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Confidential Filing

VISITS By Commissioner Davignon.

EUROPEAN POLICY

December 1983

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Foreign and Commonwealth Office

London SW1A 2AH

23 November 1984

Prime Minister

You may like to look at this over the week-end.

Dear Charles,

Farewell call on the Prime Minister by Viscount Davignon: 27 November

Viscount Davignon will as you know be paying a farewell call on the Prime Minister at 0930 on Tuesday 27 November. I enclose a brief.

I am copying this letter and enclosures to the Private Secretary to Sir Robert Armstrong.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

You may prefer to devote much of the time to a more general and philosophical talk about the Community. But it would be helpful if you could mention at least Spanish Car tariffs and Steel.

CDP
23/xi

C D Powell Esq
10 Downing Street

VISCOUNT DAVIGNON'S CALL ON THE PRIME MINISTER: TUESDAY 27 NOVEMBER

INTRODUCTION

1. This is a farewell call by Viscount Davignon, who leaves the Commission in December after eight years. A list of decisions with which he has been associated is included in the background.

2. There are three issues of importance to the UK over which M Davignon could still exercise useful influence before he departs - Spanish car tariffs, steel and Community R&D. It would be helpful if the Prime Minister could raise them briefly. M Davignon may also wish to discuss telecommunications and vehicle emissions.

POINTS TO MAKE

General

3. Much admired energetic and imaginative role played in Commission. You resolved problems in vital sectors (industry, energy, research) at a time when some other areas of Community work have drifted. Grateful for understanding shown of UK problems and for help in solving them.

Spanish Car Tariffs

4. Grateful for your personal interest in general problem of high Spanish tariffs.

5. Satisfactory solution on cars very important for UK. Inevitably affects our room for manoeuvre on other dossiers. Very much hope it can be tied up before Dublin European Council.

6. As you know, must have twice present level of access for

/UK

UK in first year of reduced duty quota, with progressive increases thereafter, at duty perceptibly lower that 19%.

Steel

7. Understand that, without special ad hoc arrangements, BSC would have faced substantial fines under the ECSC quota system this year simply for maintaining their traditional market share. Every sign that problem will continue next year; further ad hoc arrangements will be increasingly difficult to negotiate. Believe you indicated to Norman Tebbit earlier this year that you were prepared to institute a permanent system to deal with this type of problem. Urge you to set one up before your departure.

R&D

8. ESPRIT is a particularly good example of on EC Research programme, in that the project maximises involvement of industry. We hope other research programmes can develop along similar lines. Understand package has been put together for discussion at 19 December Research Council? Hope this will form the basis for progress. UK keen to reach agreement. We support gradual increase in R&D spending, but this will have to be in line with provisions on budget discipline.

Telecommunications [If necessary]

9. Important area for Community work. Pleased to see agreement reached on the two recommendations on harmonisation of standards and more open public procurement. Understand there is a large number of new proposals tabled. These will have to be carefully considered and evaluated. Very important to recognise that British Telecom's position after privatisation very different from counterparts in other Member States which are government controlled.

/Vehicle Emissions

Vehicle Emissions [If necessary]

10. Recognise German concerns. Important to achieve a Community-wide solution to protect unity of internal market. Equally important to use the most appropriate technology. We support lean burn which has many significant and long term advantage over catalytic converters. UK and other Member States have show flexibility to meet German concerns. We fully support your efforts to persuade Germans to agree to a compromise which does not split the market nor lumber us with outmoded and inefficient technology.

/BACKGROUND

BACKGROUND

General

1. Viscount Davignon joined the European Commission in 1977 from the Belgian Foreign Service, where for years he had played an active part in EC affairs, notably as political director. During his first term as Commissioner he held the industrial affairs portfolio. In his second term he added research, science and energy. His future is uncertain: Prime Minister Martens recently ruled out the possibility that he might be offered a Ministerial post in the Belgian government, at least until after the next Belgian election, scheduled for mid-1985. A personality note on Davignon is attached.

Viscount Davignon's Major Achievements

2. (i) Architect of EC steel policy (the "Davignon Plan") which has steered European steel industry through period of crisis;

(ii) Safeguarded EC access to US steel market by negotiating EC/US Carbon Steel Arrangement in 1982;

(iii) Secured agreement to the ESPRIT programme along lines which ensured maximum involvement of industry;

(iv) Initiated Community-wide work on telecommunications. Recommendation on harmonisation of standards and public procurement agreed. More work in hand.

(v) Successfully negotiated voluntary Japanese export restraint arrangements in sensitive sectors (VTRs. colour televisions, etc.)

(vi) In general, managed a very large portfolio with great dynamism, and sought the views and active involvement of European industry before reaching new proposals.

Spanish Car Tariffs

3. M Davignon was helpful in securing in July Community and Spanish agreement to address problem of high Spanish tariffs.

/4.

4. Community agreed at 22-23 October Foreign Affairs Council that high Spanish tariffs on cars should be dealt with by a reduced duty tariff quota with:

a) a reduced duty compared with existing arrangements;

b) gradual increas in value compared with existing arrangments;

c) access for all categories of passenger vehicle produced in Community;

d) non discriminatory operation, supervised by Commission.

It was not at the time possible to agree detailed figures; these have been subject of subsequent bilateral discussions with Commission.

5. Existing one year quota gives us 2,500 cars out of an EC quota of 15,000: Davignon knows we want twice that in year one of new quota, with progressive increases at a duty perceptibly lower than 19% (the lower of the two rates applied to different categories of car in the present quota); leading to quota-free access after 3 or 4 years when the high tariff reductions catch up with and become part of general tariff dismantlement (over 6 or 7 years). Davignon will report on his contacts with the Spaniards to the Foreign Affairs Council on 26 November. Further briefing will be supplied if necessary by telegram.

Steel

6. In each quarter of 1984 BSC have had to exceed their basic quotas simply to maintain their traditional share of the UK/EC market. Problem caused by fact that, with UK demand relatively buoyant, BSC quota based on EC average demand is inadequate; and exacerbated by fact that BSC' share of overall EC quota has been eroded since regime first established. Following intervention by Mr Tebbit, M Davignon promoted ad hoc solutions throughout 1984 which permitted BSC to purchase quota from other producers. Every sign that this

/problem

problem will continue in 1985, and that further ad hoc arrangements will be increasingly difficult to negotiate. On 19 November Mr Tebbit wrote to M Davignon reminding him of an assurance given earlier in the year that he would seek a permanent solution if the problem persisted. Mr Lamont then raised the point with M Davignon in the margins of the 22 November Steel coppuncil but M Davignon did not accept there was any urgency and indicated the matter would be left for his successor to deal with.

R&D

7. Expectations on the growth rate of EC R&D spending have been scaled down. The last Research Council (6 November) agreed that any increase should be gradual and recognised that new programme proposals would have to be trimmed, implemented in phases or deferred for a while. The next Research Council (19 December) will have to agree on what programmes can go ahead now and at what level of funding. M Davignon is eager to reach agreement then in order to tidy up loose ends before he departs. The package for discussion at the Research council includes UK priorities: Stimulation, fusion and radioactive waste. We are satisfied that the balance of priorities of the package overall is right, but totals are still too high and commitments are too open ended.

8. Research spending in 1985, including ESPRIT, will be about 600 mecu. Once new reources are available, there will be great pressure from other Member States for a large increase. We are committed to some increase and our domestic arrangements permit us to agree a significant increase in 1986 to up to 700 mecu but with much smaller increases thereafter.

Telecommunications

9. The Commission is seeking to build on its work on telecommunications and has made a number of ambitious and

/costly

costly proposals covering research into Europe's future telecommunications requirements and development of new systems, such as a broad band fibre optic network for Europe, and an inter-Governmental video conferencing system. We and other Member States are urging careful evaluation of these proposals and Davignon is frustrated at the slow progress. He may seek a verbal commitment for favourable consideration of the new proposals. We are not in a position to give that commitment.

Vehicle Emissions

10. M Davignon is a solid supporter of lean burn technology and is opposed to the outmoded and inefficient system of catalytic converters. He is not happy at the way negotiations are going. We should encourage him to continue to work for an agreed solution, on the basis of lean-burn technology, which will preserve the unity of the internal market. There have been recent signs that some other major car manufacturing Member States (France for cars over 2 litres and Italy more generally) may be prepared to accept catalytic converters. It would be useful to have M Davignon's assessment. Given the prime political importance of this issue in Germany, and the stake which France and Italy have in the German car markets, it may be difficult to dissuade the Germans from their present course. But we could not accept a solution in which catalytic converters were imposed on the rest of the Community.

M Davignon's Programme in London

12. M Davignon had originally planned to call on Mr Channon as well as the Prime Minister, and to visit Mr Tebbit in hospital. He is now obliged to return to Brussels straight after his meeting with the Prime Minister but he hopes to call on Mr Tebbit before the end of the year.

FOREIGN AND COMMONWEALTH OFFICE
23 November 1984

CONFIDENTIAL

DAVIGNON, VICOMTE (ETIENNE) CMG (BELGIAN)

Vice-President of the European Commission since 1981 responsible for Industrial Affairs since 1977 and Energy, Euratom Supply Agency and Research and Science since 1981.

Born Budapest, 1932. Doctorate in Law. Entered Belgian Foreign Service March 1959 but has never served abroad. Assistant and later Chef de Cabinet to successive Foreign Ministers. Appointed Political Directeur General 1979. Appointed Chairman of Governing Board of IEA, November 1974. Responsible for Internal Market in the Commission 1977-80.

At the Belgian Foreign Ministry Davignon was the key official on many matters, particularly European ones. Has been the trusted aide of two such different masters as Spaak and Harmel. Inevitably, his success has aroused some jealousy. Some consider him too clever ("le Complicateur de l'Europe") but is undoubtedly one of the ablest of the Commissioners. Gifted, sure in his grasp of problems, lucid in exposition, self-confident, hard working and ambitious, Davignon has made the expected mark in the Commission. When he sees problems to be solved eg steel or textiles, he does not let organisational boundaries stand in his way. He has effectively taken charge of some external trade issues but has been less successful in making inroads into the competition policy portfolio. He is the driving force behind the Community's present steel, energy and research policies. He consumes quantities of detail and wears down opposition by argument and persuasion.

He attempted to get adopted for a Parliamentary seat in 1972 but failed. He maintains his political connections and was mentioned as a possible Minister, semi-political, in the Belgian crises of early 1979 and late 1981. As Belgian politics become more unattractive, he seems to be having second thoughts about a Belgian political career. He is not rich.

Speaks excellent English and good Dutch. Married with three children.

OO.

CSPC

Foreign and Commonwealth Office

London SW1A 2AH

9 November, 1984

CDP Pl. note for diary.

Dear Charles,

Farewell Call by Viscount Davignon

BF

Viscount Davignon has accepted with pleasure your suggestion of a meeting with the Prime Minister at 0945 hours on Tuesday, 27 November, subject only to the remote possibility that he might be required to stay in Brussels for the Foreign Affairs Council on 26-27 November.

The Secretary of State will be in Brussels on 26-27 November, as may Mr Rifkind. But if Mr Rifkind is in London, he could attend the meeting, if the Prime Minister so wished.

Viscount Davignon has asked to call also on Mr Channon. We are in touch with Mr Channon's office about this.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

File DA

cc MASTER SET

10 DOWNING STREET

From the Private Secretary

13 February 1984

Dear Roger,

As you know M. Davignon called on the Prime Minister this morning. Their discussion lasted approximately three-quarters of an hour, and Mr. David Williamson (Cabinet Office) was also present.

The Prime Minister began by thanking M. Davignon for his help in finding a solution to the problem of Sheerness Steel's breaches of the Article 58 quotas. M. Davignon said that this had not been easy, and it had been necessary to cut a few corners. But he was pleased with the outcome, and wished the company well. The Prime Minister said that the workforce deserved success - they had continued working despite massive intimidatory picketing because of their determination to keep their jobs.

Turning to the subject of the EC budget, the Prime Minister said that the Community faced substantial problems. She hoped that they could be solved, since failure to do so was preventing the Community from living up to its members' hopes and ideals. She was determined to achieve lasting reform of the underlying difficulties; and she would not countenance a "solution" involving additional taxes and additional surpluses, as had apparently attracted some member states at Athens. M. Davignon said that the Prime Minister was absolutely right in this. In his view a lasting solution to the budgetary problem was within the Community's grasp. The Athens Council had failed partly because of inadequate preparatory work. The appointment of M. Dumas boded well for the next Council.

M. Davignon argued that in addition to finding a solution to the fundamental problems of the budget, the Community needed to find the most effective way of tackling the legacy of past excess production. It may require a temporary increase in own resources to dispose of stored goods (particularly butter and skimmed milk powder) in the most cost-effective way. The Prime Minister said that she recognised this factor. It would be necessary to dispose of the accumulated surpluses at the best possible price, and preferably not to the Soviet Union. People might be prepared to buy additional butter and milk powder for stock, if the price was right. She agreed with M. Davignon that it made no sense to go on paying refrigerating costs for butter. Mr. Williamson explained that the Community currently held stocks of about

/ one

one million tonnes of skimmed milk powder, and one million tonnes of butter (equivalent to nearly a year's consumption in the Community). The Commission's proposal would reduce the butter price by 11%, and this could be expected to produce a switch from margarine and other fats to butter, without increasing overall consumption.

M. Davignon reiterated his view that the time was right for a fundamental reform. Community farmers realised that they could not go on producing just for intervention. The Prime Minister commented that the Italians were not showing any enthusiasm for reducing surpluses. M. Davignon said that in his view this partly reflected anti-German feeling in Italy. The Prime Minister agreed, adding that she was perhaps the only pro-German Head of Government. She did not believe that the new generation of Germans would accept a method of financing the Community which appeared resentful.

The discussion then moved to questions of information technology. M. Davignon said that US dominance in this field, which arose from their defence programme, was disturbing for Europe. If the Community did not act to counteract it, Europe was in danger of becoming merely a sub-contractor. He therefore attached importance to the ESPRIT programme. It would help to encourage more strategic thinking among small and medium sized companies; it would bring the universities and industry closer together; and, most importantly, it would underline the need for the Community to press for world standards. Without such standards, the danger was that Europe would simply have to accept what the United States laid down (as was already happening with IBM software). To achieve world standards, the Community would have to exercise its considerable purchasing power.

M. Davignon went on to refer to the automobile industry as another example of an area where sensible Community action was needed. It would be a great mistake if, in response to environmental pressures, Europe forced the adoption of US technology - not least because the technology itself was outmoded. More generally, there was a need to reassure investors in the Community about its future. They were uncertain about the closeness of relationships between countries, and the prospects for co-operation. It was essential that national programmes in the industrial field should fit well together. The market for high technology in any one member state might well be insufficient to support development costs. The Prime Minister commented that she hoped there would not be a proliferation of institutions. M. Davignon agreed - he suggested that more attention should be paid to evaluation by independent assessors. If they reported that a programme or institution was not justifying its cost, it should be closed down. On ESPRIT specifically, the Prime Minister said that she was not prepared to agree to the programme going ahead until it was clear where the money to support it was coming from. That meant finding a solution to the budget problem.

Turning to the future of the Community, the Prime Minister said that there was a need to turn the minds of member states to larger issues. The strategic thinking of Herr Schmidt and M. Giscard D'Estaing was missed. A fundamental change in the means of financing Community expenditure was needed not just to

/ solve

solve the UK's problem, but to provide an equitable basis for the future. Each country's contribution had to be related to its ability to pay. A compromise which failed to achieve this was simply unacceptable. M. Davignon said that the Commission was really saying the same, though (as the Prime Minister recognised) there would undoubtedly be a need for some safeguarding upper limit to the German contribution.

I am sending a copy of this letter to John Kerr (HM Treasury), Callum McCarthy (Department of Trade and Industry), Michael Reidy (Department of Energy) and to Richard Hatfield and David Williamson (Cabinet Office).

Yours ever,

David

David Barclay

Roger Bone, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

QZ 03582

MR COLES

CALL BY MONSIEUR DAVIGNON ON THE PRIME MINISTER

I attach speaking notes for Monsieur Davignon's call on the Prime Minister on 23 February at 10.30am. Monsieur Davignon is spending the whole morning in London, and will be seeing the Energy Secretary and the Foreign and Commonwealth Secretary before his call on the Prime Minister. Afterwards he will go on for an hour's talk with the Trade and Industry Secretary.

2. In his talks with the Prime Minister Monsieur Davignon is likely to dwell mainly on the longer term prospective of the Community, and in particular on ways in which it can make better use of its industrial strength and skills and take further advantage of its huge common market; on the possibilities for development which may be opened up after the post-Stuttgart negotiation; and on the need for a greater Community effort in the fields of research and technology. Some background on the Community's discussion of new policies in the post-Stuttgart negotiation is given in paragraph 3 below. He will stress the urgency of a decision on the proposed Community programme for research in the information technolgies (ESPRIT). The Prime Minister may wish to express her appreciation of the personal role Davignon played in finding a solution to the problem of Sheerness Steel's breaches of the Article 58 quotas, thus avoiding the failure of the company's rationalisation plans through liability for quota fines. Monsieur Davignon also played a role in helping agreement on the recent Regional Fund non-quota measures, of which the UK will be a major beneficiary. Finally, the Prime Minister might like to emphasise to Monsieur Davignon the importance we attach to Commission help in getting our 1983 refunds by 31 March.

New Policies and re-launch of the Community

3. The Stuttgart European Council expressed its determination to take "broad action to ensure the re-launch of the Community" and to "develop and make more effective Community action in research, innovation and the new technologies, with a view to facilitating cooperation between enterprises".

CONFIDENTIAL

Following the Stuttgart Council, a number of member states including the UK tabled papers setting out their ideas on the future development of the Community. Our own paper, while stressing the need for cost-effectiveness and for action to be taken within the framework of the finances available, sought to demonstrate that much can be done of benefit to the Community in ways which cost little, eg the removal of barriers to internal Community trade in goods and services. Other UK priorities included a firm deadline for the introduction of unleaded petrol and a solid fuels policy to promote the economic production and use of coal. The French paper advocated a number of measures designed to enhance the Community's research effort and to create a better environment for cooperation between enterprises. The Commission for its part has produced various ideas for collaborative progress in the telecommunications and biotechnology sectors.

Other subjects

4. Defensive notes are also provided on various other subjects which Monsieur Davignon might raise with the Prime Minister:

(i) Alphasteel: Monsieur Davignon believes that this Greek-owned South Wales steel company poses a threat to UK market stability, and that the problems will be heightened, if, as he fears, Alpha win their current case in the European Court for additional quota under the Article 58 regime. He sees this issue as being linked to the question of UK/BSC strip-mill capacity, and has given notice of his intention to raise it during his visit (probably, however, with the Trade and Industry Secretary).

(ii) Next President of the Commission: a decision on the next President, to succeed Monsieur Thorn in January 1985, should if tradition is followed be taken at the latest at the June European Council. Monsieur Davignon wants the job. The Germans are also likely to put up a candidate, as will possibly the Italians.

(iii) Energy: the Commission and other member states are pressing for agreement on a package of energy measures: a multiannual regulation on energy demonstration projects; coal social measures (which would benefit the UK); and the continuation of coking coal measures benefitting Germany (and which should cost the UK nothing). When Monsieur Davignon sees Mr Walker, the latter is likely to tell him that we cannot agree to these measures yet, and to emphasise the importance we continue to attach to a Community coal investment (solid fuels) policy, which we shall be pursuing as part of the post-Stuttgart package.

D F Williamson

D F WILLIAMSON

10 February 1984

Copies to:

R Bone, FCO
J Kerr, Treasury
C McCarthy, DTI
M Reidy, D/Energy
Sir R Armstrong, Cabinet Office

PRIME MINISTER'S MEETING WITH MONSIEUR DAVIGNON, 10.30am ON 13 FEBRUARY: SPEAKING NOTE

The Post-Stuttgart Negotiation

1. The UK very much welcomed the decision of the Stuttgart European Council to set an ambitious programme for settling the current problems of the Community and establishing a better basis for the next stage of its development. At the last General Election the British public reaffirmed their support for the Community: we are as fully committed as anybody else to the development of the Community's democratic ideals and economic strength. We will play our part in the development of the Community, and have already circulated a paper (in September 1983) with ideas for new policies.

2. But if new policies are to be successfully developed, our first objective must be to establish the conditions in which they can thrive, including a sound and durable financial regime for the Community. We took an important step at Stuttgart in stating that we were prepared to consider an increase in own resources, provided that the present budget inequity is corrected and that there is effective control of agricultural and other spending. Any solution to the present budget inequity must be lasting. We could not accept another compromise short-term or patched-up solution.

3. The major financial issues (budget inequity, control of agricultural and other spending, and own resources) will be the central element of the discussion by Foreign Ministers at their informal meeting next weekend. We

want the Commission's support in seeking an understanding that certain points on the budget inequity might now be accepted as common ground - the revision of the budget system must be lasting and included in the revised Own Resources Decision - it should be implemented on the revenue side of the budget - there must be a limit on the net amount each member state transfers to the Community, taking account of ability to pay - the revised system should come into effect in time (ie in 1985) to apply to 1984.

New Policies

4. We believe that a major objective of the Community should be to create an environment in which our industry can flourish and become truly competitive. Europe must match up to the technological challenge posed by the USA and Japan. We are therefore particularly interested in the Commission ideas to develop Community industry in high technology areas. We were also interested in the French ideas on greater industrial cooperation and will continue to examine those suggestions with interest. But it is important that the Community should remain open to the outside world. Increased Community collaboration should not mean barriers to useful collaboration with other technologically advanced powers; nor should it involve protectionist trade policies.

5. We believe that it is equally important for the health of Community industry to complete the common market for goods and services. We are keen to see a genuinely liberal regime for non-life insurance, a liberalisation of road and air transport, a reduction of frontier formalities, and the introduction of Community-wide standards.

ESPRIT

6. Given the importance we attach to technological development, we see ESPRIT as very much the sort of new policy which the Community ought to be pursuing, and I have said as much in the House of Commons. But the programme does involve major financial outlay (700 mecu over five years). We believe therefore that at the time when we take a decision on the whole programme we must be quite sure of the financial implications and that it can be financed within available resources, especially given the absence of agreement yet on the post-Stuttgart package on future financing generally.

7. I am of course aware that for financing the first year (1984) of ESPRIT, the sums involved are already provided in the Community budget for 1984, and I was glad to see recently that the Commission have now said that ESPRIT as a whole is a priority for which they will find funds within the own resources ceiling. But the Commission should clarify what this will mean for other research projects, which priorities we should set and which lower priority programmes may need to be cut. We were in this context interested in the German proposal for a specific financial ceiling for research and development (the Germans suggested about 600 mecu per annum) within which ESPRIT, the joint research centre and research on fusion (on the last two of which funds have already been committed) would be priorities.

8. I do believe that concentrating on priorities within such a ceiling is the right course. The commitments which we have already undertaken on the joint research centre and fusion which will need to be financed within the

ceiling - unless the Community decides to cut some lower priority joint research centre projects to accommodate other programmes; and ESPRIT is clearly an area of potential industrial importance. The Commission must therefore now be ready to make absolutely clear how the priority programmes in the German proposal could be financed and what the implications will be for other programmes. That is a necessary basis for any decision at the 28 February Research Council.

1983 Refunds

9. We are grateful for what the Commission have done so far in helping to process the 1983 refunds regulations quickly. We shall be looking to the Commission to do what they can to resist any changes to the regulations which might frustrate their purpose and prevent us from receiving the bulk of our refunds by 31 March. We also hope that in their dealings with the Parliament and in any conciliation procedure the Commission will support the United Kingdom position so that the regulations can be speedily adopted by the February Foreign Affairs Council. Then the important thing will be for the Commission to make a proposal to transfer the funds to the main budget immediately thereafter. [We have heard informally that the Commission is prepared to make a proposal to transfer provision for the United Kingdom 1983 budget refunds from the reserve chapter of the 1984 budget to specific budget lines: this is welcome and the sooner, the better].

Steel

10. We were grateful for your personal assistance in smoothing the path for the Sheerness rationalisation scheme. We are pleased that steel quota

arrangements have been extended for two years: this should provide stability to allow further restructuring.

(If raised) I take note of your concerns regarding Alphasteel, which I understand you are pursuing with Mr Tebbit.

Regional Policy

11. We appreciate your part in achieving agreement in January on the package of new regulations for the non-quota section of the Regional Fund. These will provide welcome aid to the establishment of new industries and economic activity in areas of industrial decline in the UK (shipbuilding, steel, textiles).

The Next President of the Commission (Defensive - Monsieur Davignon wants to to be the next President)

12. The next President will take office at a critical time for Community's future. He will have to set Commission on course for next phase of Community's development, after current problems have been resolved. We have no firm views, as yet, about possible candidates. The United Kingdom has held Presidency relatively recently and will not be putting forward a candidate.

Energy (Defensive - Monsieur Davignon will already have seen Mr Walker)

13. We continue to attach great importance to a Community solid fuels policy and I should like to hear how you intend to carry it forward. As for the other items under discussion (eg energy demonstration projects), we

believe that more work needs to be done before final decisions are taken. There is for instance still no agreement from member states on the level of financing for energy demonstration projects.

hew
bc CR

10 DOWNING STREET

From the Private Secretary

MR. WILLIAMSON
CABINET OFFICE

Possible Visit by Mr Davignon

Thank you for your minute of 9 January. The Prime Minister would find 13 February the most convenient of the dates you suggest and could see Mr. Davignon for 45 minutes at 1030 on that day.

$7

I am copying this minute to Mr. Bone, Mr. McCarthy and Mr. Hatfield.

A. J. COLES

12 January 1984

(1)

10 DOWNING STREET

Prime Minister.

The answer to your question underneath is "No". From return from Hungary on 4 Feb.

Agree to see Mr. Davignon on 13 February?

A.J.C. 12/1

Yes MT

Prime Minister

Would you see Mr. Davignon for 45 minutes at 10.30 am Monday, 13 February?

A.J.C. 11/1

Is that the weekend we have just returned from Hungary?

Qz.03532

MR COLES

POSSIBLE VISIT BY MR DAVIGNON

You had a copy of my letter of 23 December to Roger Bone (FCO) and of his reply of 3 January about a possible visit by the Vice President of the European Commission, Mr Davignon. As you know, the Foreign and Commonwealth Secretary would welcome it if the Prime Minister could find a short time to see Mr Davignon. I understand that possible dates for Mr Davignon would be 30 January, 7 February or 13 February and that these would also be convenient for the Foreign and Commonwealth Secretary. 7 February will not be possible for the Secretary of State for Trade and Industry.

I am sending copies to Roger Bone (FCO), Callum McCarthy (DTI) and to Sir Robert Armstrong.

D F Williamson

D F WILLIAMSON

9 January 1984

Euro Pol Rec 83
Davignon

010

Foreign and Commonwealth Office

London SW1A 2AH

3 January 1984

Dear David,

AR 4/1

Possible Visit by M. Davignon

Many thanks for your attached letter of 23 December. The Secretary of State agrees that you should now ask M Davignon to suggest some dates for his visit to London.

I am copying this letter to the other recipients of yours.

Yours ever
Roger Bone

(R B Bone)
Private Secretary

D F Williamson Esq
Cabinet Office

CABINET OFFICE

70 Whitehall, London SWIA 2AS Telephone 01-233 7256

Qz 03514

23 December 1983

Roger Bone Esq
APS/Foreign and Commonwealth Secretary
Foreign and Commonwealth Office
London SW1

A.J.C. 3/1
p.a.

Mr Coles: to see o.r.

DWB
29/12

Dear Roger,

POSSIBLE VISIT BY MR DAVIGNON

You will recall that at the last Foreign Affairs Council Mr Davignon suggested that it would be helpful if he could visit the United Kingdom again early in the New Year and, in particular, have a short meeting with the Prime Minister. The Foreign and Commonwealth Secretary considered that this could be helpful at this stage in the post-Stuttgart negotiations. I have already mentioned this to 10 Downing Street and to the Private Secretary of the Secretary of State for Trade and Industry and this did not give rise to any difficulty (other than the normal difficulties of fitting such meetings into programmes).

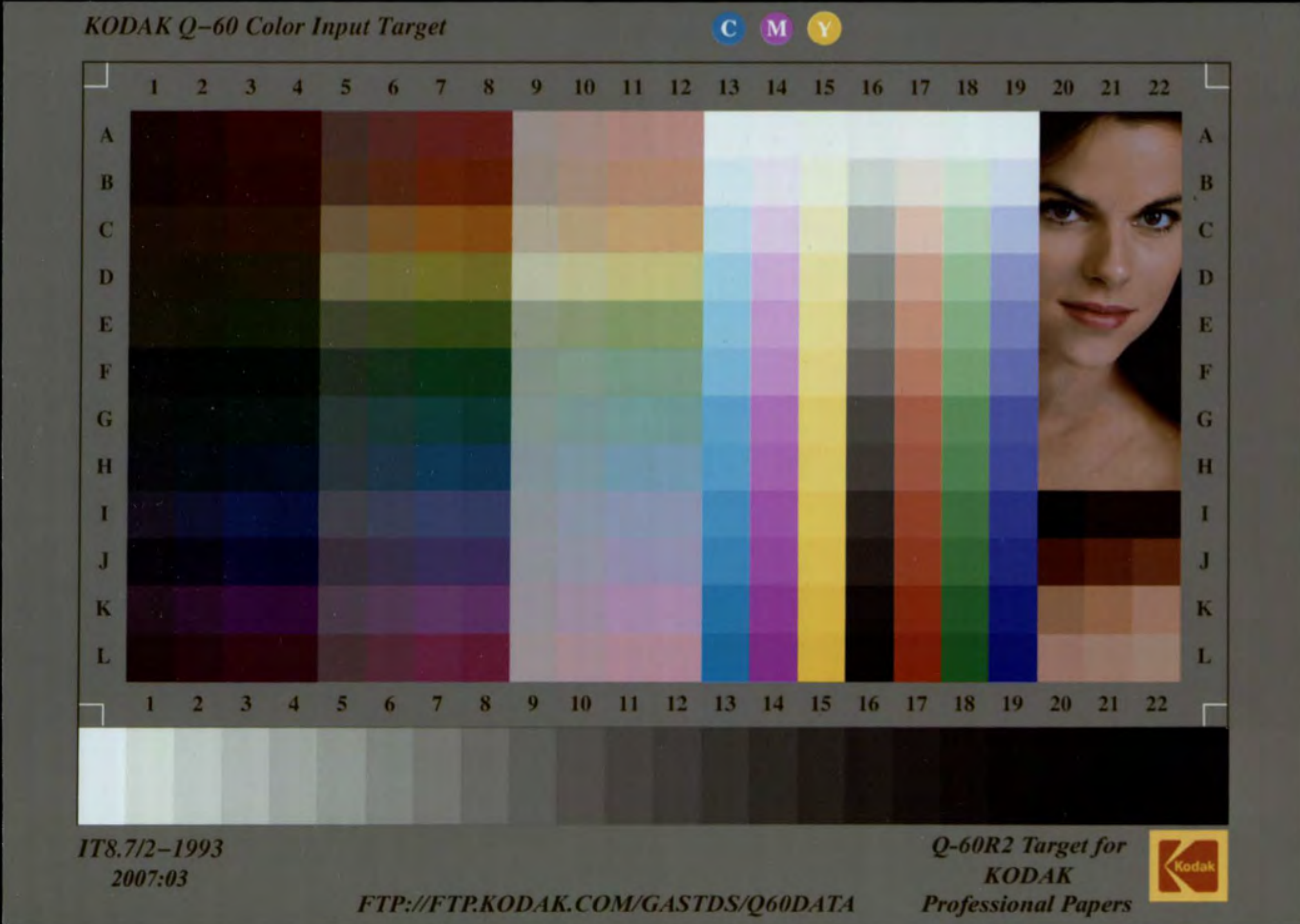
I suggest that I should now ask Mr Davignon to suggest some dates to the United Kingdom Permanent Representation. For practical reasons, these arrangements should come rather later than the proposed dinner with Mr Thorn.

I am sending copies to John Coles (no 10), Michael Reidy (Dept of Energy), Callum McCarthy (DTI) and to Sir Robert Armstrong.

Yours sincerely,

David Williamson

D F WILLIAMSON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