful for me to have a word with De Clercq in parallel with the approaches you would yourself want to make.

5. Copies of this minute go to the Prime Minister, Willie Whitelaw, Norman Tebbit and Peter Walker.

N.L.

N.L.
9 April 1984

EVRO POL: Appr of Pres. Pt 2

cc/K

(2)

Prime Minister.

A.J.C. 6/4.

PERSONAL AND CONFIDENTIAL

PRIME MINISTER

The Foreign Secretary minuted you on 14 March about the selection of the next President of the European Commission. From my travels in Europe I very much agree with the Foreign Secretary's choice of candidate from those available. Davignon is by far the best.

I am copying this to the Lord President, the Foreign Secretary, the Chancellor and the Secretary of State for Trade and Industry.

SECRETARY OF STATE FOR ENERGY

5 April 1984

Euro-Pol: Appt. of President 1/2

SUBJECT
cc Ops
Master

Copenhagen, April 5,1984.

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T54AA/84

Dear Prime Minister Margaret Thatcher,

As you will know, the terms of office of the members of the Commission of the European Communities expire on 5 January 1985.

The Danish Government has decided to nominate Mr. Henning Christophersen, Deputy Prime Minister and Minister for Finance, as candidate for the Post as president of the new Commission.

Mr. Henning Christophersen was Minister for Foreign Affairs from 1978 to 1979, and has been Minister for Finance and Deputy Prime Minister in my government since 1982. He has been a Liberal Member of the Folketing (parliament) since 1971 and, since 1977, Chairman of the Liberal Party.

As Denmark's foreign minister as well as within the Federation of Liberal and Democratic parties in the European Communities, Mr. Christophersen has been committed to and played an active role in the European cooperation. During the Danish EC presidency in the second half of 1982, he presided over the Council in various compositions.

The Danish Government considers that Mr. Christophersen is extremely well qualified, both politically and professionally, to discharge the duties entrusted to the president of the Commission.

I enclose for your information the curriculum vitae of Mr. Henning Christophersen.

.../...

As you will know, Denmark is one of the few Member States of the European Communities which have not yet held the Commission presidency.

The Danish Government's decision to nominate Mr. Henning Christophersen for the presidency is a manifestation of the weight we attach to that post and of our wish to preserve the Commission as a politically important institution with the aim of advancing the development of the European Communities.

I should be gratified to have your Government's support for Mr. Henning Christophersen's candidature.

Sincerely yours,

Poul Schluter

Enclosed: CURRICULUM VITAE of Mr. Henning Christophersen

Mrs. Margaret Thatcher
Prime Minister of the United Kingdom of Great Britain
and Northern Ireland

CURRICULUM VITAE

Henning Christophersen, born 8. November 1939 in Copenhagen. Married to Jytte Christophersen. 3 children.

Graduated in economics from Copenhagen University, 1965.

Head of the economic division of the Danish Federation of Crafts and Smaller industries, 1965-70.

Economics reporter for the periodical NB 1970-1971 and for the weekly newspaper WEEKENDAVISEN 1971-1978.

Elected to the Folketing (parliament) 1971.

Member of the parliamentary finance committee 1972-1976, vice-chairman 1975.

Political spokesman of the Liberal MPs 1973-1978.

Chairman of the parliamentary foreign affairs committee 1979-1981.

Member of the Nordic Council 1981-1982.

National auditor 1976-1978.

Vice-chairman of the national organisation of the Liberal Party 1972.

Acting national chairman of the Liberal Party 1977 and chairman 1978.

Minister for Foreign Affairs in the Anker Jørgensen Cabinet III 1978-1979.

Chairman of the Liberal Party parliamentary group 1979-1982.

Minister for Finance and Deputy Prime Minister in the Poul Schlüter Cabinet since 1982.

Chairman of the ECO/FIN-Council during the Danish EC presidency in the second half of 1982.

Author of books and articles on political and economic subjects.

CONFIDENTIAL

FILE
MT

bc PC

10 DOWNING STREET

From the Private Secretary

15 March 1984

Next President of the European Commission

The Prime Minister has seen the Foreign and Commonwealth Secretary's minute of 14 March. She has noted Sir Geoffrey Howe's conclusion that if Chancellor Kohl fails to produce a good German candidate whom we could support, our choice should fall on M. Davignon.

I am copying this letter to Janet Lewis-Jones (Lord President's Office), John Kerr (H.M. Treasury) Callum McCarthy (Department of Trade and Industry) and Michael Reidy (Department of Energy).

A. J. COLES

Roger Bone, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

CST

cc PC

(1)

Prime Minister.
Shall I say that you note the Foreign Secretary's conclusion in para. 6, pending a decision on a German candidate?

Yes

A.J.C. 14/3.

PM/84/49

PRIME MINISTER

Next President of the European Commission

1. Community Heads of State and Government should decide on the next President of the European Commission at the European Council in June. Following tradition, this would give the President-elect time to visit member governments and consult with them about the Commissioners who should take office at the beginning of January.

2. You indicated to Chancellor Kohl on 9 November 1983 that if the German government were to put forward a good candidate you would support him. Kohl has still not come forward with a candidate, but when he saw you on 28 February last he said he would do so. From what we hear he has not so far been able to find someone of the right quality. We certainly would not wish to support a second-best candidate who could negate our purpose of securing a President who would be in tune with our own thinking on the main Community issues.

3. Two candidates have already let their names go forward. On 6 March the Danish Foreign Minister told me that Christophersen, the Danish Deputy Prime Minister and Minister of Finance, was interested in the job. As the Danes have not so far held the Presidency, they may claim that their candidate should have prior consideration. He is, in my experience, a competent and sensible man, but I am not sure whether he has the qualities necessary to pull the Commission out of its present troubles and discontents, and ensure that it can play the role it should as a competent manager of Community business as well as a reliable source of initiative and advice. Furthermore I am afraid that any Dane would be unlikely to be sympathetic on such issues as budgetary discipline and budgetary imbalances.

/4.

4. The other candidate to declare himself is Davignon. You already know him well, and we have all had dealings with him. There has of course been a Belgian President before (Jean Rey from 1967 to 1970). Moreover it is not certain that the Belgian government would support his candidature against the ambitions of a Fleming. But if the Belgians thought he could secure the Presidency they would probably run him again.

5. Davignon is a man of exceptional talent and fertile mind, and one of the world's best fixers. Against him it is sometimes said that he is too clever by half, and, by background and temperament, of the dirigist French-leaning school within the Community. Colleagues have not always found him reliable in his willingness to take account of British interests, and some will in particular remember the part he played over the majority vote against us in the Agricultural Council, despite our invocation of the Luxembourg compromise, on 16 May 1982. On the other hand, Davignon has, in my view, done more than anyone else to keep the present sorry Commission on the rails, and he has some substantial successes to his credit. He has understood the place of this country in the Community better than most. In the last resort he is less a Belgian than a European, from one of the countries which has long had to perform a balancing act to maintain itself. He sometimes leans one way, and sometimes another; but he has a strong centre of European gravity. Sir Michael Butler believes that he would be a strong and reasonably impartial chairman, and that he would normally ensure that our views were sufficiently weighed to get agreements in the Council of Ministers. I attach a balance sheet prepared by our Representation in Brussels to show his performance on recent issues within his responsibilities touching British interests.

/6.

6. I have had an informal word about this with Nigel Lawson, Norman Tebbit, and Patrick Jenkin, who are inclined to share my views. These are of course still early days, and we have yet to see whether Kohl will produce a good German candidate whom we could support. But if he should fail to do so, I think that between Christophersen and Davignon we should go for Davignon. With his skill and experience he should do us - and the Community - pretty well as President of the Commission.

7. I am copying this minute to Lord Whitelaw, Nigel Lawson, Norman Tebbit and Peter Walker.

GEOFFREY HOWE

Foreign and Commonwealth Office

14 March 1984

EXTERNAL TRADE

1. Newsprint: Davignon put pressure on Italy (e.g. telephoning Andreotti), essentially on our behalf, to agree to an autonomous supplement to the 1983 EC duty-free quota. He equally suggested (at the December Council) a helpful (for the UK) compromise of an initial 1984 quota level of 500,000 tonnes plus a Council review in April (again against Italian opposition).

2. Japan: Video Tape Recorders:

The arrangement (negotiated by Davignon in November) under which units come in free of restraint, provided that certain local content thresholds are subsequently met, fully met UK needs. Other Member States, notably France, would have preferred a more restrictive line. The understanding shown by Davignon of UK interests in inward investment in this case contrast with the line that DGIII have so far taken on Yamazaki.

3. Japan: Colour TV Tubes:

Davignon's personal intervention secured increased supplies for UK TV manufacturers effectively by breaching the EC restraint ceiling. Other Member States were not told.

/Comment

Comment:

(a) Davignon was prepared to respond to personal, political appeals from UK Ministers in

(b) allowing in imports against what other Member States (and perhaps DGIII) saw as cases of EC preference. UK needs on both VTR units and CTV tubes reflected our special interest in inward investment from Japan.

STEEL

1. The Community's steel policy overall is largely Davignon's inspiration. No one can gainsay his holding it together in moments of crisis. It is a policy in which we see merit and from which we derive benefits (the more so as other Member States' industries close capacity).

2. Within the overall steel policy, Davignon has been helpful to the UK:

   he has shown willing to become personally involved in quota questions and (if late) delivered his promises. Slowness in delivery has at least partly been the fault of his services. It has not been wholly unreasonable of him, either, to expect HMG to do more to help itself (e.g. in influencing BSC to release quota to the UK private sector).

   He was undoubtedly very helpful in giving the political steer to his services to help Sheerness over abatement of fines for overproduction and quota.

   He has twice cut the ground from under Andriessen (when UK Ministers were in difficulties over state aid to BSC and restructuring) by suggesting compromises and ways out.

/RESEARCH

RESEARCH AND OTHER AREAS

1. No particular examples, although Davignon's role in the Yamazaki case was a little disappointing. The Research field is a prime example of Davignon's drive and imagination in creative empire-building at the European level.

ENERGY

Positive

1. Exchange of letters on North Sea issues:

These issues involve essential UK interests (e.g. the landing requirement) which are potentially vulnerable under the Treaty. Davignon proved outstandingly sensitive and helpful in 1980 in taking these issues out of the hands of the legal services and ensuring that the exchanges of letters were negotiated politically, with his Cabinet.

2. Solid Fuels:

Davignon proposed in 1983 an investment regulation, a stocks regulations and EEC budget transfer for coal social measures all intended to give particular benefit to UK. Whilst these coincided to some degree with his energy policy aspirations, the need for new policies of particular benefit to UK was also a factor.

3. Chapter VI: Euratom:

Major UK non-proliferation issues are involved in the revision of this outdated part of the Euratom Treaty. Davignon noted these interests and his proposals accommodate them to a large degree.

Neutral

4. Energy refund regulation:

Davignon was instrumental in persuading Commission to delay its proposal to implement 1983 refund agreement. But 1982 energy refunds were paid promptly, and he was not unhelpful over UK difficulties for 1983 (e.g. over whether projects should be new).

/Negative

5. Super Sara

Davignon put up a hard fight to save this uneconomic project, partly, at least to demonstrate loyalty to Ispra staff. He refrained, however, from committing further funding to it once doubts about its future became clear, and it was at his suggestion that a panel of three wise scientists was set up to review its effectiveness. When the panel found against the project, Davignon rapidly accepted cancellation.

Negative

6. Oil stocks:

Davignon persisted with proposal to increase protective level of stocks, despite UK opposition, and was not receptive to arguments that there is less justification for UK, as an oil producer with substantial reserves to incur costs of increased stocks.

Comments

7. The record in the energy field is, on balance, helpful to the UK, and for the most part corroborates Davignon's sensitivity to major political preoccupations. One of Davignon's few errors of judgement also occurred in this field (failure to seize the best deal going in March 1983 on energy demonstration projects). But realism and pragmatism remains the keynote here, as elsewhere.

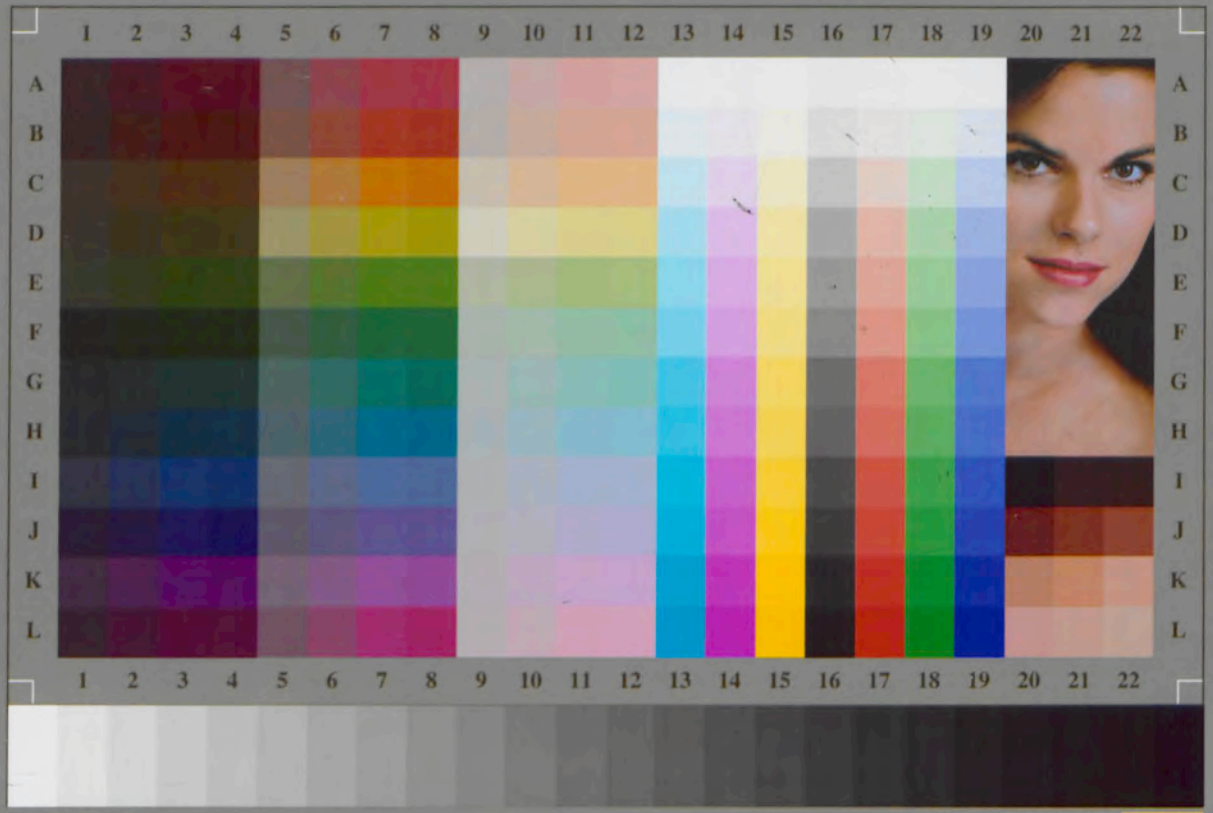
PART 1 ends:-

AJC to FCO 6.2.84

PART 2 begins:-

FCS to PM (PM/84/49) 14.3.84

KODAK Q–60 Color Input Target



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FTP://FTP.KODAK.COM/GASTDS/Q60DATA

Q-60R2 Target for
KODAK
Professional Papers