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Pt 21

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EUROPEAN COUNCIL Meeting in  
Milan 28<sup>th</sup> June - 29<sup>th</sup> June 1985

EUROPEAN

POLICY

Pt 1 : Oct 1979

Pt 21 : May 1985

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
<del>16.5.85</del>							
<del>1.6.85</del>							
<del>4/6/85</del>							
<del>10.6.85</del>							
<del>14/6/85</del>							
<del>15/6/85</del>							
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<del>24/6/85</del>							
27/6/85							
<del>PART</del>							
<del>FNBS</del>							
PREM 19/1491							



PART 21 ends:-

Williamson to CSP 27/6/85  
(Q3.04520)

PART 22 begins:-

D.Tmp. to FCO 27/6/85.









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Qz.04520

MR POWELL

EUROPEAN COUNCIL, 28-29 JUNE

I attach

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

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

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

D F WILLIAMSON

JUNE  
27 July 1985

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TECHNOLOGY IN EUROPE

Speaking note for the Prime Minister

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

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

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

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

/value than any



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

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

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

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

/office automation. We



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

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

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



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

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

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

/Governments job to



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

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



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CC PC  
MS.  
/CDP.



Foreign and Commonwealth Office

London SW1A 2AH

27 June, 1985

CDP.  
27/6

Dear Charles,

European Council: Milan

We have revised the Prime Minister's opening statement on the future of the Community in the way you asked (your minute to David Williamson of 26 June). I enclose the revised version. It now makes explicit reference to the work of the Dooge Committee, since Craxi intends to open the discussion by inviting comments on the Dooge Report's conclusions.

Later this morning we shall be letting you have some comments on Signor Craxi's scene setting letter, together with a checklist for the Prime Minister's bilateral meeting with Craxi.

I am copying this letter and enclosure to David Williamson (Cabinet Office).

Yours ever,  
Colin Budd

(C R Budd)  
Private Secretary

C D Powell Esq  
10 Downing Street

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EUROPEAN COUNCIL : MILAN

DEVELOPMENT OF THE COMMUNITY

OPENING STATEMENT

1. It is a year since we decided to set up an ad hoc Committee to suggest improvements in European cooperation. The Committee played a useful role in identifying a wide area of agreement. On three or four issues it was unable to reach final conclusions. At our meeting in March we agreed on bilateral contacts to enable this European Council to reach decisions. Since then, Foreign Ministers have been able to carry matters a good deal further forward. We must now aim to reach conclusions on these matters.

2. Over the last year, the Community has demonstrated its capacity to take decisions (Fontainebleau; enlargement etc). We should aim at this meeting to agree on the steps necessary to strengthen unity, internally through completion of the common market and improved decision taking, and externally through the



development and strengthening of political cooperation.

- These major decisions about the future of the Community have to be taken by Heads of Government themselves.

3. I have put forward proposals for decisions in four areas:

a) Completion of the common market

Since Fontainebleau, the Community as a whole has made this a priority objective. In March, we agreed to take action to achieve a single large market by 1992. Such a large market with its immense purchasing power would mean more jobs, more prosperity and faster growth. Since then, the Commission has made a major contribution in the form of its White Paper which will provide a basis for future work in specialist Councils.



The European Council needs to establish the priorities for action. We should agree on the need for rapid progress on:

i) the removal of obstacles to free movement of goods within the European Community in all areas except where, for example, controls are required for the protection of public, plant and animal health;

ii) creation of a free market in financial and other services;

iii) full freedom of establishment;

iv) a liberalised, freely competitive transport market.

b) Political Cooperation

We suggested in "Europe the Future" a year ago that member states must take more seriously their solemn commitment to consult and that we must show more political will to act together. Our discussions over the past months have shown that



there is general agreement to strengthen political cooperation and to put it on a new basis. We have an opportunity in Milan to take a major and politically striking step forward. I have proposed that we should agree on a formal and binding agreement on political cooperation and have circulated our ideas on the form that this should take. I hope that that text can now be remitted to Political Directors so that they can produce a final text of an agreement for signature by heads of government at the European Council in December.

c) Improved decision taking

I have proposed:

i) agreement on the need to make greater use of the majority voting articles of the Treaty; at the same time requiring any member state asking for a vote to be deferred to justify its invocation of a very important interest in a special and formal procedure at the General Affairs Council.



ii) greater use of the abstention procedure (Article 148) so as not to prevent the adoption by the Council of acts which require unanimity.

iii) specific agreement that, where the European Council decides that a specific objective should be achieved, member states at the same time should agree to aim not to impede progress by invoking the unanimity rule in relation to the measures necessary for its implementation.

I suggested, a year ago, that a Commission of 17 would be too large for efficiency or to provide its members with worthwhile portfolios; and that, after enlargement, the Commission should have 12, not 17 members. The idea of a smaller Commission was endorsed by the Dooge Committee. I would like to know what the President of the Commission thinks about that proposal and whether others can now agree.

The role of the European Council must be to give strategic direction to the work of the Community. The European Council should adopt each year a statement of the Community's major priorities for



action including specific timings and targets. This would serve as a basis for the Council's activities over the following twelve months.

d) European Parliament

We have suggested steps that would enable the Parliament to make a positive and responsible contribution through closer association with decision taking within the existing Treaty powers.

4. I shall be ready to explain our ideas in greater detail when we consider these issues separately. Last year we remitted these questions for study. They have been studied for months and in some cases for years. We must now reach decisions on these matters. There would be no point in simply remitting all the difficult issues again to a conference if we cannot settle them ourselves. I believe that there should be broad enough agreement on these main issues for this meeting to reach positive conclusions and, where necessary, to give clear guidance about any necessary follow up work.



5. If, as I hope, we can reach agreement at this meeting on these key issues, the European Council at Luxembourg on 3/4 December could constitute itself as a conference, as necessary, for the signature of agreements worked out meanwhile; and to endorse final conclusions.



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Foreign and Commonwealth Office

London SW1A 2AH

27 June, 1985

*CDP*  
*27/6*

*Dear Charles,*

Prime Minister's Meeting with Signor Craxi: Check List

I attach a check list for the Prime Minister's meeting with Signor Craxi, together with copies of our proposals on decision taking and ideas on the European Parliament.

I am copying this letter and enclosure to David Williamson (Cabinet Office).

*Yours ever,*

*Colin Budd*

(C R Budd)  
Private Secretary

C D Powell Esq  
10 Downing Street

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PRIME MINISTER'S MEETING WITH SIGNOR CRAXI: CHECK LIST

Football Hooliganism:

- First opportunity to express regret in person since Liverpool/Juventus match.

European Community:

- Italian Presidency has it in their hands to achieve a success in Milan.
- This cannot be achieved by returning to the differences in the Dooge Committee. The discussion has moved on since then.
- There is a broad consensus that in the enlarged Community more use will need to be made of the majority voting provisions of the Treaty; and that a procedure should be introduced requiring any country which insists that discussion must continue until unanimous agreement is reached, fully and formally to explain why very important interests are in fact at stake.
- Decisions on this and other key issues can only be



taken by the heads of government themselves. There have been months of debate: must now reach decisions. If these issues cannot be settled by the heads of government, they will not be settled in a conference. Must concentrate on the substance, not procedure.

- Have made clear and precise proposals on decision taking and for a formal and binding agreement on political cooperation. If we can reach agreement on these matters, and give a real impetus to completion of the common market, we have the makings of a real success.

- What is required vis à vis the Parliament is to provide for real consultation and to get the Parliament involved in a positive and more constructive way in decision taking. Will have precise ideas to put forward on this. No Treaty change required. "Joint decision taking" a recipe for paralysis.

- Look forward to discussion on research and technology. "EUREKA" projects must be variable geometry and organised between the companies themselves. Primary task for the Community is to create the right environment for the commercial



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exploitation of research through opening up of a true common market for high technology goods and services. Shall have proposals to put forward on this also.

- If decisions reached by heads of government, follow up work to be carried on between Milan and Luxembourg European Council, which could act as a conference of the heads of government to sign formal political cooperation agreement, endorse other conclusions.

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MEETING WITH CRAXI

European Union

Most of the Franco-German draft is based on my proposal for a draft agreement with binding obligations to consult on all major foreign policy issues, including the economic and political aspects of security. The title has been changed; and there already is a Secretary-General of the Council. We should decide now to enter into a formal agreement on Political Cooperation and instruct Political Directors to produce a final version for signature by heads of government in Luxembourg.



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TO F L A S H FCO

TELEGRAM NUMBER 667 OF 27 JUNE  
INFO FLASH PARIS AND UKDEL MILAN  
INFO IMMEDIATE OTHER EC POSTS

MY TELNO 662

MILAN SUMMIT: FRANCO-GERMAN DRAFT TREATY

1. WORDS ALMOST FAIL ME.
2. THE GERMANS WERE THE FIRST TO BE GIVEN, BY THE PRIME MINISTER HERSELF, THE BRITISH DRAFT ON POCO. THEY TALKED ABOUT ENRICHING IT, BUT THEY PUT NOTHING ON PAPER UNTIL KOHL'S MESSAGE OF 19 JUNE. THIS SPOKE OF A TREATY, BUT A TREATY ON POCO WITH EUROPEAN UNION WRITTEN INTO IT AS AN OBJECTIVE. TWO DAYS AGO TELTSCHIK TALKED OF A "TREATY OF EUROPEAN UNION ON POLITICAL COOPERATION". INSTEAD OF THIS WE HAVE A FRANCO-GERMAN DRAFT DECLARING THE EUROPEAN UNION TO EXIST, OR AT LEAST DECLARING THAT THE EUROPEAN COUNCIL IS THE COUNCIL OF THE EUROPEAN UNION, STARTING TOMORROW.
3. PERHAPS THE GERMAN DELEGATION IN MILAN WILL BE READY TO EXPLAIN HOW THIS CAME ABOUT. OUR CONTACTS HERE ARE TOO EMBARRASSED TO SAY MORE THAN THAT THE CHANGE IN THE DOCUMENT TOOK PLACE VERY LATE, BECAUSE OF DELAY BY MITTERRAND. PRESUMABLY IT WAS AGREED BETWEEN GENSCHER AND DUMAS DURING THE LATTER'S VISIT TO BONN YESTERDAY. BUT ALL THIS IMPLIES THAT THE GERMANS AND FRENCH HAD BEEN IN TOUCH FOR SOME TIME, WITHOUT A WORD TO US, ALTHOUGH IT WAS OUR TEXT THEY WERE USING AS THEIR STARTING POINT. GENSCHER IS ONLY ONE OF THOSE TO WHOM IT MIGHT HAVE OCCURRED TO GIVE THEIR BRITISH OPPOSITE NUMBERS AT LEAST A HINT OF THE LINES ON WHICH THEY WERE WORKING WITH THE FRENCH.
4. THE GERMANS HAD TALKED OF OUR OWN DRAFT AS NOT GOING FAR ENOUGH AND NEEDING TO BE ENRICHED. WHAT THEY AND THE FRENCH HAVE DONE IS TO INFLATE THE PREAMBLE AND WATER DOWN THE REST, ESPECIALLY THE PARAGRAPHS ON SECURITY AND COMMON POSITIONS IN FOREIGN AFFAIRS.



5. MY GUESS IS THAT KOHL HAS HAD PROGRESSIVELY TO LOWER HIS EXPECTATIONS OF THE OUTCOME OF MILAN. HE WANTS NONETHELESS TO BE SEEN TO GO DOWN FIGHTING FOR THE IDEAS AND ASPIRATIONS ABOUT WHICH HE HAS TALKED SO MUCH. FACED WITH THE DETERMINATION OF THE FRENCH NOT TO GO SO FAR AS WE WERE PREPARED TO ON POCO, HE HAS CHOSEN RHETORIC IN TANDEM WITH FRANCE IN PREFERENCE TO SUBSTANCE IN TANDEM WITH BRITAIN, PERHAPS BECAUSE HE THINKS IT WILL GO DOWN BETTER DOMESTICALLY. HE WAS ATTACKED IN THE BUNDESTAG TODAY BY THE SPD LEADER, VOGEL, FOR NEGLECTING THE VITAL GERMAN INTEREST IN GOOD RELATIONS WITH THE ELYSEE THROUGH HIS HANDLING OF VEHICLE EMISSIONS, THE PRICE FIXING AND SDI.

6. I HAVE SPOKEN MY MIND TO THE FEDERAL CHANCELLERY (STABREIT) AND THE AUSWAERTIGES AMT (RUHFUS). I SAID I FOUND GERMAN BEHAVIOUR INEXPLICABLE. WHAT WAS THE POINT OF EXCHANGING LETTERS AT THE HIGHEST LEVEL IF THE FRG FELT FREE TO CONDUCT A SEPARATE NEGOTIATION ON DIFFERENT LINES AT THE SAME TIME? I WAS AFRAID THAT THEY HAD DONE TWO THINGS: DAMAGED GERMANY'S REPUTATION IN LONDON TO THE POINT WHERE URGENT REPAIR WORK WAS REQUIRED, AND THROWN AN APPLE OF DISCORD INTO THE MILAN MEETING WHICH HAD UNTIL TODAY APPEARED TO HAVE SOLID AGREEMENTS WITHIN ITS GRASP.

BULLARD

NNNN





Foreign and Commonwealth Office

London SW1A 2AH

27 June, 1985

Dear Charles,

European Council (Milan): French Ideas

I enclose a summary translation of French ideas on the future development of the Community as given to us by the French Ambassador this morning. We have annotated the note with UK views where appropriate.

On institutions (p.11), the paper states that France is ready to proceed either by Treaty amendment or simply by decision of the European Council. French proposals on decision taking are almost verbatim based on those we have put forward. The minor additions are:

- (a) When the abstention procedure is used, the Council can as necessary dispense the member states abstaining from the rights and obligations resulting from the decisions.
- (b) Member states invoking a very important interest would have to justify this before the General Affairs Council or even the European Council (an addition we have always envisaged as possible in the event of a prolonged veto).
- (c) They should not invoke the Luxembourg compromise "in other instances" ie its invocation would have to be referred to the General Affairs Council.

On the European Parliament the French proposals are also very cautious. The French propose that on certain issues (training, conditions of work, regional development, environment, conditions of life, culture and education) the Commission's proposals should be sent simultaneously to the Parliament and the Council. In the case of disagreement between the Parliament and the Council, a conciliation procedure would apply. If this was not successful, the Council alone would decide "in accordance with the disposition of the Treaty". The French propose consultation with the Parliament in setting up the "reference framework" for budgetary discipline. Here again, if there was no agreement, the Council alone would decide. The proposal that the European Council

/should



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should examine the possibility of associating the Parliament with the eventual decisions to increase the VAT rate from 1.4 to 1.6% is more hazardous. The Parliament already is consulted. Anything more than that would not be acceptable.

Beyond that the French propose that a "European Union" should be created compromising the Communities and political cooperation "between the member states". The European Council would then be given the title of "Council of the European Union" and would have a Secretary-General who would help inter alia with political cooperation. France is "not hostile" to an inter-governmental conference, but it should not be held until there is agreement on the key points.

We shall be commenting separately on the German draft Treaty on 'European Union'.

I am copying this letter and enclosure to David Williamson (Cabinet Office).

*Yours ever,*

*Colin Budd*

(C R Budd)  
Private Secretary

C D Powell Esq  
10 Downing Street

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## SUMMARY OF FRENCH MEMORANDUM ON PROGRESS IN EUROPEAN CONSTRUCTION

- Europe is progressing: Fontainebleau; enlargement; Stuttgart Declaration; the People's Europe; and Dooge Report. And yet, the hopes of the 50's have been dashed: conflicting national interests; the juste retour; traditional commercial pressures; divergent foreign and defence policies. All have left the field wide open to the powers which dominated the world. We must therefore seize the opportunity at Milan to take a new step forward in building a united Europe. (Page 1)

- There are four major themes to be developed:
  - the Europe of technology which must be built;
  - a citizens' Europe: to be hurried along;
  - economic and social Europe to be perfected;
  - European union to be created as the first step towards the creation of a major political entity. (Page 2)

### Technological Europe

- We need a common strategy to make the most of the Community's scientific and industrial potential. Ariane, ESPRIT, Brite, Airbus, Biotechnology Programme and JET have shown the way. France has proposed the EUREKA project, grouping the efforts of the major industrial countries into key sectors, as: large computers, software engineering, artificial intelligence, electronic components, third generation robotics, automated factories, industrial lasers and life technologies. None of this is set in concrete. Those who decide to take part will shape its development. In parallel we need:



- university of Europe to develop skills in the new technologies;
- a European Academy of Science and Technology;
- harmonisation of academic qualifications.

[UK view: Eureka as per Brief 3(B). University of Europe etc: need to ensure that our national universities respond to challenge of technological Community, improve cooperation etc; European Foundation, now about to start work, could fill a role in Science and Technology field; UK favours mutual recognition of technical and academic qualifications.]

Economic and Social Europe (Pages 3-4)

- Creation of a common market by 1992 priority goal. European Council should seize on the Commission's ideas and ask it to make early proposals on:
  - a) abolition of physical barriers to free circulation;
  - b) dismantling of technical barriers resulting from different standards, public procurement policy, competition and capital movement rules, company law, etc;
  - c) lifting of physical barriers by approximation of certain aspects of indirect taxation and company taxation.

[UK view: Brief 2(D)]



European Monetary System (Pages 4-5)

- EMS must be strengthened. European Council should ask ECOFIN and Central Bank of Governors to make proposals on developing the role of the ecu as an external reserve currency. This would help achieve the goal of transforming the European Monetary Cooperation Fund into a European Monetary Fund. Europe would demonstrate to the US and Japan that it is capable of defending its interests.

[UK view: Brief 3(A). UK favours increased role of EMS, including greater private use. Other goals much longer term.]

Major European Infrastructure Projects (Page 5)

- Commission should submit early plans covering European transport infra-structure projects which are ready for implementation such as:

- a network of high speed trains starting with the Paris/-Brussels/Cologne/Amsterdam link and the Channel fixed link and its connection to major European networks. Other initiatives of value to other European regions could be put forward.

[UK view: Do not favour Community expenditure on infra-structure projects. Franco/British cooperation on Channel Tunnel better model.]

European Social Area (Pages 5-6)

- The Council should identify regulations to approximate social security systems.



- Facilitate systematic consultation between the social partners.
- European Council to draw up a special plan of action for youth: all young people, after school or military service, would have three years professional training or paid employment. Joint financing by the Community and individual member states. Regional participation would be promoted. The role of immigrant workers would need to be taken into account.

[UK view. UK already leads way in youth training scheme. Regret that Commission has cut funding this year. Major contribution needs to be made by sound domestic economic policy and completion of common market.]

Citizens Europe (Pages 6-9)

- Report is useful. Europe must be recognised as an entity by its citizens. In addition to the proposals already made there should be greater cooperation in health, culture, environment and youth.

Health: (Pages 7-8)

- Europe should combine its efforts to avoid the major scourges: there should be a European initiative against cancer, concentrating on fundamental research to avoid duplication and health, and the circulation of information. Prevention: joint efforts against tobacco use and early prevention of cancer in women. Therapeutic measures: emergency programmes in key areas such as cancerous lesions, child tumours, etc.
- The Community should also coordinate its reaction to major natural disasters in the third world.

[UK view: Brief No 1 (other issues section). UK favours cooperation but on informal basis, not cutting across work by



other bodies such as WHO.]

Culture: (Page 8)

- We should consider a European Fund for financing translations. The number of television channels in Europe is increasing: there should be a European Cultural Channel.

- We should encourage a history of Europe under the auspices of qualified universities.

[UK view: Some Commission funding of translation already. Major cultural work will get translated anyway because of demand. 'Olympus' project already links some European countries cultural programmes. Should first see how that works out. Much common programming already from Eurovision Song Contest to European Music Year.]

Environment: (Page 9)

- Some progress has been made but we must ensure that we protect the whole of our ecological heritage.

Youth: (Pages 9-10)

- Our young people need to get to know each other more. There should be early training in foreign languages; a European Youth Office (modelled on the Franco-German Common Youth Office) to organise exchanges; a European Youth Card giving access to transport, lodging, etc.

[UK view: People's Europe Committee already suggests special conditions for admission of the young to museums etc. There is already a students' card in most countries which is generally recognised. UK keen to encourage better language training.]

- Overseas experience should be integrated into higher education programmes, as recommended by the European Parliament. Citizens residing in other member states should be able to take part in local elections.



[UK view: People's Europe Report makes clear that elections entirely a matter for national jurisdiction.]

Towards European Union (Page 11)

- France wishes to improve the working of the institutions and to see the creation as soon as possible of European union by:

i) improving existing institutions;

ii) there have been a number of relevant suggestions from the Dooge Committee on increasing the use of majority voting, the powers of initiative of the Commission and the European Parliament's participation in decision taking. France agrees and will go along either by formal modification of the Treaty or decision by the European Council.

- France favours measures to enable the European Parliament to take a greater part in decision taking, particularly in decisions on training, conditions of work, regional development, environment, living conditions, culture and education. Proposals in those areas to be submitted by the Commission to Parliament and Council. Parliament to approve or amend the proposal. The Council would consider the text as voted by the Parliament. In case of disagreement between Council and Parliament, a conciliation committee would have 30 days to resolve the difference. If conciliation worked, Parliament and Council would approve the measures within 90 days. If agreement was not reached, then the Council would have the last word. Council would also have the last word if the Parliament failed to give its opinion within 45 days of first receiving proposal from the Commission.



- The Council would inform the Parliament each year of the reference framework for expenditure which could be set by agreement. In the absence of agreement the Council would have the last word.
- In the context of an increase in the IGA ceiling to 1.6% the European Council would consider associating the Parliament with the necessary decisions on own resources.
- There would be greater use of majority voting in the Council and abstention in accordance with Article 148(3). Abstaining member states might be dispensed from the rights and obligations resulting from decisions on which they had abstained.
- Use of the Luxembourg Compromise should be limited: any member state invoking a very important national interest should be required to justify it in the General Affairs Council or even the European Parliament.
- The Commission should have greater managerial powers.

Building European Union (Page 13)

- France wants to create European union, uniting the Communities operating under their own rules and political cooperation between the member states.
- European Council could take on the title of Council of the European Union with its own Secretariat and Secretary General. This Secretariat would be at the disposal of the Council, particularly to ensure continuity of political cooperation.
- France is not against an inter-governmental conference but agreement on the main points should be reached first.



- The day will come when the people of Europe themselves will need to ensure the necessary leap forward towards European unity. That will be a matter for a constituent assembly.

[UK view: French views not far from our own. Council Secretariat/- Foreign Ministers have responsibility for preparing European Council. Should not cut across that.]



AMBASSADE DE FRANCE  
LONDRES

MEMORANDUM POUR UN PROGRES

DE LA

CONSTRUCTION

DE

L'EUROPE



AMBASSADE DE FRANCE

LONDRES

"L'Europe, en dépit des obstacles qu'elle trouve en elle-même ou qui lui viennent de l'extérieur, l'Europe avance.

Les contentieux qui freinaient depuis des années ses progrès ont été réglés l'an dernier à Fontainebleau. L'élargissement à l'Espagne et au Portugal, si longtemps attendu, a été signé ce 12 juin après l'entente réalisée à Dublin et à Bruxelles.

La déclaration de Stuttgart, adoptée en 1983, ouvre la voie au progrès d'union européenne. Les rapports des deux comités issus des travaux de Fontainebleau, l'un sur les institutions, les procédures, les usages et le devenir de la Communauté, l'autre sur l'Europe des citoyens, sont prêts. Le rendez-vous de Milan fixé pour leur examen aura lieu dans les délais prévus.

A tour de rôle les présidents du Conseil européen et les présidents de la Commission ont su dépasser les contradictions du moment. Enfin, le Parlement, par sa volonté politique et par sa vigilance, a contribué à tenir le cap.

Et pourtant, on a pu redouter que la grande espérance des années 50 ne fût brisée. Les intérêts nationaux discordants, la tentation du "juste retour", l'orientation traditionnelle des courants commerciaux, la diversité des politiques étrangères et de défense, tout cela et d'autres choses encore a suscité le doute au point que trop de temps perdu a laissé le champ libre aux puissances qui dominent le monde. C'est pourquoi, il convient de saisir l'occasion du sommet de Milan pour décider une nouvelle étape dans la construction de l'Europe unie dont nos peuples ont besoin. A cet égard, les contributions fournies par plusieurs pays des Dix et par la Commission dessinent des perspectives qui nous semblent, pour l'essentiel, conformes à nos vues.

.../...



La France souhaite que ces perspectives s'organisent autour de quatre thèmes : l'Europe de la technologie, à bâtir, l'Europe des citoyens, à hâter, l'Europe économique et sociale, à parfaire, l'union européenne, à fonder comme première esquisse d'une entité politique majeure que certains d'entre nous appellent de leurs vœux.

Nous vous communiquons sur ces sujets les propositions de la France.

#### I - l'Europe de la Technologie

Soumise à la compétition scientifique, technologique, industrielle, commerciale, culturelle, en un mot politique, que se livrent entre eux les pays qui la composent et à la pression de ses principaux concurrents, l'Europe doit prendre conscience de cette réalité : selon les réponses qu'elle apportera aux questions que lui posent la rigueur des temps et l'état du monde, ou bien elle resserrera son union, ou bien elle se dissoudra. Telle est du moins notre conviction.

Or, sur le plan technologique, de nombreuses données permettent, à l'heure présente, d'être optimistes puisqu'un large consensus se dégage sur la nécessité d'une stratégie commune et sur la valorisation du potentiel scientifique et industriel de la communauté.

Déjà réalisés ou décidés Ariane, Esprit, Brite, Airbus, le "programme biotechnologie", Jet montrent les avantages de la coopération là où l'on a réuni les moyens humains et financiers, conditions du succès.

A côté de ces actions, toutes remarquables par leurs résultats, la France a proposé que fût lancé, par les



industriels des pays européens, un projet de grande ampleur baptisé Eurêka et regroupant leurs efforts dans des secteurs essentiels pour la maîtrise du futur : grands calculateurs, génie logiciel, intelligence artificielle, composants électroniques, optronique, robotique de la troisième génération, usines automatisées, lasers d'assemblage et d'usinage, matériaux nouveaux, réseaux de communication, technologies du vivant. Ce projet reste, bien entendu, ouvert à toute suggestion. Il ne s'enferme dans aucune structure préétablie. Il appartient désormais à l'Europe, et donc aux partenaires qui décideront d'y prendre part.

Déjà de nombreux pays, membres ou non de la Communauté, ont approuvé cette initiative et s'apprêtent à la soutenir. Des industriels y travaillent.

Parallèlement, afin de soutenir et d'accompagner Eurêka, on encouragera ou créera :

- l'Université de l'Europe et ses antennes dans chacun des pays de la Communauté où les jeunes seront formés, parmi d'autres disciplines, aux technologies du futur.
- une académie européenne des sciences et de la technologie où seront confrontés et consacrés les résultats scientifiques.
- l'harmonisation des diplômes pour favoriser les échanges universitaires et de chercheurs.

## II - l'Europe économique et sociale

### 1. Le marché intérieur

Chacun reconnaît que la constitution d'ici à 1992 d'un marché unifié et de dimension continentale est un objectif prioritaire de la communauté. L'achèvement du marché intérieur



affirmera l'identité de l'Europe dans les relations commerciales internationales et donnera aux entreprises européennes les moyens d'affronter à armes égales la concurrence mondiale. Aussi le Conseil Européen devrait-il à notre sens, retenir les orientations de la commission et inviter celle-ci à lui présenter au plus tôt des propositions sur :

- l'abolition des barrières physiques à la libre circulation,
- la suppression des barrières techniques dues à la disparité des législations sur les normes européennes, des procédures d'achats publics, des réglementations sur les services, des mouvements des capitaux et de la concurrence, du droit des sociétés, du cadre juridique de la coopération entre entreprises et de la propriété intellectuelle, etc...
- la levée de barrières fiscales par le rapprochement de certains éléments de la fiscalité indirecte et de la fiscalité des sociétés.

## 2. Le système monétaire européen

La France estime que le renforcement du SME, base de l'intégration économique et financière de l'Europe et zone de stabilité dans le système monétaire international est indispensable à la réalisation du marché intérieur unifié, ainsi que le souligne la commission dans le livre blanc transmis au Conseil. Nous connaissons les objections de droit ou d'opportunité opposées par les uns ou les autres à cette démarche. Mais la France n'en rappelle pas moins le lien évident qui existe entre l'union économique et l'union monétaire.

Il serait sage que le Conseil demandât aux ministres de l'économie et des finances et aux gouverneurs des banques centrales de lui présenter des mesures propres à développer



le rôle de l'ECU comme avoir de réserve externe. Le rôle du fonds européen de coopération monétaire, dont la vocation demeure d'être transformé à terme en un fonds monétaire européen, en serait rehaussé. L'Europe, qui attend des Etats-Unis d'Amérique et du Japon qu'ils aillent vers un système monétaire ordonné, montrerait par là qu'elle est elle-même capable de défendre chez elle ses propres intérêts.

### 3. Les grandes infrastructures européennes

Nous recommandons que la commission soumette au plus tôt les plans d'infrastructure européenne qui lui ont été confiés.

Parlant de ce qu'elle connaît, la France estime qu'un réseau de trains à grande vitesse et d'abord la liaison Paris-Bruxelles-Cologne-Amsterdam ainsi que la liaison transmanche et sa connexion aux grands réseaux européens, sont parfaitement réalisables. Les industriels européens, réunis à ce sujet, ont émis des propositions constructives. D'autres initiatives utiles à d'autres régions de l'Europe pourront être, de la même façon, étudiées et, le cas échéant, mises en oeuvre.

### 4. L'espace social européen

L'unification du marché intérieur commande la plus grande homogénéité de l'espace social européen.

On se souvient que la France, dès octobre 1981, en a saisi le Conseil de Luxembourg, plaçant l'emploi et la protection sociale au coeur des politiques communes. La communauté a confirmé ces priorités en 1984. Pour en tenir compte, il conviendra :

.../...



- de déterminer les réglementations qui rapprocheront les systèmes de protection sociale ;
- d'aménager la consultation systématique des partenaires sociaux;
- de préparer la concertation qui débattera des éléments à réunir pour qu'ils s'insèrent dans les conventions collectives, par branche d'activité, en particulier celles qui obéissent à des disciplines communautaires (sidérurgie, textile, etc...)

Dans l'immédiat, le Conseil Européen pourrait convenir d'un plan spécial d'action pour les jeunes : il s'agirait de fournir à tous les jeunes Européens, pendant les trois années suivant la fin de la scolarité obligatoire ou du service militaire, soit une formation professionnelle adaptée, soit une activité rémunérée. Ce programme, garantissant la mobilité des jeunes entre les états membres serait financé concurremment par les organismes nationaux compétents et la Communauté. Les régions qui le souhaiteraient pourraient participer en tant que telles à ce programme. On ne saurait trop insister sur ce dernier point.

Enfin, les dispositions et orientations communes qui seront arrêtées devront prendre en compte la situation particulière des travailleurs immigrés provenant de pays extérieurs à la Communauté.

### III - L'Europe des citoyens

Sur l'Europe des citoyens, nécessité vivement ressentie par tous, le comité Adonnino a présenté un ensemble de suggestions utiles. Rappelons également le travail accompli par le Conseil de l'Europe à l'échelle de notre continent, dans

.../...



les domaines de l'éducation, de la culture, des problèmes de société. C'est dire que les mesures que nous adopterons à Milan dans ce domaine devront connaître, le moment venu, un prolongement au-delà des limites de l'Europe des Dix et bientôt des Douze.

Pour son avenir, l'Europe ne saurait demeurer sans risque une construction abstraite ignorée de la majorité de nos concitoyens. Elle n'existera que le jour où elle sera reconnue par tous comme le cadre naturel de leurs activités intellectuelles et pratiques. Indépendamment des projets déjà arrêtés, il nous semble que l'on pourrait hâter l'allure dans quatre directions bien précises : la santé, la culture, l'environnement, la jeunesse.

- la santé : chaque pays dépense pour la recherche médicale des sommes considérables. Pour lutter contre les plus grands fléaux, unissons nos efforts, au lieu d'agir en ordre dispersé. Ainsi, contre le cancer, une initiative européenne s'impose. Des structures existent, comme l'organisation européenne de la recherche sur le traitement des cancers, pour la technologie du centre international de recherches sur le cancer, pour la prévention. Cette opération pourrait se prolonger dans :

. la recherche fondamentale, afin d'éviter les doubles emplois et de faciliter la circulation des informations ;

. la prévention par la lutte conjointe contre les méfaits du tabac et par le dépistage précoce des cancers de la femme ;

. la thérapeutique, par le lancement de programmes accélérés dans les domaines de pointe (lésions pré-cancéreuses, tumeurs de l'enfant).

En centrant nos efforts sur les cinq formes de cancer les plus meurtriers, nous réduirons, sans doute, les experts le pensent, la mortalité due à cette maladie de 10 ou 15 %.



De même l'Europe a les moyens d'aider de façon rapide et coordonnée les populations des pays victimes de grandes catastrophes (séisme, inondation, cyclone, éruption volcanique, incendie, pollution chimique, sécheresse, épidémie). Qu'elle décide donc d'agir en conséquence. La communauté économique devra coordonner son propre dispositif avec les organismes existants.

- la culture : elle n'est plus seulement nationale. Les connaissances et les curiosités traversent les frontières tandis que les contraintes financières obligent de plus en plus les pays à collaborer dans des productions communes. Parallèlement, les technologies nouvelles offrent des moyens considérables de communiquer. Pourquoi s'isoler, alors que tout pousse au dialogue ?

Le pluralisme culturel est une des richesses de l'Europe. Mais les empêchements linguistiques bloquent la circulation des idées et limitent le sentiment d'identité commune . Pourquoi ne pas réfléchir ensemble à un Fonds Européen de Financement ~~et~~ des Traductions ?.

Partout s'accroît le nombre des chaînes de télévision et se multiplient les programmes dont la monotonie commence à lasser. Le besoin se fait jour d'émissions différentes, plus ouvertes à la création, plus sensibles aux valeurs propres de l'Europe. Pourquoi ne pas créer au moins une chaîne culturelle européenne ? Le public la demande, les créateurs la réclament, les satellites la rendent possible.

Alors que nos écoles historiques ont acquis une réputation mondiale, pourquoi ne pas encourager l'édition d'une histoire de l'Europe, patronée par nos universitaires qualifiés ?.

.../...



### L'Environnement

Comme la culture, l'environnement est notre patrimoine commun : les actions solitaires sont vouées à l'échec. Depuis quelques années, certaines pollutions, comme celle de l'air et celle de l'eau, sont mieux maîtrisées. Mais ces progrès sont encore partiels et la défense de l'environnement ne se réduit pas à la lutte contre les pollutions. Protéger et mettre en valeur l'ensemble de notre patrimoine écologique, telle doit être notre ambition.

### La Jeunesse :

Nos enfants se connaissent peu. Ils voyagent sans se rencontrer, poursuivent leurs études, commencent leur carrière sans rien connaître des pays voisins.

Nous suggérons l'apprentissage, le plus tôt possible, d'une ou plusieurs langues étrangères. En France, 100 000 élèves de l'école primaire bénéficient d'expériences ponctuelles. En dix années ces mesures seront étendues à l'ensemble des élèves. D'autres pays ont lancé des expériences du même type.

.../...



La France et l'Allemagne ont créé, voici vingt ans, un office commun de la jeunesse qui a organisé les échanges de près de cinq millions de jeunes. Ces échanges concernent les scolaires, les universitaires, les travailleurs, les membres de mouvements associatifs ou sportifs. Pourquoi pas un Office européen de la Jeunesse ?

Une carte de jeune européen donnant droit à des facilités diverses (transports, hébergement...) irait dans le même sens.

Enfin, des séjours à l'étranger devraient être intégrés dans les formations supérieures. Nous recommanderions à nos universités et à nos écoles d'ingénieurs de modifier progressivement leurs cursus pour prévoir des stages dans un autre pays de la communauté ou même des parties d'études. Cette procédure serait étendue aux fonctionnaires dans le développement de leurs carrières. -conformément au vœu du Parlement, on prévoiera le vote aux élections locales des citoyens des divers pays européens, lorsqu'ils résident depuis un certain temps dans un autre état membre. Cela supposera, dans de nombreux pays, des étapes transitoires et des réponses institutionnelles.



IV - Vers l'Union Européenne

Il nous paraît possible d'avancer vers l'Union Européenne définie à Stuttgart. La France, par la bouche de son Président, s'est exprimée là-dessus devant le Parlement Européen. Elle souhaite - et elle n'est pas la seule - à la fois améliorer le fonctionnement des institutions et voir naître au plus tôt l'Union Européenne.

1 - Améliorer l'efficacité des institutions existantes

L'amélioration du processus de décision au sein des institutions communautaires est un préalable à tout progrès de l'Europe et à la réussite de l'élargissement. A cet égard, le Comité Dooge a présenté nombre de suggestions pertinentes qui visent à accroître le recours au vote majoritaire dans les décisions du Conseil, les pouvoirs de gestion de la Commission et la participation du Parlement Européen au processus de décision.

La France approuve ces orientations et s'y prêtera, soit par une modification formelle des traités, soit par simple décision du Conseil Européen.

En tout état de cause, elle donnera son accord à toute disposition qui conduira le Parlement à participer davantage aux décisions prises sur proposition de la Commission en matière de formation, de conditions de travail, de développement régional, d'environnement, de conditions de vie, de culture et d'éducation.

Ces propositions de la Commission seraient transmises simultanément au Parlement et au Conseil. Le Parlement rendrait en première lecture un avis par lequel



il approuverait ou modifierait la proposition initiale. Le Conseil délibérerait en première lecture sur le texte voté par le Parlement. En cas de désaccord entre le Conseil et le Parlement, un comité de conciliation disposerait de 30 jours pour parvenir à une conclusion. S'il y parvenait, l'approbation du Parlement et du Conseil devrait être acquise dans les 90 jours. Si la commission de conciliation ne parvenait pas à un accord ou si la proposition n'était pas approuvée par le Parlement et le Conseil, ce dernier statuerait définitivement conformément aux dispositions du traité.

Si le Parlement n'exprimait pas d'avis dans les 45 jours suivant le dépôt de la proposition de la Commission, le Conseil statuerait.

Dans le même esprit le Parlement serait saisi par le Conseil, chaque année, d'un projet d'enveloppe maximale des dépenses. Si le Parlement et le Conseil en étaient d'accord, celle-ci serait retenue pour l'élaboration du budget. S'il n'y avait pas d'accord, le Conseil arrêterait en dernier recours le "cadre de référence" de l'ensemble du budget.

En outre, le Conseil Européen conviendrait d'examiner, à l'occasion du relèvement de 1,4 % à 1,6 % du taux maximum de la TVA, la possibilité d'associer le Parlement aux décisions sur les ressources propres.

Au Conseil des Ministres, il est indispensable de revenir au vote majoritaire lorsque le traité le prévoit. On s'efforcera même d'y recourir plus souvent lorsque le traité ne le prescrit pas.

Pour cela, les États membres s'engageront à

.../...



recourir à l'abstention, conformément aux dispositions de l'Article I48, 3 du traité, pour ne pas faire obstacle à l'adoption de décisions qui requièrent l'unanimité du Conseil. Le Conseil pourrait, si nécessaire, dispenser les États qui se sont abstenus, des droits et obligations résultant de ces décisions.

Beaucoup d'entre nous pensent qu'il y a lieu de limiter l'usage de l'arrangement du 29 janvier 1966, dit "compromis de Luxembourg". Au cas où les États membres invoqueraient "un intérêt très important", ils auraient à le justifier devant le Conseil des Ministres des Affaires Etrangères, voire devant le Conseil Européen, et non à y recourir dans les autres instances.

On accroîtra également les pouvoirs de gestion de la Commission afin d'éviter les délais trop longs dans l'application des décisions du Conseil.

## 2. Construire l'Union Européenne

Avec beaucoup d'autres, la France souhaite que soit créée, sans plus tarder, une Union Européenne réunissant les communautés fonctionnant selon leurs règles propres et la coopération politique entre les États membres.

A cette fin, le Conseil Européen pourrait prendre, à partir de sa prochaine réunion le nom de Conseil de l'Union Européenne. Le Conseil de l'Union disposerait d'un secrétariat, dirigé par un secrétaire général désigné par le Conseil. Ce secrétariat serait un organe de travail à la disposition du Conseil, notamment pour assurer la continuité de la coopération politique.



Le rapport Dooge demande la réunion prochaine d'une conférence intergouvernementale chargée de préparer les voies et moyens de l'union politique.

La France, pour sa part, n'est pas hostile à une telle conférence ; elle souhaite seulement que les travaux ne s'engagent que lorsqu'un accord de principe aura été réalisé sur les points principaux que nous venons d'évoquer.

En agissant de la sorte, les États membres auront mené à bien cette étape décisive d'une tâche qu'ils auront à poursuivre assidûment.

Un jour viendra où les peuples devront eux-mêmes assurer l'élan nécessaire à l'unité de l'Europe. Ce sera alors l'affaire d'une assemblée constituante.



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MINISTRY OF DEFENCE  
MAIN BUILDING WHITEHALL LONDON SW1A 2HB  
Telephone 01-~~XXXXXX~~ 218 2111/3

MO 26/11/9

27th June 1985

*Dear Charles,*

EUROPEAN FIGHTER AIRCRAFT

Thank you for your letter of 21st June. The Defence Secretary believes it would be helpful for the Prime Minister to raise EFA bilaterally with Chancellor Kohl, President Mitterand, Signor Craxi and Senor Gonzalez. I attach a note on objectives, individual lines to take, and a background note.

I am copying this letter and the attachments to Len Appleyard (Foreign and Commonwealth Office), Rachel Lomax (HM Treasury), John Mogg (Department of Trade and Industry) and Richard Hatfield (Cabinet Office).

*Yours etc,*

*Richard Mottram*

(R C MOTTRAM)

C Powell Esq  
No 10 Downing Street

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EUROPEAN FIGHTER AIRCRAFT

Objectives

ALL

- to stress that the UK remains in favour of a 5-nation programme for an aircraft which satisfies the agreed European Staff Target and offers a genuine industrial partnership.

FOR CHANCELLOR KOHL

- to reaffirm understanding reached at Defence Minister level on need to proceed to project definition on an aircraft which meets the European Staff Target

FOR PRESIDENT MITTERAND

- to point out the importance of EFA as a test of European commitment to co-operation.
- to stress that the aircraft must have the technical characteristics necessary to meet the likely threat.
- to explain that anything other than an arrangement of equal partnership would be politically unacceptable.
- to emphasise the need for an early decision.

FOR MR CRAZI

- to reaffirm understanding reached at Defence Minister level on need to proceed to project definition on an aircraft which meets the European Staff Target.

FOR MR GONZALES

- to encourage Spain to agree to participate in project definition of a common programme involving those nations able to agree by the end of July to go ahead.



FOR CHANCELLOR KOHL

Arguments

- a. EFA important test of European ability to collaborate on defence equipment. Combining resources is best way of sharing costs and making Europe competitive against the US.
  
- b. We share Germany's need for an early decision on both operational and industrial grounds. We cannot afford to spend any more time talking about the project. In accordance with decision reached by Defence Ministers on 18th June at Dr Woerner's instigation, those nations able to agree on a common programme should proceed to joint project definition study by the end of July.
  
- c. We hope that agreement can be reached on 5 nation programme but:-
  - (1) aircraft must be capable of meeting perceived Soviet threat. UK and Germany (and Italy) in complete accord on technical characteristics needed to give aircraft the required performance. A compromise for the sake of collaboration which did not meet the military requirement would be as unacceptable to Britain, as we understand it is to Germany;



EUROPEAN FIGHTER AIRCRAFT

(Expanded second page of brief line to take with Chancellor Kohl)

2. Organisation arrangements must be on the basis of equal partnership, no winners, no losers. The French proposal for a design office in Paris headed by a French man would lead to French domination. Arrangements must also be efficient. We have relevant own experience on Tornado on which to draw.

d. Should our one last effort to reach agreement on a five-nation EFA prove unsuccessful, we can understand ~~that~~ the political difficulty for any German Chancellor, especially one who has devoted so much to consolidating the German relationship with Paris, to contemplate parting company with France on a matter of such magnitude. But the technological and military arguments are incontrovertible. In weighing the matter up, Chancellor Kohl will no doubt have in mind the conclusions that might be drawn in Britain, and perhaps elsewhere, if it appeared that Germany's special link with France would take precedence in Bonn over even the best case for co-operation with Germany's other partners, on an aircraft intended for use by Britain as by Germany for air defence in the central region.



(2) organisational arrangements must be on basis of equal partnership - no winners, no losers. French proposal for design office in Paris headed by Frenchman would lead to French domination. Arrangements must also be efficient: we have relevant common experience in Tornado on which to draw.



FOR PRESIDENT MITTERAND

Arguments

- a. EFA important test of European ability to collaborate on defence equipment. Combining resources is best way of sharing costs and making Europe competitive against the US.
- b. EFA has been under discussion for two years. From military and industrial point of view the time has come for decisions. Defence Ministers should agree to launch Project Definition next month when the final feasibility study has been submitted.
- c. We shall continue to strive for a 5 nation programme with:-
  - (1) an aircraft which is capable of meeting the likely threat. Both Britain and France have moved in order to achieve a compromise on the size of the aircraft: but it would not be right to build an aircraft which cannot do the job. We have 5 nation agreement on the European Staff Target. We need an aircraft which satisfies this. We believe this will also be attractive in export markets.
  - (2) We share France's wish for efficient organisation and tight cost control. Recognise quality of French aerospace industry. But Britain equally capable. Need arrangement



which recognises this, as well as interests of other partners. Organisational arrangements must be on basis of equal partnership.



FOR MR CRAIXI

Arguments

- a. EFA important test of European ability to collaborate on defence equipment. Combining resources is best way of sharing costs and making Europe competitive against the US.
- b. We have urgent need for early decision. Cannot spend more time talking about project. In accordance with decision reached by Defence Ministers on 18th June, those nations able to agree on a common programme should proceed to joint project definition study by the end of July.
- c. We shall continue to strive for 5 nation programme but:-
- (1) aircraft must be capable of meeting perceived Soviet threat. Note UK and Italy (and Germany) in complete accord on technical characteristics needed to give aircraft the required performance. A compromise for the sake of collaboration which did not meet the military requirement would be as unacceptable to Britain as we understand it is to Italy.



(2) organisational arrangements must be on basis of equal partnership - no winners, no losers. French proposal for design office in Paris headed by Frenchman would be French domination. Arrangements must also be efficient: we have relevant common experience in Tornado on which to draw.



FOR MR GONZALEZ

Arguments

- a. EFA important test of European ability to collaborate on defence equipment. Combining resources is best way of sharing costs and making Europe competitive against the US.
- b. We have urgent need for early decision. Cannot spend more time talking about project.
- c. We shall continue to strive for 5 nation programme but:-
  - (1) aircraft must be capable of meeting perceived threat. Note that Spain is closer to Germany, Italy and UK than to France on key technical characteristics; and
  - (2) organisational arrangements must be on basis of equal partnership - no winners, no losers. French proposal for design office in Paris headed by Frenchman would be French domination.
- d. Hope Spain will join common programme which we hope will be agreed by the end of July.



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## BACKGROUND

1. The Defence Secretary's minute of 18 June set out the outcome of the Ministerial meeting in London on 17/18 June. Essentially, industry was tasked with a final round of studies based on 3 different engine thrusts and a given definition of aircraft mass. The aim is to reach a common aircraft design. Industry is to report by 15 July, and it is possible that a Ministerial meeting may be held in Bonn on or around 24 July.

2. At the London meeting, M. Hernu continued to press for an aircraft which would be smaller and therefore less capable than that which the other 4 nations require, and for organisational arrangements which could effectively lead to French domination of the programme. Dr Woerner argued strongly in favour of an early decision on an aircraft that would meet the threat, needing in the German view 9.75 tonnes Basic Mass Empty and a nominal engine thrust of 92 kilonewtons. He also firmly advocated equal partnership. Dr Woerner's position therefore lined up exactly with our own, although Germany is less antagonistic to the HQ location in France than we are. Italy shares our views; Spain is between France and the rest.

3. Militarily and industrially, the 4 nations (other than France) agree closely. Their industries are lobbying hard for a 4 nation programme to proceed if a common five-nation position cannot be agreed. Many direct benefits of collaboration could be obtained by a 3 or 4 nation programme but the omission of France would leave Europe

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fragmented in Third World sales in competition with the US.

4. A national UK programme is being examined. But this could be up to £1.5 billion (about 30%) more expensive than EFA and scarcely affordable within the expected defence budget. Alternatives would be an off the shelf buy of US aircraft, their manufacture under licence, or further purchases of existing UK types, but these would not provide the required capability.

5. Germany is the key. Her clear preference is for a solution embracing France and UK. But if, as seems possible, that fails, would she participate with us (and Italy and perhaps Spain), rather than with France? For operational, industrial and administrative reasons her preference would be to side with the UK, and there are signs of a preparedness to contemplate a solution without France. All the indications are that Dr Woerner is not prepared to compromise on the technical characteristics, provided industry and air staffs confirm that anything less than the 9.75 tonnes/92 Kilonewton formulation would be insufficient to satisfy the EST. But the political pressures on Chancellor Kohl are strong in the other direction, and there is a risk that the Germans may be ready, in the final analysis, to compromise further than the UK is able to. We must therefore be wary of a swing which would leave the UK rather than France in the isolated position.

6. Our Ambassador in Paris has advised that Chancellor Kohl's attitude should best be tested through bilateral contact, since any

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wider meeting would be likely to expose him to conflicting pressures and the risk that he might move publicly in the French direction. Although Mr Craxi may not have been briefed by Senatore Spadolini, the Prime Minister is recommended to raise the matter with him, and Mr Gonzalez in the light of her conversation with Chancellor Kohl. It is recommended that the approach to President Mitterand be low-key.

7. The Foreign and Commonwealth Secretary is being advised to raise the subject with his German and Italian counterparts, and in the light of their reactions to approach the Spanish (probably) and French (possibly) Ministers.

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10 DOWNING STREET

*From the Private Secretary*

27 June 1985

Dear Colin,

Herr Teltschik from the Federal Chancellery in Bonn telephoned me shortly before 1.00 pm today. The purpose of his call was to inform me that the German Government would announce this afternoon that they had prepared the text of a draft Treaty on European Union, had agreed it with the French Government, and that Chancellor Kohl would be tabling it at the European Council in Milan tomorrow morning. He would try to ensure that we received a copy this afternoon. The Treaty drew upon the ideas on political cooperation which the Prime Minister had put to Chancellor Kohl but went further than that.

I said that I took an extremely dim view of this message. The Prime Minister had taken the Chancellor into her confidence at a very early stage. She had shared her ideas with him and asked for the German Government's comments. She had done so before discussing her ideas with any other Government. Now we were suddenly informed, less than 24 hours before the beginning of the European Council, that the Germans and the French had agreed a text which we had not even seen or been consulted about. It seemed to me that we were being very shabbily treated. I thought that the Prime Minister would justifiably feel that the Chancellor had failed to reciprocate the confidence which she had placed in him.

Teltschik became rather defensive. The Germans had always made clear to us that they would want to go further than our ideas, and would want a Treaty. All he was talking of was a proposal which could form the mandate for an inter-governmental conference. The Chancellor's recent message and his own talk with Sir Julian Bullard earlier this week had been intended to convey German intentions. Consultation with the French had been imperative since if they were not in agreement nothing could be achieved. I said that I was not talking about the substance of the German proposals, indeed could not do so since we had not



yet seen them. For all I knew they might in large part be acceptable to us. My strong feelings were based on the procedure which had been followed of producing a text behind our backs and agreeing it with the French without making any attempt to consult us. Speaking personally, I thought it a black day for our co-operation.

I am copying this letter to David Williamson in the Cabinet Office.

yours sincerely,  
Charles Powell  
(Charles Powell)

Colin Budd, Esq.,  
Foreign and Commonwealth Office.



Qz.04522

MR POWELL

FRENCH MEMORANDUM FOR THE EUROPEAN COUNCIL, 28-29 JUNE

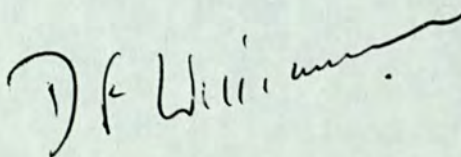
--- The French Ambassador called on me this morning and handed over this copy of the French Memorandum. This approach had, in fact, been inspired by us, since we knew that this Memorandum had already been handed to the Italian Presidency and we considered that it should be made available also to us. A commentary on the Memorandum is being prepared and will be submitted. A translation will also be available. I would only draw your attention immediately to these points:-

(i) that the question of technology and EUREKA is placed first in the points which President Mitterrand submits to his colleagues for the European Council;

(ii) on the two vital questions of decision-taking and the European Parliament, after making a bow in the direction of the recommendations of the Dooge Committee, the substantive suggestions are very closely in line with those of the United Kingdom. In particular, I can see no indication of any increase in the powers of the European Parliament, the emphasis being entirely on certain changes in existing procedures;

(iii) the sole element which might be presented as a step towards European Union is that the name of the European Council might be changed to European Union Council and that there should be a specific secretariat for it.

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



D F WILLIAMSON

27 June 1985





ea

bc PC

10 DOWNING STREET

*From the Private Secretary*

26 June 1985

**EUROPEAN COMMUNITY:  
MESSAGE FROM CHANCELLOR KOHL  
TO THE PRIME MINISTER**

Thank you for your letter of 24 June enclosing a draft reply from the Prime Minister to Chancellor Kohl.

The Prime Minister has approved the draft reply with one small amendment. The last few words of paragraph 3 should read "I shall have something to say on that at Milan".

BK  
B1

I should be grateful if the reply could be despatched.

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

(Charles Powell)

Colin Budd, Esq.,  
Foreign and Commonwealth Office.

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Ref. A085/1748

MR POWELL  
\_\_\_\_\_

Possible European Initiative on Cancer

I received a visit this afternoon from Mr R H Grierson, who said that he had been asked by Monsieur Attali, President Mitterrand's Special Adviser, to come and see me about this matter.

2. When the French "EUREKA" proposal is discussed at the meeting of the European Council in Milan, the French President and the Italian Prime Minister may propose that the "EUREKA" programme should include an initiative on cancer.

3. Mr Grierson said that he had become involved in this matter as a member of the EORTC Foundation, which is (as I understand it) a European organisation concerned with research into and treatment of cancer.

4. Mr Grierson left with me a copy of an aid memoire which he said reflected points which he had made in his conversations with Monsieur Attali and others on this matter. The points to which he attached particular importance were that any initiative should start on a modest basis, and should probably be directed to cancer prevention and cancer treatment rather than cancer research: there was likely to be a better reception to proposals for European co-operation amongst those concerned with treatment and prevention than amongst those concerned with research. He was also anxious that the development of the initiative should be kept out of the hands of health bureaucracies.

Prime Minister<sup>①</sup>  
CDP  
26/6.





[There have been none]

5. Mr Williamson and I said that so far as we knew, there had been no other indications that the French President or the Italian Prime Minister might introduce such a proposal into the discussion at Milan. It seemed unlikely that Heads of State or Government would wish to commit themselves to a particular initiative unless and until there had been a chance of proper examination. We were going to suggest at Milan that a high level group should be set up to deal with proposals for inclusions in the "EUREKA" programme; if such a group was set up, we envisaged that its members would work with experts in particular fields as appropriate. We suggested, and Mr Grierson agreed, that a proposal for an initiative on cancer on the lines envisaged could be very properly dealt with in that manner.

6. Mr Grierson said that he thought that an initiative on cancer, the incidence of which was rising steadily, could be warmly received by the public throughout the European Community. I did not disagree.

7. I am sending copies of this minute to the Private Secretary to the Foreign and Commonwealth Secretary and to Mr Williamson.

Approved by  
ROBERT ARMSTRONG  
*and signed in his absence*

26 June 1985



File

POSSIBLE GUIDELINES FOR THE MILAN SUMMIT

1. Transport Ministers should be instructed to consider urgently:

X (a) measures to ensure that airlines of the Ten will continue the suspension of flights to Beirut airport until the Lebanese authorities are able to meet internationally agreed standards for the security of aircrafts and passengers;

(b) immediately, special handling of aircraft of airlines which continue to use Beirut international airport, particularly for flights direct to and from Beirut; and in addition, the case for prohibiting all flights from Beirut until the provisions in (a) are achieved;

(c) application of existing ICAO security <sup>standards</sup> ~~at~~ airports of Member States, and security procedures <sup>to be</sup> ~~followed~~ by national airlines in airports of 3rd countries;

(d) concerted effort, within ICAO, to update as necessary the provisions of annex 17 of Chicago Convention in the light of recent terrorist outrages;

(e) to consider how the Ten might concert their efforts within international bodies which deal with aviation security matters such as ICAO and ECAC;

(f) a clear policy to prevent the taking off of a hijacked aircraft from an airport within the Ten;

2 (g) possibility of concerted suspension of flights for a limited period to and from countries which violate agreed international principles and conventions on aviation security.



2. Foreign Ministers be instructed to agree on modalities within the established framework of political cooperation for concerting a démarche to third countries which do not observe the internationally agreed principles and conventions on aviation security. They should also step up efforts to persuade those countries which are not already party to the international conventions to become so.

3. Interior Ministers through TREVI to maintain a vigilant overview of existing arrangements to ensure the rapid exchange of intelligence about potential terrorist and hijack incidents.



GRS 620

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CONFIDENTIAL [FRANK GENERAL]

FM THE HAGUE 261310Z JUNE 85

TO IMMEDIATE FCO

TELEGRAM NUMBER 220 OF 26 JUNE

PRIORITY INFO EC POSTS, LISBON, MADRID, UKREP BRUSSELS

MILAN EUROPEAN COUNCIL MEETING : DUTCH BILATERAL DIPLOMACY

SUMMARY

1. LUBBERS AND VAN DEN BROEK VISITED PARIS LAST WEEK AND POSTHUMUS MEYJES WENT TO BONN TO DISCUSS THE MILAN MEETING. MITTERRAND DID NOT DISCLOSE HIS HAND. RUHFUS PLEASSED THE DUTCH BY TALKING OF TREATY AMENDMENTS. LUBBERS WILL GO TO MILAN PROBABLY STILL AIMING MUCH HIGHER THAN US IN TERMS OF EUROPEAN IDEALISM, BUT PREPARED TO SETTLE FOR LESS AND EVEN TO ARGUE IN FAVOUR OF OUR OWN PROPOSALS, WHICH HE PROBABLY REALISES STAND A GREATER CHANCE OF SUCCESS.

DETAIL

2. OVER THE LAST WEEK THE DUTCH HAVE BEEN ACTIVE IN THE RUN UP TO MILAN. ON 19 JUNE MR LUBBERS AND MR VAN DEN BROEK WENT TO PARIS AND THIS WAS FOLLOWED BY A VISIT TO BONN BY POSTHUMUS-MEYJES. AS VICE PRESIDENT BUSH, THE CZECH FOREIGN MINISTER AND LORD CARRINGTON ARE ALL IN THE HAGUE ON OFFICIAL VISITS, IT IS IMPOSSIBLE TO SEE VAN DEN BROEK. I HAVE HOWEVER TALKED TO POSTHUMUS-MEYJES.

3. LUBBERS AND VAN DEN BROEK SAW PRESIDENT MITTERRAND VERY PRIVATELY

NO DUTCH OFFICIAL WENT TO PARIS AND THE DUTCH AMBASSADOR WAS EXCLUDED FROM THE TALKS. POSTHUMUS-MEYJES SAID THAT MITTERRAND CONTINUED TO KEEP HIS CARDS CLOSE TO HIS CHEST. NEVERTHELESS LUBBERS AND VAN DEN BROEK GOT THE IMPRESSION THAT, IF HE SAW THE CHANCE AT MILAN, MITTERRAND WOULD CARRY FORWARD THE WORK OF THE DOOG COMMITTEE. MITTERRAND SEEMED IN SYMPATHY WITH THE DUTCH DRAFT MANDATE FOR AN INTERGOVERNMENTAL CONFERENCE. HE SAID NOTHING TO DISCOURAGE THAT DUTCH APPROACH, BUT DID NOT INDICATE THE EXTENT TO WHICH HE WOULD SUPPORT IT.

4. THE TALKS ALSO COVERED EUREKA. MITTERRAND DID NOT CLARIFY THIS MUCH : HE APPEARED TO HAVE MOVED AWAY FROM A COMMUNITY APPROACH AND VIEWED IT PRIMARILY IN TERMS OF PROJECTS (AS IN DUMAS' LETTER OF 24 JUNE). IT WAS NOT CLEAR TO THE DUTCH HOW ALL THAT RELATED TO THE COMMISSION'S PROPOSALS IN THAT FIELD. POSTHUMUS-MEYJES CONCLUDED THAT IT WAS APPARENT THAT MITTERRAND DID NOT WISH TO INDICATE HIS MILAN POSITIONS UNTIL THE LAST MOMENT.

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## CONFIDENTIAL

5. ON HIS BONN VISIT, POSTHUMUS-MEYJES COMMENTED THAT THE GERMANS WERE STILL NOT SPEAKING WITH ONE VOICE. HE HAD ONLY SEEN RUHFUS WHO HAD UNDERLINED THAT THEY STOOD SQUARELY BEHIND THE DOOGE REPORT (INCLUDING THE THREE GERMAN RESERVATIONS IN THE REPORT) AND THE RECOMMENDATIONS FOR AN INTER GOVERNMENTAL CONFERENCE AND MORE MAJORITY VOTING. THEY WANTED TREATY AMENDMENTS, ON WHICH SUBJECT RUHFUS WAS MORE PRECISE THAN THE DUTCH IN SINGLING OUT ARTICLES 57, 99, 100 AND 235. RUHFUS ADDED THAT THEY ALSO WANTED TREATY AMENDMENTS ON THE EUROPEAN PARLIAMENT (ARTICLES 236-238). ON THESE THEY THOUGHT THE EUROPEAN PARLIAMENT SHOULD BE REQUIRED TO APPROVE THE AMENDMENTS BEFORE THEY WENT TO NATIONAL PARLIAMENTS FOR RATIFICATION.

### COMMENT

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6. IT SEEMS THAT THE DUTCH, HAVING RECEIVED A FULL ACCOUNT OF THE BRITISH POSITION DURING YOUR RECENT VISIT, HAVE THOUGHT IT WORTH-WHILE TO CHECK ON HOW FAR THEIR OWN MORE IDEALISTIC PROPOSALS MIGHT RECEIVE SUPPORT IN MILAN FROM THE OTHER HEAVYWEIGHTS. THEY MUST BE DISAPPOINTED AT THE FRENCH RESPONSE, ALTHOUGH I SUSPECT THEY MAY BE TEMPTED TO INTERPRET MITTERRAND'S DELPHIC UTTERANCES IN AS FAVOURABLE A LIGHT AS POSSIBLE. THE GERMAN EMPHASIS ON TREATY AMENDMENT HAS CERTAINLY PLEASSED THEM, ALTHOUGH THEY WELL UNDERSTAND THAT RUHFUS MAY NOT BE REFLECTING THE PRECISE LINE WHICH THE CHANCELLOR MAY ACTUALLY TAKE AT MILAN. ON THE BASIS OF THIS I BELIEVE THAT LUBBERS WILL PROBABLY APPROACH MILAN STILL AIMING MUCH HIGHER THAN THE BRITISH IN TERMS OF EUROPEAN IDEALISM AND WILL WISH TO ARGUE ALONG THE LINES OF THE DUTCH DRAFT MANDATE FOR AN INTERGOVERNMENTAL CONFERENCE TO AMEND THE TREATY. DEPENDING VERY MUCH ON HOW MUCH SUPPORT MITTERRAND AND KOHL LEND TO SUCH IDEAS, THEY WILL BE PREPARED TO SETTLE FOR MUCH LESS AND EVEN TO ARGUE IN FAVOUR OF OUR OWN PROPOSALS WHICH THEY PROBABLY REALISE STAND A GREATER CHANCE OF SUCCESS.

MARGETSON

FRANE GENERAL  
ECD(I)

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FM PARIS 261120Z JUN 85

TO IMMEDIATE F C O

TELEGRAM NUMBER 537 OF 26 JUNE

INFO PRIORITY UKREP BRUSSELS, ROME, ROUTINE OTHER EC POSTS, LISBON, MADRID

MILAN COUNCIL: ELYSEE VIEW mf

## SUMMARY

1. FRENCH APPROACHING MILAN IN POSITIVE FRAME OF MIND, PLEASED THAT GROUND HAS BEEN WELL PREPARED AND THAT COMMISSION IDEAS ARE GENERALLY SENSIBLE.

## DETAIL

2. MADAME GUIGOU (ELYSEE) RAN THROUGH WITH US YESTERDAY THE MAJOR SUBJECTS FOR THE MILAN COUNCIL. THE COUNCIL WOULD BE SERVED SUBSTANTIAL FARE, AND MITTERRAND WOULD WORK FOR POSITIVE RESULTS. SHE GAVE NO HINT THAT HE WOULD HARP ON THE CONSTRAINTS IMPOSED ON PROGRESS TO EUROPEAN UNION BY ANY PARTICULAR NATION, BUT HE WILL CERTAINLY WISH THE COUNCIL TO SOUND THE UNION TRUMPET.

## INSTITUTIONS

3. THE GOALS LISTED BY GUIGOU CLOSELY RESEMBLE OUR OWN, PARTICULARLY FOR DECISION MAKING (E.G. INCREASE MAJORITY VOTING, FIRST WHERE PRESCRIBED BY THE TREATY - BUT ALSO IN OTHER CASES IF GUIDELINES CAN BE AGREED: MODIFY PRACTICE RATHER THAN AMEND THE TREATY IN THE FIRST INSTANCE - WITHOUT RULING OUT AMENDMENT 'LATER': MAKE RECOURSE TO THE VETO MORE DIFFICULT AND REQUIRE FORMAL JUSTIFICATION - BUT DO NOT ABOLISH IT YET). AGREEMENT ON SUCH CHANGES WAS A REALISTIC GOAL FOR MILAN.

4. ON THE EUROPEAN PARLIAMENT, GUIGOU SAID THAT FRENCH BELIEVE IT SHOULD BE 'MORE INTEGRATED INTO DECISION MAKING' IN HEALTH, EDUCATION AND THE ENVIRONMENT. IT SHOULD NOT (NOT) BE GIVEN ANY NEW MEANS OF INCREASING EXPENDITURE BUT SHOULD, AS THE DUBLIN EUROPEAN COUNCIL AGREED, BE CONSULTED ON THE SETTING OF THE REFERENCE FRAMEWORK FOR BUDGET DISCIPLINE.

## POLITICAL CO-OPERATION

5. GUIGOU CONFIRMED WHAT MOREL TOLD THOMAS ON 25 JUNE (FCO TELNO 340, NOT TO ALL). SHE COULD NOT FORECAST PRECISELY WHAT VIEW MITTERRAND WOULD TAKE ON ARTICLE 8 OF OUR TEXT (SECURITY) BUT THOUGHT THAT HE WOULD NOT OBJECT TO INCLUSION OF A MENTION OF WEU. HE WOULD WANT ANY TEXT THAT WAS ADOPTED TO ESTABLISH POLITICAL

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/CO-OPERATION



CO-OPERATION AS THE NUCLEUS OF EUROPEAN UNION. GUIGOU CLAIMED THE FRENCH WOULD BE MORE AFFIRMATIVE THAN US ON INSTITUTIONALISATION BUT HAD NOTHING MORE SPECIFIC TO SAY WHEN PRESSED. INDEED IN CONFIRMING MOREL'S COMMENTS ON ARTICLE 5 (INTERNATIONAL ORGANISATIONS), SHE WAS QUITE EXPLICIT THAT FRANCE WOULD WISH TO MAINTAIN A GREATER MARGIN OF MANOEUVRE THAN OUR TEXT WOULD PERMIT.

#### INTERNAL MARKET

6. GUIGOU THOUGHT THE COMMISSION WHITE PAPER WAS A GOOD DOCUMENT. THE FRENCH HOPED THE COUNCIL WOULD ENDORSE ITS GENERAL DIRECTION, WITH 1992 AS THE TARGET DATE FOR COMPLETION. MINISTERS AND EXPERTS SHOULD THEN BE COMMISSIONED TO FOLLOW UP IN DETAIL. HOWEVER, THE FRENCH WOULD HAVE CRITICISMS TO MAKE OF SOME ASPECTS OF THE PAPER. IT FAILED TO UNDERLINE SUFFICIENTLY THE NEED FOR PROGRESS ON MONETARY INTEGRATION TO PARALLEL COMPLETION OF THE COMMON MARKET. (THIS WAS NOT TO SUGGEST THAT THE TIME HAD COME TO CARRY THE EMS INTO ITS INSTITUTIONAL PHASE: BUT THE ROLE OF THE ECU SHOULD BE INCREASED, TO MAKE IT AN EXTERNAL RESERVE ASSET.) CONCURRENTLY WITH INTERNAL LIBERALISATION, THE COMMUNITY SHOULD STRENGTHEN ITS IDENTITY AND CAPACITY TO DEFEND ITS INTERESTS VIS-A-VIS THE REST OF THE WORLD. CONTRARY TO WHAT THE PAPER IMPLIED, CONTROL OF DRUGS AND TERRORISTS SHOULD NOT BE GIVEN A MORE COMMUNITY CHARACTER. RATHER, INTER-GOVERNMENTAL COLLABORATION SHOULD BE STRENGTHENED. FISCAL HARMONISATION WAS A MORE DIFFICULT SUBJECT THAN THE PAPER ACKNOWLEDGED, BUT EXPERTS SHOULD BE SET TO WORK ON IT. ON FINANCIAL SERVICES, THE FRENCH WOULD PREFER HARMONISATION OF REGULATION RATHER THAN DE-REGULATION PURE AND SIMPLE. IN PARALLEL WITH COMPLETION OF THE COMMON MARKET, THE COMMUNITY SHOULD AIM TO MAKE PROGRESS ON THE HARMONISATION OF SOCIAL LEGISLATION, ALTHOUGH AT THIS STAGE THE FRENCH AIM WOULD BE LIMITED TO MORE REGULAR AND FULLER CONSULTATION.

#### TECHNOLOGY/EUREKA.

7. GUIGOU SPOKE ON BY NOW STANDARD LINES. THE COUNCIL SHOULD ACKNOWLEDGE PROGRESS MADE, BUT IT WOULD BE PREMATURE TO EXAMINE INSTITUTIONAL ASPECTS OF TECHNOLOGICAL COLLABORATION AT MILAN. THE COMMISSION PAPER WAS SATISFACTORY IN ITS PRAGMATISM AND ITS APPROACH TO THE APPLICATION OF VARIABLE GEOMETRY. FOR THE FRENCH, IT WAS ESSENTIAL TO AVOID TECHNOLOGY BEING COMMUNITISED AND RUN LIKE THE CAP. (COMMENT: THE FRANCO-GERMAN DISCUSSIONS IN BONN LATER TODAY, MAY PRODUCE FURTHER DEVELOPMENTS IN THE FRENCH POSITION. BRAITHWAITE MAY HAVE AN OPPORTUNITY TO GATHER MORE EVIDENCE FROM HIS DIRECT CONTACT WITH VEDRINE AND WE SHALL REPORT ANY MORE WE CAN PICK UP HERE ABOUT FRENCH INTENTIONS).

#### PEOPLE'S EUROPE

8. THE DADONINO REPORT IS A MIXED BAG, IN FRENCH EYES. MITTERRAND WOULD WANT TO ENDORSE SOME OF ITS RECOMMENDATIONS BUT NOT ALL, AND MIGHT ADD OTHERS OF HIS OWN.

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INTER-GOVERNMENTAL CONFERENCE  
9, GUIGOU STRUCK THE BY NOW WELL-PRACTISED BALANCE BETWEEN A CONCERN  
NOT TO ENGAGE IN AN ILL-PREPARED CONFERENCE AND NOT RULING THE IDEA  
OUT. THE ITALIAN PRESIDENCY WOULD HAVE TO USE ITS JUDGEMENT  
CAREFULLY IN GUIDING THE MILAN COUNCIL TO A CONCLUSION.

FRETWELL

FRAME GENERAL  
ECD (I)

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Prime Minister ①  
This is the revised  
speaking note on  
the European Parliament.  
2. Although it is  
better, it will still  
cause us (i.e. the Council)  
difficulties in practice.

Qz.04518

MR POWELL

EUROPEAN COUNCIL, 28-29 JUNE

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In response to your minute of 26 June I attach a revised speaking note for the Prime Minister on the European Parliament. This has been shortened and corrected and is accompanied by draft conclusions which might be circulated. The remaining revised documents will be submitted shortly.

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

D F WILLIAMSON

I should let it be  
extraded as a  
concession rather than  
volunteer it.

26 June 1985

CJP  
26/6



## EUROPEAN PARLIAMENT

Speaking note for the Prime Minister

The relationship with the European Parliament is not working satisfactorily. Since one of our prime objectives is to improve decision making in the Community, it is important that the present procedures with the European Parliament should not lead to unnecessary confrontation.

I have two specific proposals. First, it is not satisfactory that the Council should practically complete its work on a proposal before it hears the views of the European Parliament. We ought to change this. The Council and the European Parliament ought to have their consultation meeting at an early stage in the Council's consideration and before the Council's position is set in concrete. In this way the Council will have the European Parliament's views when it reaches the decision stage and the so-called conciliation procedure will become a reality.

If we make this change, there will be occasions when the Council and the European Parliament can agree, which will be a step forward. On other occasions the Council will want to take account of some if not all of the European Parliament's views. The European Parliament's contribution will, therefore, be reflected in the Council's decisions.

Secondly, there is



Secondly, there is room for improvement in the way in which the Council responds to European Parliament resolutions. Many of these will not be acceptable but they should be properly considered and replied to.

In addition, I know that the Commission is trying to make more effective its own discussions with the European Parliament in the period when it is considering new proposals of importance. If the European Parliament so wishes, its specialised committees can hold hearings on Commission proposals of the kind held in some national parliaments.

I am making specific proposals (circulate attached draft conclusions) for improving the relations between the Council and European Parliament. But the European Parliament itself can do more to enhance its position by targetting its opinions more precisely and by ensuring a more consistent approach in its recommendations.

The changes I have suggested could be implemented quickly. There should be an early meeting between the Council, representatives of the European Parliament and the Commission to discuss ways of putting them into effect.



DRAFT EUROPEAN COUNCIL CONCLUSIONS  
ON THE ROLE OF THE EUROPEAN PARLIAMENT

1. The European Council agreed that the relationship between the Council and the European Parliament was not working satisfactorily, and that arrangements should be established which would provide for real and effective consultation between the Council and the European Parliament and enable the European Parliament to make a positive contribution to decision-taking.
2. They agreed on the implementation of an effective procedure in the course of decision making that would provide for genuine consultation between the Council and the European Parliament before the Council reaches the decision stage.
3. They also agreed that the Council should take steps to follow up European Parliament resolutions systematically and report on the action taken in response to them.
4. In order, therefore, to develop the improved working relationship between the Council, Commission and European Parliament, the European Council underlined that
  - without in any way prejudicing the Commission's power of initiative and its prerogative to make proposals, it should be open to the Commission to put forward discussion documents for consideration

/by the European



by the European Parliament as part of the preparation of the Commission's definitive proposal. In these circumstances the European Parliament could consider the proposals in committee, hold hearings and give its reactions;

- when formal proposals have been submitted to the Council, there should be an early meeting between the Council, the Commission and representatives of the European Parliament with a view to facilitating agreement;

- in addition, the European Parliament might choose from time to time, as the President of the Commission has suggested, subjects which it might study, and on which it would conduct the necessary hearings and prepare a resolution in cooperation with the Commission.

5. The European Parliament itself can do much to enhance its association in decision taking by targetting its opinions more precisely and ensuring that they contain clear recommendations on which action by the Council or proposals by the Commission could be based.

6. These changes could be implemented quickly. There should be an early meeting between the Presidency, representatives of the European Parliament and the Commission to discuss ways of putting them into effect.



PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T122/85  
ROUGH TRANSLATION

ce Master Prime Minister (2)  
ops. Craxi's eve-of-Council  
message to you. It will  
require some extra  
briefing, for which C.D.P.  
I have asked.

"Dear Prime Minister,

On the eve of the Milan European Council, I wish to raise again with you some of the ideas which I developed in my letter of 25th May, so that we may better define the agenda of our works and the best way to hold our discussions.

On some points of procedure we have already reached a general consensus. The Milan European Council will be divided into four sessions in two working days.

I suggest we devote the first day to discussions on the conclusions of the ad hoc Committee on Institutional questions which we set up at Fontainebleau. At the Brussels European Council, we had a first exchange of views on the final report but the short time at our disposal prevented us from considering it in depth. In Milan we must fulfill the task of giving a clear answer to the conclusions reached by the Committee and to the proposals it has made.

[i.e. Dooge]

The discussion will be enriched by the interesting contributions that our countries have made to the subjects dealt with by the report and by the ideas which have been put forward about the further development of the themes concerning the European Union.

The exploratory mission of my personal representative, Signor Mauro Ferri, and the meetings that we have had amongst ourselves, have contributed further elements which will undoubtedly be useful to our discussions in Milan.

The Italian Foreign Minister, Signor Andreotti, has already let his colleagues have the draft of a mandate that the Presidency has prepared taking into account the proposals of the



Dooqe Committee's report and the Stuttgart solemn declaration on the European Union and bearing in mind the spirit and the method of the draft Treaty on European Union voted by the Strasbourg Assembly with an overwhelming majority. A constructive discussion on this plan was already held during the informal meeting at Stresa.

At the beginning of the first session of our meeting, which will start at 11 o' clock on the 28th June, I intend to make an introduction on the conclusions of the Committee for the institutional questions which, as it is well known, suggests the calling of a conference of Member States with the view to drafting a Treaty on European Union.

I believe it would be useful if, immediately afterwards, we had a "tour de table" to examine the report's general conclusions, taking also into account some specific points and proposals.

In the afternoon session of Friday the 28th, we should also examine some of the recommendations of the report by the Committee on the "People's Europe" in as much as this may be useful to the discussions on the new policies included in the Dooqe Committee's report.

In this same context, I plan to press for concrete initiatives which may show public opinion the relevance and the meaning of our European commitment. Following a suggestion by President Mitterrand, I am studying the ways in which a European action against cancer could be launched in Milan. President Mitterrand has moreover informed me of some ideas about science and culture that he plans to set forth and which I find very promising.



On the basis of the discussions which we will have had on the first day and which, due to the complexity and importance of the problems involved, may continue also on the following day, the 29th June, we would then examine the Dooge Committee's proposals about procedure, with special regard to the calling of a Conference of representatives of the Governments of the Member States, with the task of enacting, on the basis of a precise mandate, the contents of our decisions.

A more detailed examination of the substance of the report of the Committee for "The People's Europe" will take place on the second day of the meeting. In addition to this topic, we could agree to dedicate the morning session of Saturday 29th to the discussion of the two documents, put forward by the Commission, dealing with the implementation of the internal market and with technology. As to the first document, I believe that we must try to define the necessary priorities in the various sectors, together with an agreement on a timetable.

As to the second document, we will have to discuss the options and assess our willingness to create, in perspective, a technological community within the Community. In this context, I suggest a more in depth exchange of views on the EUREKA Project, which could be illustrated by President Mitterrand.

On Saturday the 29th, we should also examine the report of the ECOFIN Council on the issues of growth and employment, which will be illustrated by the Italian Minister for the Treasury, Mr Gorla, who presided over its meetings; the document pertaining to the working of the EMS, together with



a brief analysis of the conclusions reached - at the recent Tokyo meeting - by the Group of Ten on measures for the strengthening of the International Monetary System.

Although it is well known that the agenda is already full and demanding, I still believe that it would <sup>nevertheless</sup> be useful for President Delors to inform us on the current reflections and proposals of the Commission concerning the efficiency of the labour market and the increase of employment. These two specific points have been included in our conclusions at Brussels.

[is. deregulation]

We could also have an exchange of views on the issue of the stability of the exchange market. I am open to any suggestions for a further short exchange of views on trading problems, in the light of the recent tensions arisen between the United-States and Europe and in the wider perspective of a new multi-lateral trade round. I am worried by the risks of a weakening in the fight against protectionism which would have quite serious repercussions for all concerned.

Another topic which we will have to deal with during the sessions on Saturday 29th concerns our efforts in the fight against famine in the world. We will study the report which the Commission proposed to send us regarding the implementation of aid measures following the Missions to Africa by Vice-President Natali.

I believe that the discussions on the dramatic problem of famine should also take into account the resolution appeal adopted in the past few days by the European Parliament.

Following the normal practice, we should seize the opportunity of our convivial meetings to further discuss topics and problems which require our utmost attention and commitment.



We will select them with the maximum of flexibility and pragmatism, according to the needs. We will, of course, avail ourselves of the important collaboration of the Foreign Ministers.

I would all the same like to indicate as from now two topics of foreign policy which I suggest to our examination and which can be discussed during the Dinner of Friday 28th. They are the difficult dialogue between East and West, and in this context an evaluation of the initiative undertaken by COMECON towards the EEC, and the Middle-East situation, with specific reference to the Arab-Israeli crisis.

The conference at Milan will prove very important for our efforts aimed at accelerating the process of integration and unification. I am sure that, with common constructive efforts, we shall be able to achieve at Milan significant results, in line with the expectations of public opinion and with the responsibility which we share in developing a more united Europe.

With esteem and friendship".



Dear Mr Powell,

I am

●  
sending you a draft translation of Mr Craxi's letter. Signor Cagiati will forward later in the day the text of the message.

Sincerely yours  
G. Sarven



Gianfranco Varvesi  
Counsellor of the Italian Embassy



5241

EDD  
28/6.

*Italian Embassy,  
14, Three Kings Yard,  
London, W.1.*

26th June 1985

Dear Mr. Towell,

I take pleasure in sending you herewith the text of the message sent by President of the Italian Council of Ministers, Signor Bettino Craxi, to the Prime Minister Mrs Margaret Thatcher.

The rough translation is also attached.

Yours sincerely

C. Craxi

encl:

Mr. Charles Powell  
Private Secretary to the Prime Minister,  
10 Downing Street  
London SW1



*Italian Embassy,  
14, Three Kings Yard,  
London, N.1.*

Messaggio dell'On. Bettino Craxi, Presidente  
del Consiglio della Repubblica italiana al  
Primo Ministro The Rt. Hon. Margaret Thatcher.

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Signor Primo Ministro e cara amica,

alla vigilia del Consiglio Europeo di Milano riprendo con Lei talune considerazioni che svolsi nella mia lettera del 25 maggio scorso, al fine di meglio definire l'Agenda dei nostri lavori e il modo in cui potremo proficuamente tenere le discussioni.

Su alcuni punti procedurali abbiamo acquisito un generale consenso. Il Consiglio Europeo di Milano si articolerà in quattro sessioni distribuite su due giornate di lavoro.

Suggerisco di dedicare la prima giornata al dibattito sulle conclusioni del Comitato ad hoc per le questioni istituzionali che venne costituito a Fontainebleau. Al Consiglio Europeo di Bruxelles avemmo un primo scambio di opinioni sul rapporto definitivo, ma il limitato tempo a nostra disposizione non ci consentì un esame esauriente. A Milano dovremo assolvere il compito di dare una risposta chiara alle conclusioni del Comitato e alle proposte da esso avanzate.

La discussione si gioverà degli interessanti contributi che i nostri paesi hanno fornito sulle questioni incluse nel rapporto e delle idee che sono state espresse in ordine all'ulteriore sviluppo dei temi che riguardano l'unione europea.

La missione esplorativa condotta dal mio rappresentante personale, On. Mauro Ferri, e i colloqui che noi stessi abbiamo

./.



avuto, hanno fornito altri elementi di valutazione certamente utili per le nostre discussioni di Milano.

Il Ministro degli Esteri Andreotti ha fatto a suo tempo avere ai suoi colleghi un progetto di mandato che da parte della Presidenza è stato predisposto tenendo conto delle proposte contenute nel rapporto del Comitato Dooge della dichiarazione solenne di Stoccarda sull'Unione Europea ed ispirandosi allo spirito ed al metodo che impronta il progetto di trattato sulla unione europea votato, a grande maggioranza dei suoi membri, dall'Assemblea di Strasburgo. Su questo progetto di mandato vi è già stata una costruttiva discussione nella riunione informale di Stresa.

Conto, all'inizio della prima sessione dei lavori, fissata per le ore 11 di venerdì 28, di svolgere una introduzione sulle conclusioni del Comitato per i problemi istituzionali, che come noto suggerisce di convocare una conferenza dei rappresentanti dei paesi membri per la redazione di un Trattato sull'unione europea.

Riterrei utile che successivamente si sviluppasse un giro di tavolo per esaminare le conclusioni generali contenute nel rapporto ed avendo anche riguardo a specifici punti ed a specifiche proposte. Nella sessione pomeridiana di venerdì 28, andrebbero prese in esame anche alcune raccomandazioni del rapporto del Comitato per l'"Europa dei cittadini", nella misura in cui ciò potesse rivelarsi utile nella discussione sulle politiche nuove incluse nel rapporto del comitato Dooge.

Sempre in questo ambito mi propongo di sollecitare iniziative concrete che simboleggino l'importanza e il significato dello impegno europeo, anche presso l'opinione pubblica. Seguendo



un suggerimento del Presidente Mitterrand, sto approfondendo le modalità con cui potrebbe essere annunciata a Milano una azione europea contro il cancro. Il Presidente Mitterrand mi ha messo al corrente di altre idee sulla scienza e la cultura che egli si propone di illustrare e che io giudico molto promettenti.

Sulla base delle discussioni che avremo avuto il primo giorno e che, data la complessità e la delicatezza dei problemi trattati, potranno proseguire anche il successivo 29 giugno, dovremo esaminare le proposte procedurali contenute nel rapporto Dooge, con particolare riguardo alla convocazione di una conferenza dei rappresentanti dei governi degli stati membri, incaricata di dare pratica attuazione - sulla base di un preciso mandato - al contenuto delle nostre deliberazioni.

Un esame più approfondito di merito del rapporto del Comitato per l'"Europa dei cittadini" sarà effettuato il secondo giorno dei lavori. Oltre a tale tema potremmo convenire di dedicare la sessione antimeridiana di sabato 29 alla discussione dei due documenti sottoposti dalla Commissione relativi rispettivamente al completamento <sup>mercato</sup> interno e alla tecnologia. Quanto al primo documento credo che dovremo cercare di fare emergere le necessarie priorità settoriali con la fissazione di un calendario.

Quanto al secondo documento, dovremo discuterne le opzioni e definire la nostra volontà in merito alla creazione, in prospettiva, di una comunità tecnologica all'interno della Comunità. In tale contesto suggerisco un approfondito scambio di vedute sul progetto Eureka che il Presidente Mitterrand potrebbe illustrarci.



4)

Nella giornata di sabato 29 dovremo anche esaminare il rapporto del Consiglio Ecofin sui problemi della crescita e dell'occupazione. Il rapporto verrà presentato dal Ministro italiano del Tesoro Goria che ha presieduto le riunioni del Consiglio Ecofin; Il documento con i riferimenti al funzionamento dello SME, con una breve sintesi delle conclusioni del gruppo dei Dieci riunitosi negli scorsi giorni a Tokyo per l'esame delle misure sul rafforzamento del sistema monetario internazionale.

Sebbene sia consapevole che l'agenda dei lavori è già intensa ed impegnativa, riterrei ugualmente utile che il Presidente Delors ci informi sullo stato delle riflessioni e delle proposte della Commissione in materia di efficienza del mercato del lavoro e di espansione dell'occupazione. Questi due specifici punti sono stati inseriti nelle nostre conclusioni di Bruxelles.

Potremo inoltre avere uno scambio di vedute sul problema della stabilità del mercato dei cambi. Sono aperto ad eventuali suggerimenti per un ulteriore breve scambio di vedute sui problemi commerciali, in relazione alle più recenti tensioni che si sono riaccese nel contenzioso Stati Uniti-Europa e nella più ampia prospettiva di un nuovo round commerciale multilaterale. Mi preoccupano i rischi di un indebolimento della lotta contro il protezionismo che avrebbe ripercussioni assai gravi per tutti.

Altro tema che dovremo esaminare nelle sessioni di sabato 29 riguarda il nostro concorso alla lotta contro la fame nel mondo. Esamineremo il rapporto che la Commissione si propone di inviarci sull'attuazione delle misure di aiuto in relazione alle missioni condotte in Africa dal Vice Presidente Natali.

./.



Ritengo che nella discussione sul drammatico problema della fame si dovrà tener conto della risoluzione- appello adottata negli scorsi giorni dal Parlamento Europeo.

Seguendo la prassi, potremo cogliere l'occasione delle nostre riunioni conviviali per approfondire temi e problematiche che richiederanno un nostro più attento esame ed impegno. Decideremo con la massima flessibilità e pragmatismo, secondo le esigenze che valuteremo al momento. Ci avvarremo ovviamente dell'importante collaborazione dei Ministri degli Esteri.

Vorrei tuttavia indicare sin da ora due temi di politica estera che propongo per il nostro esame e sui quali si potrà discutere nel corso del pranzo di venerdì 28. Si tratta del complessivo dialogo Est-Ovest, e in quest'ambito di dare una valutazione dell'iniziativa assunta dal Comecon verso la Cee, e della situazione mediorientale con specifico riferimento alla crisi arabo-israeliana.

Quello di Milano è un Consiglio che si preannuncia molto importante per i nostri sforzi tesi ad accelerare il processo di integrazione ed unificazione. Sono certo che con il comune costruttivo concorso potremo giungere a Milano a risultati significativi in linea con le attese dell'opinione pubblica e con le responsabilità che noi avvertiamo di far crescere una Europa più unita e solidale.

Con stima ed amicizia.

Bettino Craxi

26 giugno 1985





Qz.04519

NOTE FOR THE RECORD

EUROPEAN COMMUNITY: CANCER PREVENTION AND TREATMENT

Mr Ronald Grierson, accompanied by Mrs Money-Coutts, called on Sir Robert Armstrong this afternoon. Mr Grierson said that following an approach from the French authorities - presumably made to Mr Grierson in his capacity as Chairman of the Foundation of the European Organization for Research on Treatment of Cancer - he had been to see Monsieur Attali in the Elysee. Monsieur Attali had said that President Mitterrand was extremely keen that there should be a bigger action on a European basis for prevention and treatment of cancer and possibly an increased research effort. It was quite possible that President Mitterrand would be raising this point at the European Council in Milan on 28-29 June. Mr Grierson understood that there had already been some contacts with some other governments, including the Italian Presidency. Mr Grierson left with Sir Robert Armstrong the attached copy of an aide memoire which he had given to Monsieur Attali.

2. Sir Robert Armstrong said that a large number of ideas about collaborative projects in the Community would probably surface at the Milan European Council under the general banner of EUREKA. The United Kingdom view was that it would be desirable to have a high level group set up at, or immediately after, the European Council in order to bring some order into differing national ideas. It was envisaged that, if this suggestion was accepted at Milan, Sir Robin Nicholson might be the United Kingdom representative. Clearly no decision on a programme of this kind could be

/taken



taken at the European Council without prior warning or prior consideration of what was intended. Mr Grierson said that in his view any action at Community level should concentrate on cancer treatment and prevention since this was the area where the greatest progress could be made by a unified effort. He recommended that, if these ideas were put forward and ultimately considered by a high level group, it would be desirable to invite a limited number, perhaps 5 or 6, specialist doctors concerned with treatment and prevention of cancer to study more fully what might in their view be gained by an initiative at Community level in this sector.

*D F Williamson*

D F WILLIAMSON

26 June 1985

Mr Powell, 10 Downing St.

cc: Mr Hatfield  
Sir Robin Nicholson  
Mr Budd )  
Mr Braithwaite ) FCO  
Mr Renwick )

Sir Michael Butler, UKREP, Brussels

Mr Lavelle, Treasury

Mr Gilbert, DHSS



AIDE MEMOIRE.

I have given the subject a great deal of thought since Sunday and have also discussed it with Professor Veronesi. Four essential points need to be borne in mind:-

- (1) Cancer is not a problem which can be solved simply by throwing money at it. An initial grant of no more than, say, \$ 10 million per annum would be quite a satisfactory beginning.
- (2) To avoid time-wasting argument about zones of competence, the new initiative should as far as possible address itself to extensions of what is already being done rather than simply to their co-ordination. The scientific establishments are firmly entrenched in each EC country. Tactically, therefore, the European initiative should seek to operate initially at the fringe rather than at the centre.
- (3) Cancer prevention and cancer treatment present greater opportunities for European action than basic cancer research, the scientific establishments being more firmly entrenched in the latter than in the former.
- (4) The development of this initiative must be kept out of the hands of the health bureaucracies of the member countries. Hence the suggestion of a small group of so-called wise men.

Bearing in mind the above considerations, the kind of resolution which it would be useful for the summit to adopt (though it would not be spelt out in such detail in the communiqué) might be as follows:-



- (A) Useful transnational work, some of it supported by the EC, is already going on in many fields of cancer research. This is particularly true of cancer treatment where a joint venture of the leading European cancer clinicians operating through a joint data collecting and dissemination centre in Brussels has been at work for over twenty years. A similar venture is now being launched in the cancer prevention field.
- (B) These efforts now need to be strengthened and consolidated. The ideal objective would be: to create the embryo of a European cancer institute (on the model of the U.S. National Cancer Institute in Maryland) with a mandate on essentially the following lines:-
- (I) To launch a crash programme to reduce cancer mortality by between ten and fifteen per cent over the next five years by concentrating on the five types of cancer which between them account for sixty per cent of cancer mortality in Europe. (Targeting the assault on cancer treatment in this manner avoids many of the mistakes of the Nixon programme in the U.S.A.)
- (II) To launch supporting projects in the three areas most likely to give substantial backing to the above, i.e. :-
- (a) Epidemiology.
- (b) New drug research



- (c) Europe-wide education of doctors in the latest methods of treatment.
- (III) To act as focal point for resolving problems arising through the fragmentation of research in different countries.
- (C) The best estimate of the funds required to implement the above is  $\pounds$  10 - 15 million per annum.
- (D) To get such an initiative off the ground, a small team of wise men should be set up at once and instructed to report to the next summit. Their membership would be chosen from among the leading organisations at present active in this field in Europe, including for instance IARC, UICC, EORTC. Their mandate would be to consider the project in more detail and advise on a possible structure for a European cancer institute.

The foregoing is deliberately kept brief and without supporting detail so as to convey a very general picture of what is intended. I believe that, if the objective is sufficiently clearly stated in the summit resolution, the group of wise men would not find it difficult to come up with ideas which by virtue of being complementary to existing activities rather than in competition with them should appeal to the medical profession and to health authorities. A certain amount of pragmatism is needed to achieve this and I would be happy personally to take part in the deliberations of the group, perhaps as rapporteur.

21st June, 1985.





JEG  
(BEMAGY)

10 DOWNING STREET

*From the Private Secretary*

MR. WILLIAMSON

CABINET OFFICE

EUROPEAN COUNCIL: MILAN

The Prime Minister has considered the briefs about the future of the Community for use at the Milan European Council and has raised a number of points.

She is not entirely happy with the proposed line to take on the European Assembly. In particular, she does not like the notion that the Assembly can somehow impose a censorship over the Commission's communications to the Council if the Commission are, as proposed, obliged to take account of the Parliament's views in drawing up their definitive proposals. She also has some misgivings about the early stage at which it is proposed to conduct the conciliation procedure. I should be grateful if the note on the European Assembly could be recast to take account of these points. It would be helpful if it could be put in the form of a speaking note.

The Prime Minister would like the speaking note on Eureka and technological co-operation cast in a rather more racy form, bringing out the main selling points. The intention is that, once the Prime Minister herself has used it, we could draw on it in briefing the press.

She would also like the draft opening statement on the future of the Community looked at again, not so much for substance but for form, so that it flows naturally as a statement she could deliver more or less unchanged.



It would be helpful to have the revised versions of these three documents by the time we depart tomorrow evening.

I should also record that the Prime Minister recognises that other Member States will probably want to call the formal agreement on political co-operation a Treaty. Although she will not want to use this term herself, she will not object to its use by others (and may be prepared to indicate privately to Chancellor Kohl that she can accept this). The Prime Minister is, however, firmly opposed to any suggestion that we would be ready to contemplate Treaty amendment. This means that she would not go along with the suggestion in paragraph 7 of the Foreign Secretary's minute of 25 June that we could agree without commitment to look into the possibility of amending some of the Treaty Articles bearing on completion of the Common Market.

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

Charles Powell

26 June 1985



Put with  
B/UP  
file



10 DOWNING STREET

CSF yes <sup>told her</sup> 26/6.

Rosalind Mulligan  
phoned:-

Mr. Ridley can come  
to briefing meeting  
tomorrow - but  
only for 20-25 mins  
(he has an important mtg.  
with airlines @ 1700)  
Can he go or first?  
partic.





10 DOWNING STREET

Mr Bates  
attending  
World Ros

CSP

Is the  
Minister?  
26/6.  
Mr. Roy  
Williams.

Rosalind Mulligan phoned

Apparently Mr. Channon  
will be in SE Asia  
tomorrow!

Do you want another DTI  
representative? (An  
official, for example).

Math.



AA Car  
Aircraft  
& Shis.



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cc BY  
MS

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PM/85/60

PRIME MINISTER

Milan European Council: Development of the Community

1. You may find it helpful if I let you have my impressions of the way things are shaping up for Milan.

2. Over the past weeks, we have had a good deal of success in steering the discussion in more realistic directions we could accept, and have indeed been able to gain the initiative by putting forward practical proposals of our own. I attach a copy of the notes on which I drew at Stresa. In my recent contacts with all my European colleagues, and on the part of Lubbers when I saw him in The Hague last week, I have found keen interest in our ideas and a recognition that we are making an important and positive contribution which has made a real impact on others.

3. On the face of it, the Italians are still adopting a maximalist position. But if they want a success at

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Milan they are going to have to take their Presidency responsibilities seriously and work towards conclusions that will find general acceptance. When I saw Craxi in Lisbon, he was clearly very interested in our ideas. I got the impression that we can influence him towards a constructive outcome on these lines.

4. We shall have to start from the position that most of the others will say at Milan that they could agree to a conference and to consider amending the Treaty. But it looks as though we have persuaded both Delors and the Presidency to present matters at Milan in terms of options: either Treaty amendment or our approach. We have won pretty general support for our view that on the key issues the Heads of Government must take decisions themselves and give clear instructions. Where they have done so - for instance to work out the final version of an agreement on political cooperation - this should be followed up, in this case by the Political Directors, leading on to final agreements being reached at the European Council (which might itself be described as a "conference" for this purpose) on 3 to 4 December in Luxembourg.





5. The discussions in Milan will turn on the following main issues.

#### Political Cooperation

6. Discussion will focus on the proposal you have put forward. Kohl indeed appears to be indicating that he is prepared to settle for this rather than pursuing his idea of a separate Treaty on European Union. But as he said in his message to you, Kohl - and the same is true of others - will want the agreement to be entitled a Treaty. Given that the text we have proposed, as I explained in my original minute, would in any event have Treaty force, this is a question we should consider further before we get to Milan.

#### Decision Taking

7. The original Six can be expected to argue that progress will not be made in completion of the common market without amendment of some of the Treaty articles in that area. Here too, however, there is considerable interest in our proposals (attached). These firmly maintain the language of the Luxembourg compromise and in fact require the others to endorse it. This the Benelux and Italy, as well - until recently - as the Germans, have never so far been prepared to do. But





the advantage of this approach is that it would enable the Community to improve its decision-making procedures without having to go through the immensely difficult and laborious process of Treaty amendment which, of course, would require the agreement of all twelve governments and all the national parliaments. There may be suggestions that some of the Treaty articles bearing on completion of the common market should be looked into. If necessary we could agree to that without any commitment. But it would be a laborious and time consuming process unlikely to yield any better results than the course we have proposed.

#### Completion of the Common Market

8. We have now got it accepted that completion of a genuine common market must be the highest of all the Community's priorities. Delors needs no convincing of this and those who have been resisting realise that they will have to give some ground. The Commission, prompted by Arthur Cockfield, have come forward with proposals which are excellent in many respects, but unduly ambitious and unrealistic in others. It is clear from the discussions I have had with my colleagues that these ideas will pose substantial difficulties for all Member States, particularly in





relation to tax approximation and the ultimate goal of abolishing intra-Community frontiers.

9. We must use the European Council and the Commission's White Paper to keep up the momentum in the areas of interest to us. We should insist that each subsequent European Council should both assess progress since the previous one and establish priorities for the immediate future.

10. As Kohl indicated in his message to you, the Germans and French will say that they can accept tax approximation - as a far off goal. My discussions suggest, however, that the more others look at this problem, the more they recognise the difficulties. We must not permit our own reservations on parts of the Commission's paper to be used as an alibi by others (including the Germans) to frustrate progress towards completion of the internal market in other areas. The Chancellor agrees that discussion of tax approximation should be referred to ECOFIN, where the difficulties for all the others will quickly become apparent.



The European Parliament

11. Another issue which will feature prominently in Milan is the role and powers of the Parliament. Our position is clear. We will not agree to Treaty amendment or any extension of the Parliament's powers. It is, however, in our interests that the Parliament should be induced to make a more constructive contribution and we need, for tactical purposes, to have available ideas of our own. Other heads of government, including Kohl and led by Craxi, will be under their own political pressures to demonstrate that the Parliament is being taken seriously and will contend that a directly elected body cannot be confined to a largely consultative role. Most of them, however, want to change the appearance rather than the reality, since others share our concern that ideas of joint decision-taking would result in no decisions being taken at all. Having started off with vague and more ambitious ideas, they are now looking for a way out of this dilemma. The French would be glad to portray us as the main opponents of doing anything for the Parliament, though they do not want to do much for it themselves. We are most likely to achieve the result we want if we can avoid allowing ourselves to be cast in that role.





12. Some proposals of our own, which keep the Parliament firmly within its existing Treaty powers, are set out in the purely procedural suggestions in the attached note. They leave the last word unequivocally with the Council and would not in any way affect the Council's powers. Some presentation of this kind will be needed to complete the series of proposals we have made to steer the others away from Treaty amendment; and, if implemented, would help to get the Parliament's influence channelled in a more positive direction. When I saw the EDG MEPs recently, I found them very supportive of our general approach, but concerned that we should not adopt a purely defensive position on the Parliament.

#### Research and the "Technological Community"

13. Ideas on Eureka also have been developing in a more pragmatic way. The French are not now advocating a new agency. They agree that the emphasis must be on company to company collaboration, with anyone participating who wishes to do so. They are working on and will be trying to announce one or two projects eg fast computers in which French and German companies might collaborate. But much of the problem lies in the fragmentation of the European market and the failure





to open up public purchasing resulting in European companies concentrating mainly on relatively small national markets. We should work with the French to avoid a Commission takeover of Eureka. We should emphasise that the crucial role for the Community in all this is to open up the internal market in high technology goods and services. You should get support for this from Lubbers and others, particularly as we shall have ideas to put forward for giving the companies a practical incentive to collaborate by working on ways of guaranteeing access throughout the Community market for the products of such collaboration (the "Euro-type" idea).

#### Craxi

14. Your meeting with Craxi will be important in persuading the Italian Presidency to abandon their earlier maximalist ideas about a conference on European union, treaty amendment, etc, and concentrate on the proposals we have made as offering the best prospect for a "Milan accord" which would lead on to final conclusions being reached in Luxembourg. Craxi will attach great importance to doing something vis à vis the Parliament. You will want to steer him towards our ideas. If he raises the Luxembourg compromise, you





- 9 -

might point out that the political reality is that no government will be prepared to be voted down in Brussels on issues which could cause it to lose a vote in its own Parliament. The German example is only the most recent evidence of this. Our proposals offer the best prospect of a positive agreement in Milan and we want to work with the Presidency to achieve a positive outcome.

15. Others of course will claim that they could go further. There will be calls for further steps towards "European Union " etc and strong pressures for the extension of majority voting. But Kohl has been attracted by our ideas on political cooperation and will give a high priority to a formal agreement in that area. Mitterrand will want to get some positive signal about Eureka. By making a series of proposals ourselves, we have been able to take a good deal of the wind out of the sails of others and to point towards the chances of achieving broad agreement. This has come as something of a shock to those who had expected us to place the emphasis on what we can not accept - rather than on what we think can and should be done.



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16. I am sending a copy of this minute, with the enclosures, to Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be 'G. Howe', written in a cursive style.

(GEOFFREY HOWE)

Foreign and Commonwealth Office

25 June 1985

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EUROPEAN PARLIAMENT

- The relationship between Council, Commission and the Parliament is not operating satisfactorily.

- Implementation of a genuine and effective conciliation procedure would be a major improvement. This must be the first priority.

- The Council should also substantially improve the way it follows up European Parliament resolutions.

- The European Parliament needs to be enabled to make its own contribution to decision-taking.

- There must be an active partnership between Council, Commission and Parliament, including real consultation between the Council and the Parliament on new proposals of major importance, along the following lines:

- the Commission should send its outline proposals, as a discussion document, to the Parliament;

- the Parliament should consider the proposals in committee and give initial reactions. EP Committees could hold hearings on Commission proposals of the kind held in national parliaments;

26/1  
- the Commission would take account of the Parliament's views in drawing up its definitive proposals, which would be referred to the Council;

- the Parliament would thus be enabled to make a positive contribution. Proposals going to Council would take account of the Parliament's view;



- once the proposals had gone formally to the Council there should be an early meeting of EP representatives, the Commission and the Council, providing for real Parliament/Council consultation.
  
- In addition, as the President of the Commission has suggested, the enlarged Bureau might choose from time to time subjects which it might study; conduct the necessary hearings; and prepare a resolution in cooperation with the Commission.
  
- These steps would not affect the power of initiative of the Commission and its prerogative to make proposals. They would enable the European Parliament to influence proposals at the formative stage and would encourage the Commission, Council, and Parliament to work towards agreement in partnership.
  
- In addition to these collective steps, Parliament itself can do much to enhance its association in decision-taking by targetting its opinions more precisely and ensuring that they contain clear recommendations, on which action by the Council or proposals by the Commission could be based.
  
- These changes could be implemented quickly. There should be an early meeting between the Presidency, representatives of the Parliament and the Commission to discuss ways of putting them into effect.



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MIPT: DEVELOPMENT OF THE COMMUNITY: UK IDEAS

1. FOLLOWING IS SUMMARY RECORD OF MY MAIN INTERVENTION AT INFORMAL MEETING OF FOREIGN MINISTERS AT STRESA. BEGINS. SIR GEOFFREY HOWE SAID IT WAS ESSENTIAL TO FOCUS ON SUBSTANTIVE ISSUES IF REAL PROGRESS WAS TO BE MADE. WE SHOULD NOT AIM FOR A NEW TREATY. THE NEED WAS TO BUILD ON AND DEVELOP WHAT WAS ALREADY THERE. THE STUTTGART, FONTAINEBLEAU AND BRUSSELS EUROPEAN COUNCILS ALL HAD TAKEN POSITIVE STEPS. EXTERNAL UNITY SHOULD NOW BE RE-INFORCED THROUGH THE STRENGTHENING AND DEVELOPMENT OF POLITICAL COOPERATION. INTERNAL UNITY SHOULD BE CONSOLIDATED THROUGH AGREEMENT ON A PRECISE TIMETABLE FOR THE COMPLETION OF THE INTERNAL MARKET. THERE MUST BE A REAL ADVANCE: GOING BEYOND MERE AGREEMENT ON A QUOTE MENU IN CHRONOLOGICAL FORM UNQUOTE.

7. HE AGREED THAT PROGRESS IN OTHER AREAS DEPENDED ON PROGRESS IN DECISION TAKING. ON A CONFERENCE, WE SHOULD NOT CONCENTRATE PRIMARILY ON QUESTIONS OF PROCEDURE. THE MOST EFFECTIVE INTER. GOVERNMENTAL CONFERENCE WAS THE EUROPEAN COUNCIL. ONLY THE HEADS OF GOVERNMENT THEMSELVES COULD TAKE DECISIONS ON THE MAJOR ISSUES. THEY SHOULD BE TAKEN AT MILAN. IF THEY WERE SIMPLY REMITTED FOR DISCUSSION AT OTHER LEVELS, WITHOUT FIRM DECISIONS BEING REACHED, ALL IMPETUS WOULD BE LOST. WHERE THEY HAD GIVEN CLEAR DIRECTIONS, FURTHER WORK SHOULD BE CARRIED FORWARD IN HIGH LEVEL GROUPS TO PUT WHAT THEY HAD AGREED ON INTO ITS FINAL STATE.

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24681 - 2

HEADS OF GOVERNMENT SHOULD THEN GIVE THEIR APPROVAL IN LUXEMBOURG. THE LUXEMBOURG EUROPEAN COUNCIL SHOULD ACT AS A CONFERENCE TO TAKE THE FINAL DECISIONS. OTHERWISE WE RISKED LAUNCHING SOMETHING WITH A GRAND TITLE LEADING ONLY TO SLOW AND UNCERTAIN RESULTS. OUR PROPOSAL ALLOWED FOR COMPLETION OF THIS PROCESS AT A QUOTE CONFERENCE UNQUOTE OF THE HEADS OF GOVERNMENT ON 2-3 DECEMBER IN LUXEMBOURG BEFORE MEMBER STATES BECAME PREOCCUPIED WITH THEIR ELECTIONS IN 1986 AND BEFORE ENLARGEMENT TOOK PLACE.

8. ON THE QUESTION OF TREATY AMENDMENT, WE SHOULD BUILD ON AND MAKE MORE EFFECTIVE USE OF WHAT ALREADY EXISTED. THE TREATY OF ROME WAS THE CONSTITUTION OF THE COMMUNITY. AMENDMENT WAS VERY DIFFICULT, ESPECIALLY AT SPEED. THE COMMUNITY WAS ENHANCING ITS AREA OF ACTIVITY IN PRACTICE. AS THIS WAS DONE, THERE WERE AREAS IN WHICH IT WOULD BE APPROPRIATE TO MOVE ON TO ENTER INTO FORMAL AGREEMENTS. WE WERE WILLING TO EXAMINE THE TREATY TO LOOK AT WAYS IN WHICH IT COULD BE OPERATED MORE EFFECTIVELY.

9. ON THE COMMON MARKET, IT SHOULD BE POSSIBLE FOR THE EUROPEAN COUNCIL TO AGREE ON A SPECIFIC TIMETABLE. BUT FISCAL APPROXIMATION WAS VERY DIFFICULT. THERE WERE HUGE DIFFERENCES IN THE FISCAL STRUCTURE IN DIFFERENT MEMBER STATES. FOR HARMONISATION OR EVEN APPROXIMATION, THE CHANGES NEEDED IN SOME CASES WOULD BE OF THE ORDER OF 300 PER CENT IN EXISTING LEVELS OF TAXATION AND IN ONE CASE 886 PER CENT. THERE WAS A NEED TO STUDY THE PROBLEM, BUT IT SHOULD NOT BE PUT FORWARD AS THE FIRST PRIORITY. PROGRESS SHOULD BE MADE WHERE IT COULD BE MADE QUICKLY.

10. AT MILAN THE HEADS OF GOVERNMENT SHOULD AGREE THAT MEMBER STATES SHOULD ENTER INTO A FORMAL, BINDING COMMITMENT ON POLITICAL COOPERATION. THIS WOULD BE A POLITICALLY STRIKING STEP, WHICH WOULD ATTRACT PUBLIC ATTENTION. THE PRIME MINISTER HAD ASKED HIM TO CIRCULATE A TEXT WHICH WAS A PERSONAL INITIATIVE BY HER AND WHICH SHE WISHED TO DISCUSS WITH THE OTHER HEADS OF GOVERNMENT AT MILAN. IT WAS NOT FOR DISCUSSION BY OFFICIALS MEANWHILE. IF THE HEADS OF GOVERNMENT AGREED IN PRINCIPLE AT MILAN. THE TEXT SHOULD BE REFERRED FOR FURTHER WORK, LEADING TO

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SIGNATURE BY THE HEADS OF GOVERNMENT IN LUXEMBOURG.

11. ON DECISION TAKING, HE AGREED WITH GENSCHER ON THE NEED TO RETURN TO THE TREATY. THERE SHOULD BE AGREEMENT ON THE GREATER USE OF THE MAJORITY VOTING PROVISIONS OF THE TREATY. ANY COUNTRY INSISTING THAT DISCUSSION MUST BE CONTINUED UNTIL UNANIMOUS AGREEMENT WAS REACHED, IE INVOKING THE LUXEMBOURG COMPROMISE. SHOULD BE REQUIRED TO JUSTIFY IN A SPECIAL PROCEDURE OF THE GENERAL AFFAIRS COUNCIL WHY IT CONSIDERED VERY IMPORTANT INTERESTS IN FACT TO BE AT STAKE. IN THE LAST RESORT, THIS JUDGEMENT MUST REMAIN WITH THE MEMBER STATES. IDEAS THAT THE PARLIAMENT OR THE EUROPEAN COURT OF JUSTICE MIGHT JUDGE WERE NOT PRACTICABLE. IN RELATION TO THE UNANIMITY ARTICLES OF THE TREATY, THERE SHOULD BE GREATER USE OF THE ABSTENTION PROCEDURE (ARTICLE 148). WE HAD LOOKED AT WAYS IN WHICH ARTICLE 100 MIGHT BE IMPROVED. BUT IT WAS EXTREMELY DIFFICULT TO RE-WRITE THAT ARTICLE IN A WAY THAT WOULD HELP OR THAT WOULD HAVE ANY CHANCE OF BEING AGREED ON ANY REASONABLE TIMESCALE. HENCE OUR ADAPTATION OF LUBBERS' IDEA THAT WHEN THE HEADS OF GOVERNMENT THEMSELVES DECIDED THAT SPECIFIC OBJECTIVES WERE TO BE ACHIEVED, THEY MIGHT DECIDE ALSO THAT MEMBER STATES SHOULD NOT INVOKE THE UNANIMITY RULES FOR THE MEASURES NECESSARY FOR IMPLEMENTATION. THIS WOULD APPLY NOT ONLY TO ARTICLE 100. ALL THIS WOULD FORM THE ELEMENT FOR THE QUOTE MILAN ACCORD UNQUOTE. HE ALSO THOUGHT THAT MORE USE COULD BE MADE OF OTHER TREATY ARTICLES IN RELATION TO THE COMMON MARKET, IN PARTICULAR ARTICLE 101 AND ARTICLE 90, WITH A VIEW TO QUOTE ENERGISING UNQUOTE THE EXISTING TREATY PROVISIONS.

12. ON THE EUROPEAN PARLIAMENT, THE DOOGE COMMITTEE HAD IDENTIFIED THE PROBLEMS, BUT HAD LEFT THEM UNRESOLVED. AS DELORS HAD SAID CO-DECISION WAS LIABLE TO EQUAL NO DECISIONS. HE AGREED ON THE NEED TO ASSOCIATE THE PARLIAMENT MORE CLOSELY WITH THE WORK OF THE COUNCIL. THEY SHOULD BE GIVEN MORE INFLUENCE, RATHER THAN MORE TREATY POWERS. ENDS

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DECISION TAKING

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



PRIME MINISTER

25 June 1985

*Prime Minister*  
CDP  
26/6.

EUREKA

Europe (eg through ESPRIT) and the UK (through Alvey) are already committed to spending large sums on pre-competitive research. The French have now tossed EUREKA into the bath tub more as an idea than a concrete proposal. UK officials want to nudge it in the direction of helping exploitation of research, not just research itself. But should we do more to actively grasp the opportunity EUREKA provides towards opening up Europe for the exploitation of indigenous high technology? This is what Robb Wilmot, Chairman of ICL, would like. His analysis is as below.

Collaboration on pre-competitive research is useful but misses the point: viability in the new technologies is linked to timeliness of new products and exploitation through a world scale operation. It is no longer adequate for ICL or GEC to try and take 20% of the UK market and hope for a few exports on top: to be effective they need at least 5% of the world market, ie roughly 20% of Europe. The difficulty is not one of a fragmented European market - the Japanese and Americans have no trouble in selling to all of the countries in Europe, it is one of divided nationalistic supply.

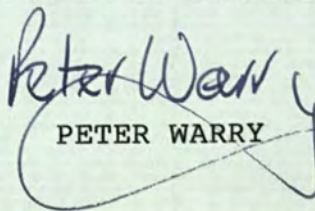
Pre-competitive collaboration seems only to lead to fragmented exploitation, which is further undermined by the large subsidies given to Japanese and American industry to invest in Europe. Foreign companies only come to Europe to make profits. Viewed nationally, it may make sense to bring (eg) Sony to the UK because of the jobs they create through exporting to the rest of Europe. But looked at on a European scale, if Sony is only exporting within Europe then they generate a negative European cash flow yet receive large subsidies in order to provide competition (not least for highly skilled electronics engineers) for our own industry.



Having tried it Robb Wilmot is sceptical that the individual national champion manufacturers will ever genuinely cooperate on a European wide scale. He believes the best way to start is by promoting the formation of pan European, world scale, high technology start ups. He is already involved in setting up just such a company himself. What he would like is:

1. **Legislation to permit the formation of a 'European Company' rather than individual national ones.** (He has already spent £50,000 in legal fees to try and give his new company a quasi-European structure).
2. **Equalised tax treatment for different nationalities of share-holders in such a company.**
3. **A pan European 'business expansion scheme'** to replace inward investment subsidies for foreign companies. Plus help in financing capital intensive projects.
4. **A buy-European public sector procurement policy.**
5. **More copyright protection,** particularly on software but with compulsory licensing where copyright is granted. Robin Nicholson's Eurotype warrant would be a valuable initiative in this area.
6. **More European standardisation,** to prevent the Americans tying up this market.

Like EUREKA itself, these ideas obviously need more work. But even in this form they could help steer EUREKA away from simply spending more money on research and towards the vital role of enabling research to be commercially exploited.

  
PETER WARRY



PRIME MINISTER

EUROPEAN COUNCIL: MILAN

You have a 'seminar' meeting tomorrow morning with the Foreign Secretary, Michael Butler and David Williamson.

I suggest that you use this to focus on the future of the Community which will be the main issue at Milan. Other subjects - technological cooperation, Japan, airport security, economic and social situation, political cooperation - can then be dealt with at the regular briefing meeting on Thursday.

You will want if possible to read the Foreign Secretary's minute (attached) and the Steering Brief. The latter has separate speaking notes on the various aspects of the future of the Community, e.g. decision-taking, political cooperation etc.

\* not essential tonight.

The British press have suggested that we are going to score a spectacular victory at Milan. This is unrealistic and could prove counter-productive. The discussion is in practice likely to be messy and the results ambiguous. The Italians in particular still harbour exaggerated expectations of what can be achieved: the French will probably come up with some unexpected idea: and the Germans will be all over the shop. We should stick patiently and firmly to our ideas and they will eventually prevail because they are the only sensible ones: but the others may not be ready to recognise this yet. The procedural outcome will be crucial. The aim will be to remit follow-up to Coreper and Political Directors who will report back to the European Council in December, which will meet as an inter-Governmental Conference.

The particular points which I suggest you should focus on at this meeting are:



- (i) our tactics on the internal market. To what extent has the Commission's decision to link desirable steps with undesirable ones such as approximation of taxes queered our pitch? Will our opposition to approximation offer other member states an excuse for not accepting those bits of the Commission proposals which they don't like? How do we avoid this?
- (ii) the other member states will want to call the formal agreement on political cooperation a 'Treaty'. For us it is in practice a distinction without a difference: a legally binding agreement has the force of a Treaty. We should go on referring to it as an agreement, particularly in Parliament: but can we let the others talk about a Treaty?
- (iii) decision-taking. The Foreign Secretary's minute suggests (para 7) that while we should strongly oppose Treaty amendment, we could in the last resort agree to study the possibility of amending certain articles without commitment. This seems to me a mistake: the first step on a downward path. We have a firm position against Treaty amendment: let's stick to it.
- (iv) European Assembly. You will want to look carefully at what the Foreign Secretary now proposes (paras 11 and 12 of his minute and Annex). In essence it is an attempt to enhance the European Assembly's role without increasing its powers. I think it does this - just. But you will want to consider whether some of the language is compatible with your strong views on the very limited role of the Assembly.

C.P.P.  
CHARLES POWELL

25 June 1985



CONFIDENTIALPRIME MINISTEREUROPEAN COUNCIL: BRIEFING MEETING

You dealt with the main points on the future of the Community at your meeting yesterday.

At tomorrow's briefing meeting you might take the following points:

(i) Economic and Social Situation There seems unlikely to be a very full discussion at this Council given the large number of other items. You might ask the Chancellor whether there are particular points you should make.

You will want to recall to the Council your deregulation initiative. You could ask M. Delors to report on the work in hand: and ask for a full discussion with conclusions at the December European Council.

Also under this heading you will want to raise Japan. The only realistic outcome from the European Council is reaffirmation of the statement already agreed by the Foreign Affairs Council on 19 June. But it would be useful to have the European Council endorse it before Mr. Nakasone's meeting with the Commission.

*Mr. Patten and* (ii) Technological Co-operation/Eureka You might invite Robin Nicholson to summarise the position reached and set out our objectives for the Council.

(iii) Terrorism/Hijacking Transport Ministers have invited the European Council to discuss this and you have said publicly that you will raise it. You might



invite Mr. Ridley to say what new ideas he has for you to put forward; and what we would regard as a useful outcome.

(iv) Political Co-operation You will want to ask the Foreign Secretary which issues are likely to require the Heads of Governments' attention. The Italians are keen on a statement on the Middle East: but in present circumstances it must surely refer to the hijacking. There may be pressure for a statement on Southern Africa, though we have all made our positions clear in the UN debates. The Italians may raise the Soviet Union's recently revived interest in an agreement between the EC & Comecon.

(v) Vehicle Emissions The tentative compromise agreed in March is coming apart. The Environment Council is meeting at present. If it fails to agree the issue may come to the European Council. You could invite Mr. Tebbit to set out the position.

C D ?

(C.D. POWELL)

25 June 1985



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TO IMMEDIATE FCO

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PAPANDREOU AT THE EUROPEAN COUNCIL

1. MILAN WILL BE PAPANDREOU'S FIRST COUNCIL AFTER GETTING RE-ELECTED. HE HAS A CLEAR 5% LEAD OVER THE NEW DEMOCRACY OPPOSITION. THE OUTCOME AVOIDS A HUNG PARLIAMENT. IT HAS POLARISED GREEK POLITICS. THE COMMUNISTS GOT UNDER 10% OF THE VOTE. PAPANDREOU HAS A MANDATE FOR FOUR YEARS. BUT GREECE LOOKS LIKE BEING IN ECONOMIC TROUBLE BEFORE THEN (INFLATION, LOW INVESTMENT, UNEMPLOYMENT, BALANCE OF PAYMENTS DEFICIT). THIS COULD WEAKEN HIS AUTHORITY AND FORCE HIM TO GO TO THE COUNTRY BEFORE THE END OF HIS TERM.
2. IN HIS INITIAL POLICY STATEMENTS TO PARLIAMENT PAPANDREOU SAID LITTLE NEW. MORE EMPHASIS ON TACKLING THE ECONOMY. (N.B. BUT WHERE WILL THE MONEY COME FROM?). A DEFENCE POLICY DOMINATED BY THE TURKISH 'THREAT'. MILKING THE COMMUNITY FOR ALL HE CAN. A PLAYING DOWN OF THE ANTI-US RHETORIC BUT A DECLARATION OF INTENT TO REMOVE US BASES. IN SHORT THE GENERALLY EGOCENTRIC ATTITUDE OF A GOVERNMENT WHICH PAYS LITTLE HEED TO THE OBLIGATIONS OF PARTNERSHIP.
3. PAPANDREOU SHOULD BY RIGHTS SEEK OUT THE PRIME MINISTER AND APOLOGISE FOR HIS 'POLICE STATE' REMARK. BUT I DO NOT THINK HE IS THE MAN TO DO THAT. SO HOW SHOULD HE BE HANDLED? THE PRIME MINISTER MAY LIKE TO HAVE IN MIND THE FOLLOWING POINTS. WHETHER WE LIKE IT OR NOT, WE ARE SADDLED WITH PAPANDREOU FOR SOME TIME. WE SHALL HAVE TO DO BUSINESS WITH HIM SEMI COLON OUR MAIN AIM IS TO KEEP GREECE WITH THE WEST. I THINK WE CAN BEST ACHIEVE THIS BY NOT SENDING HIM TO COVENTRY SEMI COLON BY TELLING HIM PLAINLY WHEN WE DISAGREE WITH HIM SEMI COLON BY PUTTING PRESSURE ON HIM THROUGH CONCERTED EUROPEAN ACTION (FOR EXAMPLE OVER ATHENS AIRPORT SECURITY) SEMI COLON BY DEVELOPING OUR BILATERAL CONTACTS WITH GREECE WHENEVER WE RECKON WE CAN GET ADVANTAGE FROM THEM. IN SHORT, TO WEAVE A WEB WHICH DEMONSTRATES TO THE GREEKS THE EXTENT AND REALITY OF OUR COMMON INTERESTS AND WHICH MAKES IT HARDER FOR PAPANDREOU TO GO HIS OWN SWEET WAY. IT WILL BE A HARD SLOG WITH AN AWKWARD AND UNPREDICTABLE MAN.

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4. AT MILAN PAPANDEOU WILL WANT TO BE SEEN AS FIGHTING THE GREEK CORNER. THE GREEKS ARE NOT IN FAVOUR OF AN INTERGOVERNMENTAL CONFERENCE. THEY SEE NO NEED TO AMEND THE TREATIES TO IMPROVE THE DECISION-MAKING PROCESS. THEY ARE OPOSED TO RELINQUISHMENT OF THE RIGHT TO VETO. THEY DISPLAY NO ENTHUSIASM FOR LIBERALISATION OF THE INTERNAL MARKET, AND ARE LIKELY TO COUPLE ANY CONCESSIONS THEY MAKE ON THIS ISSUE WITH INSISTENCE THAT STEPS SHOULD AT THE SAME TIME BE TAKEN TO PROMOTE CONVERGENCE OF THE EC MEMBER STATES' ECONOMIES. THEY DISLIKE FORMALISATION OF POLITICAL COOPERATION AND SEE NO NEED FOR A POCO SECRETARIAT. THEY OPOSE EXTENSION OF THE LEGISLATIVE POWERS OF THE EUROPEAN PARLIAMENT, BUT WOULD BE PREPARED TO EXTEND ITS BUDGETARY POWERS BECAUSE THEY THINK THIS WOULD BE TO THEIR LONG TERM ADVANTAGE. THEY ARE CONCERNED THAT TECHNOLOGICAL INITIATIVES SUCH AS THE EUREKA PROPOSAL SHOULD BE PURSUED WITHIN THE COMMUNITY FRAMEWORK IN THE HOPE THAT THEY MAY DERIVE SOME BENEFIT. I AM AFRAID IT WILL BE A SELFISH PERFORMANCE.

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EUROPEAN POLITICAL

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TO IMMEDIATE FCO  
TELEGRAM NUMBER 2397 OF 25 JUNE  
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INFO SAVING BRUSSELS.

### DE-REGULATION.

#### SUMMARY.

1. DELORS READY TO MAKE ORAL PROGRESS REPORT TO MILAN EUROPEAN COUNCIL. COMMISSION CONSIDERATION OF INTERNAL PAPER PROPOSING ESTABLISHMENT OF GROUP OF DIRECTORS TO CARRY WORK FORWARD POSTPONED FOR 1-2 WEEKS.

#### DETAIL.

2. LIEBHABERG (DELORS CABINET) HAS CONFIRMED TO US THAT DELORS WILL REPORT ORALLY AT MILAN ON PROGRESS SINCE THE MARCH EUROPEAN COUNCIL. ACCORDING TO BOTH DEFRAIGNE (DG III) AND PETITE (COCKFIELD'S CABINET), HE WILL HAVE AS BRIEFING A DRAFT INTERNAL COMMISSION COMMUNICATION (TEXT BY MUFAX TO ECD(I)).

3. THIS DOCUMENT IS THE LATEST VERSION OF THE PAPER DRAWN UP BY DEFRAIGNE (BENDER'S LETTER OF 14 JUNE TO TWYMAN REFERS). IT ADVOCATES THE ESTABLISHMENT WITHIN THE COMMISSION OF A GROUP OF DIRECTORS TO CARRY WORK FORWARD, WITH THE FOLLOWING TASKS :

(A) IMPROVEMENT OF THE BUSINESS ENVIRONMENT (EG. RE-INFORCEMENT OF FAIR COMPETITION : ENSURING THAT NATIONAL LEGISLATION DOES NOT IMPOSE OBSTACLES : CUTTING OUT RED TAPE AT NATIONAL AND E C LEVEL - IN THIS CONTEXT IT IS EXPRESSLY PROPOSED THAT THE COMMISSION SHOULD SCRUTINISE EXISTING E C LEGISLATION AND EXAMINE EACH NEW PROPOSAL SO AS TO ASSESS AND IF POSSIBLE REDUCE ITS COST TO BUSINESS : WORKING OUT RECOMMENDATIONS FOR MORE MARKET FLEXIBILITY : AND ALLEVIATING FISCAL PRESSURES AND BRINGING DOWN SOCIAL SECURITY CHARGES).

(B) SPECIFIC ACTIONS TO ENCOURAGE THE START-UP OF NEW ENTERPRISES (EG SPECIFIC MEASURES FOR LABOUR MARKET FLEXIBILITY DURING THE START-UP PHASE : BETTER ACCESS TO BANKING FACILITIES FOR SMES : IMPROVED AVAILABILITY OF EQUITY CAPITAL : IMPROVED INTER-FACE WITH ADMINISTRATIONS OVER START-UP FACILITIES).

(C) SPECIFIC ACTIONS TO START UP HIGH TECHNOLOGY AND EXPORT ORIENTED SMES (NO EXAMPLES ARE GIVEN).

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4. IT IS PROPOSED THAT THE GROUP OF DIRECTORS WOULD SET UP WORKING GROUPS DEALING WITH SPECIFIC AREAS OF E C LEGISLATION, WHICH WOULD EXAMINE ALL PROPOSALS LIABLE TO IMPOSE ADMINISTRATIVE BURDENS WITH THE AIM OF LIMITING COSTS FOR UNDERTAKINGS AND MAKING SUCH COSTS AS TRANSPARENT AS POSSIBLE. THE PAPER PICKS UP OUR IDEA THAT EVERY COMMISSION PROPOSAL LIABLE TO AFFECT UNDERTAKINGS WILL BE ACCOMPANIED BY AN IMPACT ASSESSMENT.

5. PRESENT THINKING IS THAT THE GROUP OF DIRECTORS WOULD REPORT TO A TRIUMVIRATE OF COMMISSIONERS HEADED BY DELORS (THE OTHER 2 BEING COCKFIELD AND NARJES).

6. ALTHOUGH THE ORIGINAL INTENTION HAD BEEN FOR THE COMMISSION TO CONSIDER THIS PAPER ON 26 JUNE, DISCUSSION HAS BEEN PUT OFF FOR 1-2 WEEKS (MAINLY, IT SEEMS, BECAUSE OF PRESSURE OF OTHER BUSINESS FOR MILAN, PARTICULARLY ON NARJES' SIDE). NEITHER DEFRAIGNE NOR PETITE REGARD THE POSTPONEMENT AS BEING SINISTER. MILAN WILL IN ANY CASE PROVIDE AN OPPORTUNITY FOR US TO GIVE A FURTHER IMPETUS TO THE COMMISSION.

### FCO ADVANCE TO:

FCO - RENWICK WALL SAWERS  
CAB - WILLIAMSON JAY BOWEN TWYMAN  
DTI - KEMMIS BRECKNELL  
TSY - FITCHEW

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INFO SAVING OTHER EC POSTS, MOSCOW, EAST BERLIN, CG'S IN FRG,  
CICC(G).



THE MILAN SUMMIT: FRG INTERNAL

SUMMARY

1. KOHL NEEDS A SUCCESS AT MILAN TO HELP RESTORE HIS STANDING IN THE FRG. DIFFERENCES WITHIN THE COALITION ARE NOT SERIOUS ENOUGH TO THREATEN ITS SURVIVAL, BUT CONSTANT BICKERING BETWEEN THE COALITION PARTIES DOES IT NO GOOD.

DETAIL

2. CHANCELLOR KOHL HAS HAD A TOUGH THREE MONTHS SINCE THE BRUSSELS SUMMIT. AT HOME, SPECULATION ABOUT HIS FUTURE AS CHANCELLOR CONTINUES. HIS GOVERNMENT HAVE SEVERAL ECONOMIC SUCCESSES TO POINT TO (GROWTH, INFLATION, EXPORTS,) BUT PUBLIC OPINION IS INCREASINGLY EXERCISED BY HIGH UNEMPLOYMENT AND BY OTHER FAILURES. THE CDU RANK-AND-FILE ARE NERVOUS AND WANT PRESENT POLICIES MODIFIED TO BRING DOWN THE UNEMPLOYMENT FIGURES MORE QUICKLY. THEY SEE KOHL'S PERPETUAL OPTIMISM AS INAPPROPRIATE AND IRRITATING. KOHL HAS INTRODUCED SOME PALLIATIVES (MY TELNO 606). BUT THEY HAVE DONE LITTLE TO STILL DISQUIET. HIS NEXT TEST WILL COME WITH THE PRESENTATION OF THE FEDERAL BUDGET ON 2 JULY: BUT UNLESS THE GOVERNMENT HAVE SOMETHING UNEXPECTED UP THEIR SLEEVE, THIS SEEMS UNLIKELY TO CHANGE THE GENERAL OPINION THAT KOHL IS STILL FAILING TO COME TO GRIPS WITH THE FRG'S MAIN ECONOMIC PROBLEM.

3. ABROAD, THE PROBLEM OVER BITBURG HAS LEFT NO OBVIOUS SCAR ON US/FRG RELATIONS. BUT RELATIONS WITH FRANCE, BRUISED AT THE BONN SUMMIT (MY TELNO 487), REMAIN COOL SINCE THE GERMAN VETO ON CEREAL PRICES AND THE DISAGREEMENT ON VEHICLE EMISSIONS. KOHL IS ALSO TAKING SOME FLAK FROM THE EASTERN BLOC FOR HIS CONDUCT OF EAST-WEST RELATIONS. HE DID ABOUT AS WELL AS COULD HAVE BEEN EXPECTED AT THE SILESIAN RALLY LAST WEEK (MY TELNO 614). BUT HIS OPAQUENESS NEITHER SATISFIED THE CDU/CSU EXTREMISTS, MEASURED UP TO THE FDP'S STANDARDS, NOR REASSURED THE POLES.

4. SQUABBLING BETWEEN THE CSU REPEAT CSU AND FDP CONTINUES: IT IS ALMOST ENDEMIC. WITH THE RESOLUTION OF DIFFERENCES IN HOME AFFAIRS POLICY, THE FOCUS HAS NOW SWITCHED, AS PREDICTED IN MY TEL 606, TO

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FOREIGN AFFAIRS. GENSCHER, WITH THE BACKING OF HIS PARTY, HAS PUBLICLY DISTANCED HIMSELF FROM THE CDU/CSU ON FRANCO-GERMAN, EAST-WEST, SDI AND EC ISSUES. HIS REPEATED CALLS FOR "CONTINUITY" IN FOREIGN AFFAIRS ARE SEEN AS CRITICISM OF THE CHANCELLOR AND THE CDU/CSU. THEY HAVE PROVOKED BILIOUS INVECTIVE FROM STRAUSS. THIS WEEKEND, THE (CDU) CHAIRMAN OF THE CDU/CSU PARLIAMENTARY PARTY JOINED IN WITH A TETCHY PUBLIC ATTACK ON GENSCHER. POLICY DIFFERENCES HERE - OR ELSEWHERE FOR THAT MATTER - ARE NOT SERIOUS ENOUGH TO CALL INTO QUESTION THE FUTURE OF THE COALITION. BUT THE INCESSANT BICKERING DOES IT NO GOOD.

5. PRESSURE CONTINUES ON THE CHANCELLOR TO REASSERT HIS GRIP OVER HIS ACCIDENT-PRONE GOVERNMENT: THE MOST RECENT MISHAP WAS LAST WEEK'S RESIGNATION OF THE CHIEF GOVERNMENT PRESS SPOKESMAN, FACED WITH TAX EVASION CHARGES. BUT KOHL SEEMS TO LACK THE METTLE FOR THIS, AND THERE IS WIDESPREAD DISSATISFACTION WITH HIM AS A RESULT. (EVEN SOME OF HIS CLOSEST ADVISERS ARE FOR THE FIRST TIME MURMURING DISLOYALLY). FORTUNATELY FOR HIM THERE IS AT PRESENT NO CONVINCING RIVAL. STOLTENBERG, AS THE INSTIGATOR OF CURRENT ECONOMIC CONSOLIDATION POLICIES, IS HARDLY THE CDU'S IDOL. NO-ONE ELSE HAS THE NECESSARY STATURE. AS FOR THE OPPOSITION, THE SPD - FOR ALL THEIR TRUMPETING SINCE THEIR RECENT SUCCESSES IN REGIONAL ELECTIONS - ARE NOT YET SERIOUSLY THREATENING TO OVERTHROW THE COALITION IN THE 1987 ELECTION, WHILE THE GREENS ARE PREOCCUPIED WITH INTERNAL WRANGLES, AND SEE THEIR SUPPORT MELTING AWAY. WHILE THE COALITION IS IN NEED OF TREATMENT, IT IS NOT YET IN INTENSIVE CARE.

BONN WILL PASS TO BMG BERLIN AND SAVING TO CGS IN THE FRG AND CICC(G). FCO PLEASE PASS OTHER SAVINGS.

BULLARD

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TO IMMEDIATE FCO

TELEGRAM NUMBER 640 OF 25 JUNE

INFO IMMEDIATE UKREP BRUSSELS, ROME

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EUROPEAN COUNCIL: FRG POSITION

1. I HAD TELTSCHIK TO BREAKFAST TODAY. HE HAS BEEN OCCUPIED WITH SDI AND WAS A BIT ADRIFT ON EC QUESTIONS, WHICH GAVE ME THE EXCUSE TO GO OVER THE WHOLE OF OUR CASE IN SOME DETAIL.

2. I SAID THAT IT WAS A CLEVER HAND WHICH HAD DRAFTED THE CHANCELLOR'S LETTER TO THE PRIME MINISTER OF 19 JUNE. FROM THIS AND FROM KOHL'S SPEECH TO THE MONNET COMMITTEE I JUDGED THAT THERE WAS A HIGH DEGREE OF ANGLO-GERMAN CONVERGENCE. THIS ENCOURAGED ME TO THINK THAT MILAN COULD AND WOULD BE A SUCCESS, BY WHICH I MEANT IN PARTICULAR A SUCCESS FOR THE FOUR MAIN PARTICIPANTS. TELTSCHIK AGREED.

INTERNAL MARKET

3. TELTSCHIK REPEATED THE GERMAN VIEW THAT LORD COCKFIELD'S DEADLINES WERE TOO SHORT. ALL THAT MILAN COULD DO WOULD BE TO TAKE A DECISION OF PRINCIPLE AND PASS THE MATTER BACK TO THE COMMISSION. HE MENTIONED THAT DELORS HAD PROPOSED AMENDING THE TREATY SO AS TO PERMIT MAJORITY VOTING IN THE WHOLE FIELD COVERED BY THE COCKFIELD PROPOSALS. I SAID THAT WE SAW TAX HARMONISATION AS A COMPLICATED AREA REQUIRING STUDY FIRST BY ECOFIN: THIS WAS ONE POINT IN THE CHANCELLOR'S LETTER WHERE THERE MIGHT BE DIFFICULTY FOR US. BUT WE SAW NO REASON WHY MILAN SHOULD NOT TAKE DECISIONS ON THE SPOT ON THOSE OF THE COCKFIELD PROPOSALS WHICH OFFERED A PROSPECT OF EARLY PROGRESS, AND ON A TIMETABLE FOR THESE.

POCO

4. I SAID THAT IF ALL THAT STOOD BETWEEN US WAS THE WORDS TREATY AND UNION, WE WERE PERHAPS NOT SO FAR APART. TELTSCHIK SAID THAT AN ITALIAN DELEGATION WOULD BE IN BONN TOMORROW. HE HAD HEARD THAT THE ITALIANS HAD IDEAS FOR ANOTHER 'SOLEMN DECLARATION'. (HE AGREED WITH ME THAT THIS WAS ONE OF THE LAST THINGS THAT EUROPE NEEDED.) THE FRG PREFERENCE WAS FOR A DOCUMENT HEADED 'TREATY OF (THE) EUROPEAN UNION ON POLITICAL COOPERATION'. (VERTRAG DER EUROPÄISCHEN UNION ZUR E.P.Z.) HE WANTED TO KNOW WHAT BRITAIN WOULD DO IF IT TURNED OUT THAT SOME BUT NOT ALL MEMBER STATES WERE READY TO ACCEPT SOMETHING ON THE LINES OF THE BRITISH DRAFT, WITH OR WITHOUT THE GERMAN TITLE. I SAID I HAD NO INSTRUCTIONS, BUT WE HAD INVESTED A LOT OF EFFORT IN OUR PROPOSAL ON POCO AND WOULD NOT WANT TO SEE IT BROUGHT TO NOTHING BY EG GREECE. TELTSCHIK THOUGHT DENMARK MIGHT BE A PROBLEM ALSO.

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## CONFIDENTIAL

5. TELTSCHIK HAD HEARD THAT THE PRESIDENCY WANTED TO ADD TO THE MILAN AGENDA THE MIDDLE EAST (KING HUSSAIN'S AND PRESIDENT MUBARAK'S INITIATIVE) AND THE SOVIET APPROACH TO THE EC. I SAID I DID NOT SEE HOW MILAN COULD DISCUSS THE MIDDLE EAST WITHOUT MENTIONING THE AMERICAN HOSTAGES.

### TECHNOLOGY AND EUREKA

6. TELTSCHIK SPOKE ABOUT DELORS' VISIT TO BONN YESTERDAY AND THE PAPER UNVEILED BY NARJES IN BRUSSELS. HE AGREED THAT THERE COULD BE NO QUESTION OF GIVING THE COMMISSION A BLANK CHEQUE. HE SHOWED SIGNS OF IRRITATION AT THE PRESSURE PUT ON THE FRG BY FRANCE. (THE FRENCH FOREIGN AND DEFENCE MINISTERS ARE DUE HERE TOMORROW.) IT WAS NOT GOING TO BE POSSIBLE TO ANNOUNCE ANY FRANCO-GERMAN PROJECTS WITH A EUREKA LABEL BEFORE MILAN: SEVERAL IDEAS WERE IN THE AIR, BUT THEY ALL NEEDED FURTHER STUDY. IN HOURS OF TALKS WITH THE FRENCH IT HAD BEEN POSSIBLE TO IDENTIFY CERTAIN BASIC PRINCIPLES, EG

- (A) EUREKA PROJECTS MUST BE WITHIN THE EC, NOT "EC PROJECTS"
- (B) THE FINANCIAL ASPECTS MUST BE CLARIFIED
- (C) THE POSSIBILITY OF PARTICIPATION BY NON-MEMBER STATES OF THE EC MUST BE ALLOWED FOR.

I SAID THAT OUR OWN LIST WOULD BE SIMILAR, BUT THAT WE WOULD WANT TO ADD

- (D) INDUSTRY MUST BE CONVINCED AND MUST PARTICIPATE
- (E) THERE MUST BE NO GREAT NEW BUREAUCRACY
- (F) WE SHOULD CONCENTRATE OUR EFFORTS ON OUR WEAK POINT, WHICH WAS THE APPLICATION OF RESEARCH RATHER THAN RESEARCH ITSELF OR THE MONEY AVAILABLE FOR IT.

### DECISION-TAKING

7. TELETSCHEK REPEATED THE GERMAN VIEWS ON MAJORITY VOTING AND POWERS FOR THE EUROPEAN PARLIAMENT (EP). HE SUGGESTED THAT IN FINANCIAL QUESTIONS THE RULE SHOULD BE THAT THE EP COULD NOT GO AGAINST THE WISHES OF THE COUNCIL NOR VICE VERSA. (I SAID THIS SOUNDED LIKE A RECIPE FOR STALEMATE.) KOHL WOULD MAKE IT CLEAR AT MILAN THAT THE FRG WAS READY TO AMEND THE TREATY AS NECESSARY UNDER THIS HEADING. IE FOR BOTH MORE MAJORITY VOTING AND MORE POWERS FOR THE EP. I DEPLOYED THE CASE FOR GIVING THE EP MORE INFLUENCE RATHER THAN MORE POWERS, AND AGAINST THE WHOLE IDEA OF TREATY AMENDMENT. I ASKED WHETHER, IF IT BECAME CLEAR THAT IT WOULD NOT (NOT) BE POSSIBLE TO AMEND THE TREATY, THE FRG WOULD ACCEPT THAT IT WOULD BE BEST TO PURSUE THE SAME OBJECTIVES BY MEANS OF CONVENTIONS AND POLITICAL DECISIONS. HE SAID RESIGNEDLY THAT IT MIGHT WELL COME TO THIS: BUT THE FRG WANTED TO HOIST THE FLAG OF TREATY AMENDMENT AND GIVE OTHERS THE OPPORTUNITY TO DO LIKEWISE, SO AS TO EXPOSE WHERE THE OPPOSITION TO THIS LAY.

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# CONFIDENTIAL

## PROCEDURE

8. AT ONE POINT TELTSCHIK REFERRED TO A POSSIBLE INTER-GOVERNMENTAL CONFERENCE. BUT HE WAS READY TO CONCEDE THAT THIS COULD CONSIST OF EG POLITICAL DIRECTORS, FOREIGN MINISTERS OR HEADS OF GOVERNMENT THEMSELVES: HIS POINT WAS THAT SOMEBODY MIGHT HAVE TO BE DETAILED TO DO THE WORK WHICH WOULD ARISE OUT OF MILAN.

## COMMENT

9. IT WAS USEFUL TO HAVE TELTSCHIK CONFIRM THE HIGH DEGREE OF AGREEMENT WHICH WE HAD IDENTIFIED BETWEEN THE GERMAN POSITION AND OUR OWN. BUT THERE IS EVIDENTLY MUCH LAST MINUTE ACTIVITY ON THE PART OF THOSE WHO DID NOT GET THEIR ACT TOGETHER SO EARLY AS OURSELVES, AND WE SHALL NEED TO BE ON THE WATCH FOR SURPRISES.

FCO PLEASE ADVANCE TO:

CABINET OFFICE: WILLIAMSON, JAY  
FCO: BRAITHWAITE, RENWICK, JENKINS, SHEPHERD  
FAIRWEATHER  
HM TREASURY: FITCHEW

BULLARD

FRAME GENERAL  
ECO (1)

COPIES TO  
ADVANCE ADDRESSEES.

<sup>3</sup>  
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GR1100

**CONFIDENTIAL**

CONFIDENTIAL  
~~FRAME STRUCTURAL~~  
FM ROME 251630Z JUN 85

TO IMMEDIATE FCO

TELNO 624 OF 25 JUN 85

INFO PRIORITY UKREP BRUSSELS, PARIS, BONN

INFO ROUTINE ATHENS, COPENHAGEN, THE HAGUE, BRUSSELS, DUBLIN,  
LUXEMBOURG, LISBON, MADRID.

MY TELNO 616: MILAN EUROPEAN COUNCIL: PRESIDENCY AND ITALIAN POSITION

SUMMARY.

1. CRAXI'S STRENGTHENED POLITICAL POSITION LIKELY TO MAKE HIM LOWER HIS SIGHTS. DIFFERENCES BETWEEN PRIME MINISTER'S OFFICE AND FOREIGN MINISTRY OVER ITALIAN POSITION AT MILAN. PRESIDENCY WILL PRESS HARD FOR SOME MEANS OF PLACATING EUROPEAN PARLIAMENT AND MAY URGE SOME FORM OF LIMITED NEW TREATY ON EUROPEAN UNION. CRAXI WORRIED THAT SO LITTLE IS AGREED BEFOREHAND AND THAT TIME WILL BE SO SHORT.

DETAIL.

2. THE ELECTION OF COSSIGA AS PRESIDENT ON THE FIRST BALLOT, FOLLOWING THE GOVERNMENT'S SUCCESS IN THE REFERENDUM AND THE MAY ADMINISTRATIVE ELECTIONS, MEANS THAT CRAXI HAS A MUCH MORE STABLE BASE THAN A FEW MONTHS AGO. HIS ADMINISTRATION CAN BE EXPECTED TO REMAIN IN PLACE (WITH ANDREOTTI AS FOREIGN MINISTER) FOR SOME TIME TO COME, ALMOST CERTAINLY UNTIL THE NEXT EUROPEAN COUNCIL. CRAXI'S STAFF TELL US THAT THIS WILL MAKE HIM MORE RELAXED ABOUT GOALS FOR MILAN, AND MORE CONCERNED TO ACHIEVE WHAT IS POSSIBLE THAN TO AIM FOR A PUBLICITY SUCCESS SUCH AS ATTEMPTS AT A MAJOR STRIDE TOWARDS EUROPEAN UNION.

3. ON MILAN, RUGGIERO SPOKE TO EC AMBASSADORS ON JUNE 24 IN MUCH THE SAME TERMS AS REPORTED IN MY TUR; STRESSING THAT THE PRESIDENCY WOULD STAND FIRM ON REQUIRING AGREEMENT ON SOME FORM OF CO-DECISION FOR THE EUROPEAN PARLIAMENT AND ON A NEW TREATY ON EUROPEAN UNION, THE CONTENT OF WHICH WAS STILL OPEN TO DEBATE (AND COULD FOR INSTANCE INCLUDE OUR IDEAS ON POCO). HE CLAIMED TO SEE THESE AS POTENTIAL BREAKING POINTS AT THE COUNCIL. ON DECISION-TAKING, THERE WAS THE BASIS OF A CONSENSUS IN FAVOUR OF A NEW PROCEDURE FOR LIMITING THE USE OF THE NATIONAL VETO. IN ANSWER TO QUESTIONS HE ADMITTED THAT AN ORIENTATION DEBATE AT MILAN FOLLOWED BY DECISIONS AT THE LUXEMBOURG EUROPEAN COUNCIL WAS A POSSIBLE SCENARIO. BUT HE STRESSED THAT THE EXPECTATIONS BUILT UP FOR MILAN MADE PROGRESS THERE VERY DESIRABLE. THERE WAS NOT UNDUE EMPHASIS ON AN INTERGOVERNMENTAL CONFERENCE OR ON THE ANDREOTTI DRAFT MANDATE.

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/4.



4. LATER YESTERDAY I SAW THE PRIME MINISTER'S DIPLOMATIC ADVISER, BADINI, WHO HINTED THAT RUGGIERO WAS ECHOING MFA SUPPORT FOR A FIRM ITALIAN NATIONAL POSITION, AND SAID THAT THE PRIME MINISTER'S OFFICE TOOK A MORE REALISTIC VIEW OF THE RESPONSIBILITIES OF THE PRESIDENCY. BADINI UNDERSTOOD THE DIFFICULTIES THAT RUGGIERO'S IDEAS POSED FOR US AND FOR OTHERS. CRAXI WOULD START THE MEETING WITH A RAPID TOUR DE TABLE ON THE DOOGE REPORT AT WHICH THE ITALIAN NATIONAL POSITION WOULD BE FAITHFULLY REHEARSED. BUT CRAXI'S STAFF DID NOT EXPECT AGREEMENT ON MAXIMALIST DECISIONS AND WERE PREPARING A FALL-BACK POSITION AS A BASIS FOR COMPROMISE. THE MOST DIFFICULT ELEMENT WOULD BE INCREASED POWERS FOR THE PARLIAMENT. THEY SEEMED TO ENVISAGE SOME INCREASED POWERS WHOSE THE MAIN PURPOSE WOULD BE TO PROVIDE SIGNALS TO THE PARLIAMENT, DESIGNED TO DEFUSE THE SITUATION BY SHOWING MOVEMENT IN THE DIRECTION DESIRED BY ITS MEMBERS.

HE MENTIONED TWO POSSIBLE ELEMENTS:

(A) ENLARGING THE AREA FOR MAJORITY DECISION, ALTHOUGH AT THE MOMENT THEY COULD NOT SEE HOW THIS COULD BE DONE WITHOUT TREATY AMENDMENT.

CRAXI HAD GIVEN CAREFUL THOUGHT TO OUR PROPOSAL FOR WAIVING UNANIMITY BUT DID NOT THINK THAT THIS WOULD GO FAR ENOUGH FOR THE PARLIAMENT.

(B) A PROVISION BY WHICH THE COUNCIL OF MINISTERS COULD ONLY REJECT BY UNANIMITY A PROPOSAL APPROVED BOTH BY THE COMMISSION AND THE PARLIAMENT.

5. BADINI WAS MUCH LESS INSISTENT THAN RUGGIERO ON THE NEED FOR AGREEMENT ON A NEW TREATY ON EUROPEAN UNION, BUT WAS ANXIOUS TO KNOW WHETHER WE COULD IN THE END ACCEPT SOME FORM OF TREATY LANGUAGE RECALLING STUTTGART AND FONTAINEBLEAU AND INCLUDING OUR POCO TEXT. I EXPLAINED THAT WE WERE AIMING FOR BINDING COMMITMENTS, NOT A TREATY. BUT THIS IS A LIKELY AREA FOR PRESSURE ON

US AND MAY WELL ARISE AT THE PRIME MINISTER'S BILATERAL MEETING WITH CRAXI ON THE MORNING OF 28 JUNE.

6. THE PRESIDENCY ARE CONSCIOUS THAT TIME WILL BE SHORT, ESPECIALLY IF DISCUSSION GETS BOGGED DOWN IN A TOUR DE TABLE ON DOOGE. I RUBBED THIS IN. BADINI SAID THAT HE DOUBTED IT WOULD BE POSSIBLE FOR A DETAILED DISCUSSION TO TAKE PLACE ON INTERNAL MARKET ISSUES RAISED IN THE COMMISSION'S WHITE PAPER. I THINK THAT CRAXI'S INSTINCT WILL NOW BE TO IDENTIFY ISSUES, ON WHICH THERE IS THE GREATEST CHANCE OF AGREEMENT BEING REACHED, EVEN IF THEY ARE UNSPECTACULAR. HIS STAFF MENTIONED A PROCEDURE FOR LIMITING USE OF THE VETO AND A POCO SECRETARIATE: TECHNOLOGICAL ISSUES ARE ALSO LIKELY TO FIGURE.

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17.



## CONFIDENTIAL

7. CRAXII'S INSTINCT IS ALWAYS TO PLAY THINGS BY EAR. I RECOMMEND THAT AT HER BILATERAL MEETING THE PRIME MINISTER CONTINUES TO IMPRESS UPON CRAXII THE ATTRACTIONS OF OUR IDEAS AS THE BASIS OF COMPROMISE BETWEEN THE MAXIMALIST (ITALIAN) POSITION AND THOSE EG OF THE DANES AND THE GREEKS WHO HAVE GREATER DIFFICULTIES THAN WE DO. CRAXII'S STAFF MADE CLEAR THAT HIS AIM AT THE MEETING WOULD BE TO TAKE A FINAL SOUNDING OF THE BRITISH POSITION.

8. CRAXII MAY SEND A PURELY PROCEDURAL LETTER TO HIS COLLEAGUES BEFORE THE SUMMIT: THE PRESIDENCY ARE MEANWHILE DIGESTING A LONG MEMORANDUM FROM MITTERRAND, DESCRIBED BY RUGGIERO TO CRAXII'S STAFF AS A DANGEROUS DOCUMENT, BECAUSE FULL OF AMBIGUITIES.

BRIDGES

FRAME STRUCTURAL  
ECD(1)



PRIME MINISTER

EUROPEAN COUNCIL: MILAN

You have a 'seminar' meeting tomorrow morning with the Foreign Secretary, Michael Butler and David Williamson.

I suggest that you use this to focus on the future of the Community which will be the main issue at Milan. Other subjects - technological cooperation, Japan, airport security, economic and social situation, political cooperation - can then be dealt with at the regular briefing meeting on Thursday.

You will want if possible to read the Foreign Secretary's minute (attached) and the Steering Brief. The latter has separate speaking notes on the various aspects of the future of the Community, e.g. decision-taking, political cooperation etc.

The British press have suggested that we are going to score a spectacular victory at Milan. This is unrealistic and could prove counter-productive. The discussion is in practice likely to be messy and the results ambiguous. The Italians in particular still harbour exaggerated expectations of what can be achieved: the French will probably come up with some unexpected idea: and the Germans will be all over the shop. We should stick patiently and firmly to our ideas and they will eventually prevail because they are the only sensible ones: but the others may not be ready to recognise this yet. The procedural outcome will be crucial. The aim will be to remit follow-up to Coreper and Political Directors who will report back to the European Council in December, which will meet as an inter-Governmental Conference.

The particular points which I suggest you should focus on at this meeting are:



- (i) our tactics on the internal market. To what extent has the Commission's decision to link desirable steps with undesirable ones such as approximation of taxes queered our pitch? Will our opposition to approximation offer other member states an excuse for not accepting those bits of the Commission proposals which they don't like? How do we avoid this?
  
- (ii) the other member states will want to call the formal agreement on political cooperation a 'Treaty'. For us it is in practice a distinction without a difference: a legally binding agreement has the force of a Treaty. We should go on referring to it as an agreement, particularly in Parliament: but can we let the others talk about a Treaty?
  
- (iii) decision-taking. The Foreign Secretary's minute suggests (para 7) that while we should strongly oppose Treaty amendment, we could in the last resort agree to study the possibility of amending certain articles without commitment. This seems to me a mistake: the first step on a downward path. We have a firm position against Treaty amendment: let's stick to it.
  
- (iv) European Assembly. You will want to look carefully at what the Foreign Secretary now proposes (paras 11 and 12 of his minute and Annex). In essence it is an attempt to enhance the European Assembly's role without increasing its powers. I think it does this - just. But you will want to consider whether some of the language is compatible with your strong views on the very limited role of the Assembly.

C.D.P.

CHARLES POWELL

25 June 1985



PRIME MINISTER

cc Mr Powell ✓

FOREIGN SECRETARY

The Foreign Secretary has to leave early the meeting on the European Council tomorrow, Wednesday 26 June as he has to attend the Memorial Service for Lord George-Brown at 12 noon.

CAROLINE RYDER

25 June 1985





10 DOWNING STREET

CDP

GM

message from Mr  
Mallory, Cabinet Office.

European Council, Milan.

Bilateral with  
Irish PM. The time  
of 0915 has been  
agreed.

JB

25/6.





FILE

RW

10 DOWNING STREET

THE PRIME MINISTER

cc: FCO CO  
HUT  
RW

25 June, 1985

Dear Professor Carstens

Thank you for your letter of 13 June letting me know of the meeting of the Action Committee for Europe. I have read the Declaration and the Appeal with interest.

The European Council's forthcoming meeting at Milan will be of great importance for the future development of the European Community. The United Kingdom will do everything possible to achieve progress in several areas.

I share the Committee's view on the need to complete the common market for goods and services as laid down in the EC Treaty. This is vital for wealth and job creation. We need a specific timetable covering the removal of obstacles to the free movement of goods, a free market in financial and other services, full freedom of establishment and a liberalised, freely competitive transport market.

Like you, we also believe the time has come to strengthen co-operation in foreign policy. I hope the Milan European Council will decide on a binding agreement on political co-operation. This agreement would include a commitment to consult on major foreign policy issues including political aspects of security.

As the Action Committee's Appeal point out and as you remind me in your letter, practical improvements in decision making will be needed in a Community of Twelve. We believe

RW



Council should have greater recourse to majority voting where the Treaty so provides; that Member States should make greater use of the abstention procedures under Article 148; that where the European Council decides on particular objectives it might also agree that Member States would aim not to impede progress by invoking the unanimity requirements; and that any Member State asking for a vote to be deferred should be required to explain in a special and formal procedure of the General Affairs Council why it considers a very important interest to be at stake.

We have a real opportunity at Milan to take decisions which will strengthen the Community's competitive position, improve the working of the Community's institutions, including the relationship between the European Parliament and the Council and lead to greater unity, both internally and externally in practical ways. We know what needs to be done. We now need the political will to take decisions in the areas I have described. I am ready to take these decisions at Milan.

Finally may I take up the second point in your letter regarding the UK joining the Exchange Rate Mechanism. As we have made clear on a number of occasions, this matter is kept under review. Community co-operation in this area would not be helped if the UK were to join prematurely. We need to assure ourselves not only that sterling's participation would help promote the UK's domestic policy objectives, but also that it would not lead to strains on the system itself.

Yours sincerely  
Margaret Thatcher

Professor Dr. Karl Carstens.



GRS 40A

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FM COPENHAGEN 241340Z JUN 85  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 147 OF 24 JUNE  
AND TO PRIORITY UKREP BRUSSELS

RUN UP TO MILAN

SUMMARY

1. SCHLUETER HOPES AT MILAN TO BE ABLE TO HIDE BEHIND THE UK POSITION ON THE MAJOR ISSUES OF THE DEVELOPMENT OF THE COMMUNITY. DANISH POSITIONS ON THE DEVELOPMENT OF EUROPE REMAIN GENERALLY NEGATIVE.

DETAIL

2. I WENT OVER THE GROUND WITH THE PRIME MINISTER'S ADVISER ON COMMUNITY AFFAIRS (NEHRING) ON 19 AND 20 JUNE. I HAVE ALSO SPOKEN WITH OESTROEM MOELLER. NEHRING SAID THAT SCHLUETER REGARDED OUR PROPOSALS AS HELPFUL TO HIM AT MILAN, AND HOPES THAT THEY WILL FORM THE FOCAL POINT OF THE MEETING. SCHLUETER WAS NOW ENGAGED IN A SERIES OF DISCREET CONTACTS WITH THE SOCIAL DEMOCRATIC LEADER, JOERGENSEN, IN AN ATTEMPT TO ENSURE THAT THE MARKET COMMITTEE (WHICH MEETS TO REVIEW HIS MANDATE ON 27 JUNE) WOULD GIVE HIM SUFFICIENT ROOM FOR MANOEUVRE TO GO ALONG IN GENERAL WITH OUR PROPOSALS ON POLITICAL COOPERATION AND INSTITUTIONAL REFORM AND WITH THE COMMISSION'S PROPOSALS ON THE INTERNAL MARKET. A MEETING ON 20 JUNE HAD BEEN DISAPPOINTINGLY SHORT AND UNCONCLUSIVE AND HAD CONSISTED MAINLY OF AN EXPOSITION OF THE VARIOUS IDEAS BEING FLOATED IN THE RUN UP TO MILAN BUT NOTABLY OUR OWN. JOERGENSEN WAS NON-COMMITTAL BUT NOT NEGATIVE. A SUBSEQUENT MEETING OF THE FOLKETING FOREIGN POLICY COMMITTEE TO DISCUSS OUR DRAFT AGREEMENT ON POLITICAL COOPERATION HAD HOWEVER GONE QUITE WELL. THERE WOULD BE A FURTHER MEETING WITH THE SOCIAL DEMOCRATS THIS WEEK.

COMMENT

3. THE DANES HAVE APPARENTLY SEIZED ON THE UK PROPOSALS AS A LIFEBOAT FOR MILAN. BY GIVING THEM A GENERAL WELCOME, SCHLUETER HOPES TO BE ABLE TO APPEAR AS FLOATING WITH THE TIDE OF OPINION RATHER THAN DRAGGING HIS FEET ON THE BOTTOM. HE HOPES THAT DISCUSSION WILL CONCENTRATE ON THE BROAD PRINCIPLES OF OUR PROPOSALS BUT THAT DETAILED WORK WILL BE REFERRED TO SOME OTHER FORUM. THE MARKET COMMITTEE WILL MAKE DIFFICULTIES FOR HIM OVER SEVERAL ASPECTS OF OUR PROPOSALS EG THE MILITARY ASPECTS OF THE POCO AGREEMENT AND THE ABSTENTATION CLAUSE IN THE DECISION TAKING PROPOSALS. THERE ARE PROBLEMS IN THE COMMISSION'S INTERNAL MARKET PAPER BUT HERE THE DANES DID NOT SEE THEMSELVES AS ISOLATED. SCHLUETER APPARENTLY BELIEVES THAT HE HAS A CHANCE OF PULLING THE SOCIAL DEMOCRATS WITH

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/HIM.



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HIM TO FULL APPROVAL AT THE DECEMBER COUNCIL OF AN AGREEMENT ON POLITICAL COOPERATION ON THE LINES OF OUR PROPOSAL AND TO INSTITUTIONAL REFORM ALSO ON THE LINES OF OUR IDEAS. MEANWHILE WE DETECT CONCERN AMONGST OFFICIALS THAT OUR PROPOSALS MAY NOT BE OUR FINAL POSITION AND THAT WE MAY BE WILLING TO MAKE CONCESSIONS TO THE COMMUNITY MAXIMALISTS WHICH WOULD LEAVE THE DANES BEHIND.

DALES

ECONOMIC SUMMIT

STANDARD (PALACE)

ERD  
ECONOMIC ADVISERS  
FED  
NAD  
ECDs  
TRED  
SOVIET D  
EED  
MAED  
SCD  
MR MAUD  
MR WILSON  
MR EGEPTON  
MR JOHNSON

ADDITIONAL DISTRIBUTION

ECONOMIC SUMMIT

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Terrorism

There will be  
f.e.  
on

POSSIBLE GUIDELINES FOR THE MILAN SUMMIT

1. Transport Ministers should be instructed to consider urgently:

(a) measures to ensure that airlines of the Ten will continue the suspension of flights to Beirut airport until the Lebanese authorities are able to meet internationally agreed standards for the security of aircrafts and passengers;

(b) immediately, special handling of aircraft of airlines which continue to use Beirut international airport, particularly for flights direct to and from Beirut; and in addition, the case for prohibiting all flights from Beirut until the provisions in (a) are achieved;

(c) application of existing ICAO security <sup>standards</sup> ~~at~~ airports of Member States, and security procedures <sup>to be</sup> followed by national airlines in airports of 3rd countries;

(d) concerted effort, within ICAO, to update as necessary the provisions of annex 17 of Chicago Convention in the light of recent terrorist outrages;

(e) to consider how the Ten might concert their efforts within international bodies which deal with aviation security matters such as ICAO and ECAC;

(f) a clear policy to prevent the taking off of a hijacked aircraft from an airport within the Ten;

(g) possibility of concerted suspension of flights for a limited period to and from countries which violate agreed international principles and conventions on aviation security.





2. Foreign Ministers be instructed to agree on modalities within the established framework of political cooperation for concerting a démarche to third countries which do not observe the internationally agreed principles and conventions on aviation security. They should also step up efforts to persuade those countries which are not already party to the international conventions to become so.

3. Interior Ministers through TREVI to maintain a vigilant overview of existing arrangements to ensure the rapid exchange of intelligence about potential terrorist and hijack incidents.



DRAFT

TERRORISM AND HIJACKING

The Heads of State and Government emphasized their deep concern at the resurgence of terrorism, air piracy and hijacking which offend against every norm of civilised behaviour, particularly through the outrage against innocent lives. The time has come for a substantial and effective improvement in the forms of international cooperation to stamp out this evil.

They asked the Foreign Ministers within the framework of European Political Cooperation and in collaboration with other Ministers responsible in this field urgently to examine the possibilities of establishing and maintaining strengthened international standards for airline and airport security. This would include concerted action by the Ten in support of this objective in the ICAO and in third countries, particularly those not party to the existing international conventions.

They stressed the effectiveness of the firm principle, to which the Member States pledged themselves at the Ministerial Meeting in Dublin in September 1984, to make no concessions under duress to those who practice terrorism. They took note of the conclusions of the Ministers of the Interior and Justice meeting in Rome on 20 and 21 June on the extension of cooperation on combating international violence, with particular reference to the training of police forces, the exchange of technological information and cooperation in cases of emergency.

The Ten strongly condemn the recent hijacking of an aeroplane and the taking hostage of innocent persons, who are now detained in Lebanon. The Ten consider it totally unacceptable that the lives and freedom of hostages should be used as bargaining counters. They call on all those in a position to exercise influence in the area to work to bring about the unconditional, speedy and safe release of all hostages held in Lebanon, of whatever nationality and held for whatever motive. They themselves will do all they can to contribute to this end.



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~~cc FC~~  
~~cc Bot~~  
①



Foreign and Commonwealth Office

London SW1A 2AH

24 June 1985

Dear Charles,

Yes not

Rie Hunter  
April reply  
to Chancellor  
Kohl?

EUROPEAN COMMUNITY: MESSAGE FROM CHANCELLOR KOHL TO THE PRIME MINISTER

Thank you for your letter of 20 June.

att. —

CDP  
24/6.

The Foreign Secretary recommends that the Prime Minister should send a short reply to Chancellor Kohl. I enclose a draft.

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

Yours ever,

Colin Budd

(C R Budd)  
Private Secretary

C D Powell Esq  
10 Downing Street

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# OUT TELEGRAM

	↓	Classification and Caveats <b>Confidential</b>	Precedence/Deskby <b>Immediate</b>
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ZCZC	1	ZCZC
GRS	2	GRS
CLASS	3	Confidential
CAVEATS	4	
DESKBY	5	
FM FCO	6	FM FCO
PRE/ADD	7	To Immediate Bonn
TEL NO	8	Telegram Number:
	9	YOUR TELNO 618: MILAN EUROPEAN COUNCIL: MESSAGE FROM
	10	CHANCELLOR KOHL
	11	1. Please pass the following reply from the Prime Minister to
	12	Chancellor Kohl:
	13	Begins. Thank you for your letter of 19 June about the ideas we
	14	discussed at Chequers last month. I am glad we are in agreement
	15	on the need for a formal and binding agreement on political
	16	cooperation. I hope that we can work closely together to secure
	17	agreement to this in Milan.
	18	2. I think there is agreement among the member states that we
	19	must now make <u>decisive progress</u> to complete the <u>common market</u> in
	20	goods and services. I hope we can concentrate on those areas
	21	where real progress can be made. We should not, I think serve
///	22	that purpose by concentrating on issues which would raise immense
//	23	difficulties for all member states, notably <u>tax harmonisation</u> .
/	24	3 On the European Parliament, as you know, we believe that the
	25	present problems between the Parliament and the Council are

NNNN ends telegram	BLANK	Catchword <b>not</b>
File number	Dept <b>ECD(I)</b>	Distribution
Drafted by (Block capitals) <b>J S WALL</b>		
Telephone number <b>233 5629</b>		
Authorised for despatch		
Comcen reference	Time of despatch	









Foreign and Commonwealth Office

London SW1A 2AH

24 June 1985

Dear Charles,

Action Committee for Europe

/ As requested in your letter of 17 June, I enclose a draft reply for the Prime Minister to send to Karl Carstens, Chairman of the Action Committee for Europe. The passage on the ERM is agreed by the Treasury.

The Action Committee's Declaration is a reasonably down-to-earth prescription for the development of the Community. They do not call for a new Treaty. We can agree with many of their proposals, though the Action Committee also support the approximation of VAT levels and excise duties and early entry of the UK into the ERM.

I am copying this letter and its enclosure to Rachel Lomax (HM Treasury), John Mogg (DTI) and David Williamson (Cabinet Office).

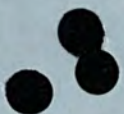
Yours ever,

Colin Budd

(C R Budd)  
Private Secretary

C D Powell Esq  
10 Downing Street





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

**TYPE:** Draft/Final 1+

**FROM:**

Reference

The Prime Minister

**DEPARTMENT:**

**TEL. NO:**

**SECURITY CLASSIFICATION**

**TO:**

Your Reference

Top Secret

Secret

Confidential

Restricted

Unclassified

Prof. Dr. Karl Carstens  
5300 Bonn 1  
Bundeshaus

**Copies to:**

**PRIVACY MARKING**

**SUBJECT:**

*RAMANT*

.....In Confidence

Thank you for your letter of 13 June letting me know of the meeting of the Action Committee for Europe. I have read the Declaration and the Appeal with interest.

**CAVEAT**.....

The European Council's forthcoming meeting at Milan will be of <sup>great</sup> crucial importance for the future development of the European Community. The United Kingdom <sup>will do</sup> ~~will be doing~~ everything possible to achieve ~~decisive~~ progress in several areas.

I share the Committee's view on the need to complete the common market for goods and services as laid down in the EC Treaty. This is vital for wealth and job creation. We need a specific timetable covering the removal of obstacles to the free movement of goods, a free market in financial and other services, full freedom of establishment and a liberalised, freely competitive transport market.

Enclosures—flag(s).....

Like you, we also believe the time has come to strengthen cooperation in foreign policy. I hope the Milan European Council will decide on a binding agreement on political cooperation. This agreement would include a commitment

/to



to consult on major foreign policy issues including political aspects of security.

As the Action Committee's Appeal point out and as you remind me in your letter, practical improvements in decision making <sup>will be</sup> ~~are~~ needed in a Community of Twelve. We believe the Council should have greater recourse to majority voting where the Treaty so provides; that Member States should make greater use of the abstention procedures under Article 148; that where the European Council decides on particular objectives it might also agree that Member States would aim not to impede progress by invoking the unanimity requirements; and that any Member State asking for a vote to be deferred should be required to explain in a special and formal procedure of the General Affairs Council why it considers a very important interest to be at stake.

We have a real opportunity at Milan to take decisions which will strengthen the Community's competitive position, improve the working of the Community's institutions, including the relationship between the European Parliament and the Council and lead to greater unity, both internally and externally in practical ways. ~~Thanks to contributions from those like the Action Committee who have the Community's interest at heart,~~ <sup>we</sup> we know what needs to be done. We now need the political will to take decisions in the areas I have described. <sup>am</sup> I want ~~to~~ <sup>end</sup> to take these decisions at Milan.

Finally may I take up the second point in your letter regarding the UK joining the Exchange Rate Mechanism.

As we have made clear on a number of occasions, this matter is

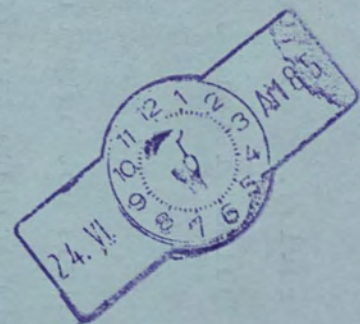


kept continually under review. Community cooperation in this area would not be helped if the UK were to join prematurely. )

We need to assure ourselves not only that sterling's participation would help promote the UK's domestic policy objectives, but also that it would not lead to strains on the system itself.

CDV.







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TO IMMEDIATE FCO  
TELEGRAM NUMBER 631 OF 21 JUNE  
INFO PRIORITY UKREP BRUSSELS, ROME , PARIS  
INFO ROUTINE OTHER EC POSTS

MY TELNO 620: RUN UP TO MILAN: THE GERMAN APPROACH

1. WE HAD THE FOLLOWING ACCOUNT THIS AFTERNOON FROM TRUMPF (AUSWAERTIGES AMT) OF THIS MORNING'S MEETING OF THE CABINET SUB-COMMITTEE ON EUROPE CHAIRED BY KOHL.

2. GENERAL

TRUMPF SAID THAT MILAN WOULD NOT FAIL BECAUSE OF THE GERMANS. THE GERMAN LINE WAS TO SEE AS MUCH OF DOOGUE IMPLEMENTED AS POSSIBLE, EXCEPTING, OF COURSE, THE THREE GERMAN RESERVES. BUT THE CABINET HAD RECOGNISED THAT THIS OBJECTIVE WAS LIKELY TO BE TOO AMBITIOUS. KOHL HAD REPORTED THAT THE MOOD AMONG THE REPRESENTATIVES OF THE EUROPEAN CHRISTIAN DEMOCRAT PARTIES MEETING IN ROME HAD BEEN RATHER DOWNBEAT AND THAT THEY WERE SCEPTICAL ABOUT AN INTERGOVERNMENTAL CONFERENCE. NEVERTHELESS, KOHL WANTED THE 'EUROPEAN FLAG' TO BE RAISED HIGH AT MILAN.

3. DECISION TAKING.

TRUMPF SAID THAT THE FIRST GERMAN POSITION WAS TO RETURN FULLY TO THE TREATIES. BUT, IF ALL WERE NOT PREPARED TO FOREGO THE VETO, THE GERMANS COULD ACCEPT THAT. EVEN IF AGREEMENT WAS REACHED ON MAKING ACCESS TO THE VETO MORE DIFFICULT, THE GERMANS WOULD NOT ASSOCIATE THEMSELVES WITH IT, SINCE IN SO DOING THEY WOULD BE LEGITIMISING THE VETO. THIS WOULD NOT, HOWEVER, MEAN THAT THE GERMANS WOULD FOREGO FOR EVER AND A DAY USING THE VETO THEMSELVES.

4. SPEAKING PERSONALLY, TRUMPF SAID HE WAS DOUBTFUL WHETHER IT WOULD BE POSSIBLE IN MILAN TO REACH AGREEMENT ON SOMETHING LIKE A 'MILAN ACCORD'. THE FRENCH HAD THOUGHTS ON DECISION TAKING WHICH DID NOT COINCIDE EXACTLY WITH OURS, AND HE THOUGHT OTHERS WERE BUSY TOO. AN IDEA THAT THE GERMANS HAD IN PLAY WAS THAT THE VETO SHOULD ONLY BE EMPLOYED BY A HEAD OF GOVERNMENT WRITING TO THE PRESIDENT OF THE COMMISSION, WHO WOULD THEN ORGANISE A DISCUSSION IN THE GENERAL COUNCIL, WHICH MIGHT ULTIMATELY HAVE TO APPEAL TO THE EUROPEAN COUNCIL. ALTHOUGH TRUMPF QUALIFIED FRENCH ACTIVITY AS BEING IN A 'STADE DE REFLEXION' AND WOULD NOT CONFIRM THAT THE GERMAN IDEA HE HAD MENTIONED WOULD BE TABLED, HIS OWN GUESS WAS THAT THERE WAS A RISK THAT WITH SO MANY POTENTIAL PROPOSALS IN THE AIR, THERE MIGHT NOT BE TIME AT MILAN TO TAKE A CLEAR DECISION.

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## 5. PARLIAMENT

TRUMPF SAID THAT KOHL'S CONTACTS WITH HIS COLLEAGUES OF THE EUROPEAN CHRISTIAN DEMOCRAT PARTIES IN ROME HAD CONFIRMED HIM IN HIS VIEW THAT MORE POWERS SHOULD BE GIVEN TO THE EUROPEAN PARLIAMENT. THE GERMAN IDEAS WERE THOSE THAT RUHFUS GAVE ME YESTERDAY (MY TUR). HE ALSO REFERRED TO HIS CONVERSATION WITH SIR M BUTLER IN LUXEMBOURG ON 19 JUNE. WE WARNED TRUMPF THAT WE WOULD NOT ACCEPT A TREATY CHANGE IN FAVOUR OF THE PARLIAMENT.

## 6. POCO

TRUMPF SAID THAT THE GERMANS WANTED BINDING ARRANGEMENTS FOR POLITICAL AND SECURITY COOPERATION (A TREATY) AND THAT DOOGE WAS THE LEAST THAT THEY WOULD BE SATISFIED WITH. BUT HE ADDED THAT THE CHANCELLOR HAD NOT BEEN UNINFLUENCED BY THE EVIDENT RESERVE, AMONG BENELUX REPRESENTATIVES IN ROME, TOWARDS THE PROPOSAL FOR A SECRETARY GENERAL.

## 7. INTERNAL MARKET.

THE GERMANS WANTED TO MAKE RAPID PROGRESS. HOWEVER, THE TIMETABLE WAS TOO SHORT (1992), PARTICULARLY FOR TAX HARMONISATION. (COMMENT: BOTH AT THE ECONOMICS MINISTRY AND AT THE FEDERAL CHANCELLERY WE HAVE ALSO HAD THE DIFFICULTIES ABOUT ACHIEVING TAX HARMONISATION WITHOUT TIME FRAME STRESSED TO US. THE CHANCELLERY'S ADDITIONAL GLOSS IS THAT PROGRESS MUST BE MADE ON ALL FRONTS AND THAT MEMBER STATES MUST NOT BE ALLOWED TO PICK AND CHOOSE FROM THE COMMISSION'S MENU.) TRUMPF ADDED THAT THE GERMANS WERE DISAPPOINTED THAT THE COMMISSION'S PROPOSALS HAD COME TOO LATE TO ALLOW PROPER PREPARATION BEFORE MILAN. THEY WERE RELUCTANT TO GIVE ANY GLOBAL AGREEMENT TO WHAT THE COMMISSION WERE PROPOSING SINCE THEY FEARED THAT THE COMMISSION WOULD HAVE TOO MUCH FREEDOM OF MANOEUVRE, WHICH WOULD SUBSEQUENTLY HAVE TO BE CLAWED BACK. HE REFERRED TO THE DIFFICULTIES WITH THE COMMISSION ON IMP'S THAT HAD FOLLOWED THE EUROPEAN COUNCIL'S DECISION. BUT THE GERMANS WOULD AGREE TO THE ESTABLISHMENT OF A HIGH LEVEL GROUP ON THE INTERNAL MARKET. THE CABINET WOULD DISCUSS THE QUESTION AGAIN IN SEPTEMBER.

## 8. TECHNOLOGY.

THE GERMANS WANTED TO SEE THE RAPID REALISATION OF WHAT DOOGE PROPOSED, AND WERE READY TO COOPERATE ON EUREKA. THEIR PRIORITIES WERE: AN AGREED STRATEGY, CONCRETE PROJECTS, AN AGREED STRUCTURE, AGREEMENT ON FINANCING. HE DOUBTED, HOWEVER, THAT THERE WOULD BE TIME BEFORE MILAN TO IDENTIFY CONCRETE PROJECTS. THE BULL/SIEMENS TALKS WERE PROMISING BUT HAD STILL SOME WAY TO GO. THE GERMANS WERE AGAINST HAVING EUREKA TOO CLOSELY LINKED TO THE COMMUNITY: EUROPE WAS MORE THAN THE COMMUNITY. TRUMPF ALSO SAID THAT THE GERMANS DID NOT REGARD EUREKA AS EXCLUSIVELY CIVIL. THERE COULD ALSO BE A MILITARY COMPONENT. IN THIS CONTEXT HE MENTIONED THE EUROPEAN FIGHTER AIRCRAFT (EFA) FROM WHICH SUBSTANTIAL CIVIL SPIN-OFF COULD BE EXPECTED.

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9. IN A SHORT SEPARATE CONVERSATION WITH ME, RUHFUS ADDED THE FOLLOWING TOUCHES:

- A) DECISION TAKING: IF OTHERS WANTED TO LIMIT THE APPLICATION OF THE LUXEMBOURG COMPROMISE, THE FRG WOULD NOT STAND IN THEIR WAY.
- B) PARLIAMENT: THE GERMANS WERE THINKING OF CIRCULATING ON PAPER, IN ADVANCE OF MILAN, THEIR IDEAS AS DESCRIBED TO ME YESTERDAY (MY TUR)
- C) THE COMMISSION'S PROPOSALS WERE MUCH TOO WEAK ON LIBERALISING CAPITAL MOVEMENTS.

ADVANCE COPIES TO CAB OFF - WILLIAMSON, JAY  
FCO - BRAITHWAITE, RENWICK, FAIRWEATHER.  
HM TSY - FITCHEW

BULLARD

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From the Minister of State  
for Industry and Information Technology

GEOFFREY PATTIE MP

Rt Hon Sir Geoffrey Howe QC MP  
Secretary of State for Foreign  
and Commonwealth Affairs  
FCO

DEPARTMENT OF TRADE AND INDUSTRY  
1-19 VICTORIA STREET  
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215  
GTN 215 5147  
(Switchboard) 215 7877

cc

C. D. Powell

copy

*JEPC*

*Subject: -  
Eureka Pol: Budget  
Pt 30.*

20 June 1985

*Please put on file  
but return a copy  
to me on 26 June  
CDP,  
296.*

*Dear Geoffrey*

**UNITED KINGDOM RESPONSE TO EUREKA: HIGH TECHNOLOGY PRODUCT WARRANTY SCHEME**

On my return from the Far East, I saw Robin Nicholson's letter to you of 6 June and thought I should make one or two comments.

I am always cautious about advancing proposals on the basis that they have not been fully researched and their authors are not in any way committed to them because inevitably they tend to generate a momentum of their own. Nonetheless I am sure you will have mentioned them at Stresa in exactly the right tone and I shall be trying them out on our industrialists in the course of this week.

I recognise the advantages of being able to canvass United Kingdom proposals in the Eureka exchanges, particularly if these would help to lead discussions into market orientated action. Certainly Robin Nicholson's scheme has that flavour. Nonetheless I think it might help anticipate some of the probing questions which may be put to us if we had a critical look at some of the considerations set out in the attached note. They

JE2/JE2AAJ





## EUROTYPE PRODUCT WARRANT: SOME ISSUES FOR FURTHER CONSIDERATION

- (i) The proposition is for a system for "awarding" a Eurotype warrant.

Seemingly the "award" would be granted at a relatively early stage in a product's development. Decisions on the suitability of an award will thus be made largely on the basis of technological considerations rather than on assessments of marketability. Of itself the award will mean moving only a little way from technology push to market pull. The critical factors will therefore rest with the obligations resting on the holder of such a warrant and the advantages which he will receive - of which more later.

- (ii) Meantime the decision to grant an award will depend on "novelty" and "superiority".

One approach would be strictly objective by developing detailed criteria and a data bank of information (patents being the nearest analogy). Do we really accept the time that this would take and the bureaucracy entailed? Alternatively trust is placed in the subjective judgement and personal knowledge of wise men - who would be arbitrators and not consultants. Are we prepared for the considerable act of faith involved by potential applicants, potential users and by governments? [Do we envisage a situation in which Frenchmen would have endorsed EMI's NMR scanner?]

- (iii) There is a price to be paid for the award of a warrant, namely the readiness to negotiate in good faith with other enterprises to forward the research, development, production and marketing of the product on a risk-sharing basis.

Would warrant holders be able to do this without broadcasting their ideas to the world at large including their actual and potential competitors? And would they want to delay exploitation while "negotiating" for partners? What about allegations of bad faith by either side? Who would adjudicate and perhaps demand withdrawal of the warrant and therefore its benefits?



EU



10 DOWNING STREET

*From the Private Secretary*

20 June 1985

I enclose a copy of a letter to the Prime Minister from Chancellor Kohl and should be grateful for a draft reply by 5 p.m. on 24 June.

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

(Charles Powell)

Colin Budd, Esq.,  
Foreign and Commonwealth Office.

A handwritten signature, likely of Charles Powell, written in dark ink.



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TO IMMEDIATE FCO

TELNO 606 OF 20 JUN 85

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INFO PRIORITY BONN, PARIS

INFO ROUTINE ATHENS, COPENHAGEN, THE HAGUE, BRUSSELS, DUBLIN,  
LUXEMBOURG.

MILAN EUROPEAN COUNCIL.

1. I CALLED ON THE SECRETARY GENERAL OF THE MFA YESTERDAY EVENING AND ASKED HOW HE SAW THE PROSPECTS AFTER THE MOST RECENT FOREIGN AFFAIRS COUNCIL AND THE BILATERAL WITH MITTERRAND AT FLORENCE.

2. RUGGIERO SAID THAT NOT ALL THE CHIPS WERE DOWN YET, BUT HE SAW THREE OPTIONS FOR THE COMMUNITY. THE FIRST WAS THE DOOGÉ COMMITTEE REPORT WHICH WAS ON THE TABLE. THE RECOMMENDATION FOR A NEW TREATY ON EUROPEAN UNION WOULD BE THE INEVITABLE STARTING POINT FOR DEBATE. THE SECOND OPTION WAS THE MODIFICATION OF THE EXISTING TREATIES, AS FAVOURED BY THE BENELUX COUNTRIES. THE THIRD ALTERNATIVE WAS THAT PUT FORWARD BY BRITAIN, FOR DEVELOPMENT OF THE COMMUNITY WITHIN THE FRAMEWORK OF THE TREATIES. RUGGIERO CLEARLY SAW THE SECOND OPTION AS PROVIDING THE CENTRAL PART OF THE DISCUSSION AT MILAN. HE ALSO SAW A FUNDAMENTAL DIFFERENCE BETWEEN THE FIRST AND SECOND OPTIONS, WHICH WOULD MEAN THE ADOPTION OF A NEW TREATY BY A LIMITED NUMBER OF EXISTING MEMBERS OF THE COMMUNITY AND THE THIRD WHICH REQUIRED NO SUCH BASIC CHOICE.

3. DISCUSSION OF THE SECOND OPTION, RUGGIERO SAID, WOULD FALL INTO FOUR SECTIONS,

- (A) THE NATURE OF THE EUROPEAN UNION, POLITICAL COOPERATION AND POLITICAL SECURITY
- (B) THE INTERNAL MARKET
- (C) INSTITUTIONAL CHANGES
- (D) NEW POLICIES SUCH AS CULTURE, NEW TECHNOLOGY, DRUGS, HEALTH, ETC.

COMMENTING ON THESE, HE SAW THE BRITISH PAPER AS A USEFUL STARTING POINT FOR THE DISCUSSION. IT WAS CLEAR FROM WHAT DR FITZGERALD HAD SAID IN ROME EARLIER THAT DAY, THAT IRELAND WOULD BE VERY DIFFICULT ABOUT POLITICAL SECURITY. OTHERS WOULD WISH TO ADD TO OUR PROPOSALS (AND MAKE ITS STATUS MORE FORMAL). HE SPOKE MORE FULLY ABOUT THE COMMISSION PAPER ON THE MARKET WHICH HE HAD READ IN FULL. HIS OWN VIEW WAS THAT THESE IDEAS, WHILE ADMIRABLE IN MANY WAYS, WOULD CONSTITUTE THE CREATION OF A UNITED STATES OF EUROPE: AND IF ANYTHING ON THESE LINES WAS CONTEMPLATED, A MAJOR ADDITION TO THE POWERS OF THE EUROPEAN PARLIAMENT WOULD BE REQUIRED TO PROVIDE THE NECESSARY DEMOCRATIC CONTROL. HE SPOKE ON FAMILIAR LINES ABOUT THE NEED TO SATISFY INSISTENT DEMANDS OF A MORE SATISFACTORY ROLE FOR THE PARLIAMENT. I REMINDED HIM OF OUR STATED WISH TO CONTINUE DEMOCRATIC CONTROL BY NATIONAL PARLIAMENTS AS EXERCISED IN PRACTICE AT WESTMINISTER, AND OF THE DANGERS OF THE THEORY OF CODECISION WHEN APPLIED IN PRACTICE.

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THIS LED ON TO A DISCUSSION ABOUT DECISION-MAKING. RUGGIERO ACCEPTED THAT MANY IF NOT MOST IN THE COMMUNITY ACCEPTED THE NEED FOR A REDEFINITION OF THE LUXEMBOURG COMPROMISE, BUT HE THOUGHT LITTLE OF OUR IDEA OF A MILAN COMPROMISE, WHICH HE CLAIMED LACKED ANY CREDIBILITY IN THE COMMUNITY AT LARGE.

4. I ASKED IF HE HAD REACHED ANY CONCLUSIONS ABOUT HOW THE BUSINESS AT MILAN MIGHT BE HANDLED. WAS THE PRESIDENCY THINKING OF CIRCULATING DRAFT CONCLUSIONS, OR AN ANNOTATED AGENDA? RUGGIERO REPLIED THAT THERE WAS STILL A LOT OF CONFUSION, AND NATIONAL POSITIONS WERE NOT YET CLEAR - AGAIN, THE CHIPS WERE NOT YET DOWN. THERE HAD HOWEVER BEEN A USEFUL DISCUSSION WITH MITTERRAND, WHO HAD SAID AT FLORENCE THAT FRANCE WISHES TO MOVE IN THE DIRECTIONS INDICATED BY DOOGE, BUT WAS NOT YET SURE THAT THE TIME HAD COME TO MAKE THE MOVE. MITTERRAND HAD ADDED THAT, IF A DECISION WERE NOT TAKEN IN THIS SENSE BY THE COMMUNITY AS A WHOLE, IN THE NEXT TWO COUNCILS, OR IN THAT APPROXIMATE TIMESCALE, SOME MEMBERS OF THE EC WOULD WISH TO MAKE THAT MOVE ON THEIR OWN. IN OTHER WORDS, IF ALL COULD NOT JUMP TOGETHER, SOME WOULD WISH TO JUMP SEPARATELY. IF THAT CAME TO PASS, RUGGIERO ADDED, ITALY WOULD WANT BRITAIN TO BE IN THE GROUP WHO JUMPED.

5. I ASKED WHETHER THE ITALIANS WERE STILL STICKING TO THEIR ORIGINAL IDEAS ABOUT HOLDING AN INTERGOVERNMENTAL CONFERENCE. REMARKS BY ANDREOTTI QUOTED IN THE PRESS SUGGESTED THE ITALIANS MIGHT BE PREPARED TO MODIFY THE PROPOSAL. RUGGIERO SAID THIS WAS PART OF DOOGE, BUT THOUGHT ANDREOTTI WOULD WANT TO HANDLE THIS AT THE END OF THE DISCUSSION AT MILAN, AS A PROCEDURAL QUESTION ONCE OBJECTIVES HAD BEEN AGREED.

6. ALSO ON THE HANDLING OF THE MILAN MEETING, RUGGIERO SAID THAT HE THOUGHT ANDREOTTI WAS INCLINED TO START WITH A TABLE ROUND ON THE FIRST OPTION (THE DOOGE RECOMMENDATIONS), AND IF NO CONSENSUS EMERGED IN FAVOUR OF THAT, TO PROCEED TO THE SECOND. CRAXI HAD BEEN ADVISED IN THIS SENSE, AND MIGHT WRITE TO HIS COLLEAGUES TO SUGGEST THIS PROCEDURE, BUT HAD NOT YET FINALLY DECIDED SO TO ACT. HE ASKED HOW WE WOULD REACT TO A POSSIBLE COMPROMISE ON DECISION-TAKING ON THE SECOND OPTION, WHEREBY MAJORITY VOTING WOULD BE GRADUALLY INTRODUCED ON A TIMETABLE, WITH SOME POWERS OF DECISION BEING RESERVED FOR THE COUNCIL OF MINISTERS FOR STATED PERIODS. I REMINDED HIM OF OUR OBJECTION TO TREATY AMENDMENT WHICH THIS IDEA WOULD IMPLY. WHEN HE PRESSED ME FURTHER, I SAID THAT I SAW NO LIKELIHOOD OF A MOVE ON OUR PART. AS HE HAD SAID, NOT ALL THE CHIPS WERE DOWN AND WE COULD NOT BE EXPECTED TO CONSIDER SUCH IDEAS, AFTER MAKING OUR OWN VIEWS VERY CLEAR, AND WHEN THERE REMAINED UNCERTAINTY ABOUT THE OPINIONS OF OTHER IMPORTANT MEMBERS OF THE COMMUNITY.

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7. RUGGIERO AGREED THAT THIS WAS A REASONABLE POINT. HE WOULD BE PRESENT WHEN CRAXI SAW KOHL LATER TODAY AND HAD ARRANGED TO SEE TELTSCHIK AFTERWARDS. HE HOPED TO BE ABLE TO TELL ME MORE AT OUR QUEENS BIRTHDAY PARTY THIS EVENING, BUT WOULD IN ANY CASE LIKE TO SUGGEST A FURTHER DISCUSSION IN ROME EARLY NEXT WEEK WITH A SENIOR OFFICIAL (HE HOPED WILLIAMSON WOULD BE ABLE TO COME). HE WOULD ALSO OF COURSE BE IN TOUCH WITH OTHERS, AND HAD BEEN IN CONTACT WITH ATTALI BY TELEPHONE YESTERDAY. HE WILL REPORT AGAIN WHEN HE HEAR FURTHER FROM RUGGIERO.

BRIDGES

FRANC STRUCTURAL  
(COG)

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INFO ROUTINE ATHENS, EMBASSY BRUSSELS, COPENHAGEN, DUBLIN,  
LUXEMBOURG, PARIS, THE HAGUE.

## RUN UP TO MILAN

### SUMMARY

1. GERMAN LINE STILL UNDECIDED: DIVERGENCIES BETWEEN CHANCELLERY AND AUSWAERTIGES AMT: LATTER STICKING TO FULLEST POSSIBLE IMPLEMENTATION OF DOOGE, FORMER APPARENTLY MORE PRAGMATIC. APPRECIATION OF BRITISH IDEAS, BUT GERMANS WANT TO 'GO FURTHER'. FDP MINISTERS (AUSWAERTIGES AMT AND ECONOMY) HAVE YET TO COME TO TERMS WITH KIECHLE'S VETO. CABINET SUB-COMMITTEE ON EUROPE MEETING TOMORROW TO DECIDE FRG LINE FOR MILAN.

### DETAIL

2. THIS WEEK I HAVE SEEN BANGEMANN AND RUHFUS AND WE HAVE SPOKEN TO OFFICIALS FROM OTHER MINISTRIES AND THE FEDERAL CHANCELLERY. WE HAVE SET OUT THE BRITISH POSITION AT LENGTH AND IN DETAIL ORALLY AND IN WRITING. THE CABINET COMMITTEE ON EUROPE WILL MEET TOMORROW TO TRY TO WORK OUT A LINE FOR MILAN. AT THE MOMENT OPINIONS ARE DIVIDED.

3. IT SEEMS THAT NEITHER GENSCHER NOR BANGEMANN (BOTH FDP) HAVE YET COME TERMS WITH KIECHLE'S VETO. BOTH ARE RELUCTANT TO DEPART FROM DOOGE AND THEIR COMMITMENT TO THE TRADITIONAL GOAL OF EUROPEAN UNION, NON-ACCEPTANCE OF THE LUXEMBOURG COMPROMISE AND ALL THAT THESE NOTIONS ENTAIL. BANGEMANN SAID HE WOULD PREFER THE PRESENT SITUATION TO OUR IDEA OF A MILAN ACCORD WHICH WOULD RESULT IN THE USE OF THE VETO BECOMING MORE DIFFICULT BUT MORE CODIFIED. I SUSPECT THAT KOHL AND OTHER MEMBERS OF THE CABINET ARE PREPARED TO BE MORE PRAGMATIC.

4. BANGEMANN WAS CLEARLY VERY DOWNCAST. HE SAW LITTLE PROSPECT OF ANYTHING WORTHWHILE BEING ACHIEVED AT MILAN. HE GAVE THE IMPRESSION

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OF A MAN CONFRONTED WITH THE DESTRUCTION OF HIS IDEALS. HIS FRUSTRATION TOOK THE FORM OF A STRONGLY NATIONALIST APPROACH TO MATTERS SUCH AS FREEDOM OF SERVICES: THE GERMANS WOULD DEFEND THEIR INTERESTS, HE SAID. BUT BANGEMANN IS VOLATILE.

5. I ASKED RUHFUS TODAY TO BRIEF ME ON THE GERMAN APPROACH TO MILAN. HE REFERRED ME TO A RECENT ARTICLE OF GENSCHER'S (MY TELEGRAM NUMBER 610) AND TO THE CHANCELLOR'S REPLY TO THE PRIME MINISTER BEING TRANSMITTED VIA THE GERMAN EMBASSY. RUHFUS SAID THE FEDERAL GOVERNMENT REGARDED THE IDEAS OUTLINED TO HIM AT CHEQUERS LAST MONTH AS BEING OF GREAT VALUE. THEY WERE PARTICULARLY APPRECIATIVE OF THE PRIME MINISTER'S HAVING, AT SUCH AN EARLY STAGE, MADE THE FEDERAL CHANCELLOR PRIVY TO HER VIEWS. THESE COINCIDED IN LARGE MEASURE WITH HIS OWN: THE GERMANS HAD SOME ADDITIONAL POINTS, WHICH WERE OUTLINED IN THE CHANCELLOR'S REPLY.

6. RUNNING RAPIDLY OVER THE AGENDA FOR MILAN, RUHFUS SAID THAT THE POSITIONS HE HAD TAKEN IN THE DOOGE COMMITTEE HAD BEEN ENDORSED BY THE FEDERAL CABINET. THE GERMAN AIM WAS TO REALISE AS MUCH OF DOOGE AS POSSIBLE. ON THE INTERNAL MARKET, THE GERMANS GREATLY WELCOMED THE COMMISSIONS PROPOSALS. BUT THEY WOULD HAVE DIFFICULTY WITH THE TIMETABLE AS FAR AS TRANSPORT AND INSURANCE WENT. (BANGEMANN HAD STRESSED THE IMPORTANCE OF TAX HARMONISATION, AND BOTH HE AND THIELE COMPLAINED THAT THE COMMISSION'S PAPER DID NOT GIVE TO FREE CAPITAL MOVEMENT THE IMPORTANCE IT HAD FOR THE INTERNAL MARKET). PROGRESS ON TECHNOLOGY AS DOOGE RECOGNISED, WAS VITAL. THE GERMAN PRIORITIES WERE FREER MARKETS, PROGRESS ON STANDARDS AND ON THE EFFECTIVE LIBERATION OF PUBLIC TENDERING. ON EUREKA, THE GERMANS WANTED TO AVOID IMPOSING A HEAVY COMMUNITY BUREAUCRACY UPON IT BUT REGARDED A LINK WITH THE COMMUNITY AS NEVERTHELESS VITAL. RIESENHUBER AND CURIEN HAD MET RECENTLY TO IDENTIFY PROJECTS. THERE HAD ALSO BEEN CONTACT BETWEEN SIEMENS AND BULL. WHETHER PROJECTS COULD BE IDENTIFIED BEFORE MILAN WAS NOT CERTAIN. ON INSTITUTIONAL QUESTIONS, NOTWITHSTANDING THE KIECHLE VETO, THE FEDERAL GOVERNMENT POSITION WAS TO RETURN TO THE TREATIES (MAJORITY VOTING, NO RECOGNITION OF THE VETO). ON POWERS OF THE EUROPEAN PARLIAMENT, THE GERMANS HAD SOME IDEAS. AS FAR AS THE BUDGET AND EXISTING REGULATIONS WERE CONCERNED, PROCEDURES SHOULD REMAIN AS THEY WERE, BUT WHERE NEW LEGISLATION WAS CONCERNED (POSSIBLY AREAS UNDER ARTICLE 100), THE PARLIAMENT COULD BE GIVEN THE RIGHT TO COMMENT ON COMMISSION PROPOSALS BEFORE THEY WERE SUBMITTED TO THE COUNCIL, WHICH WOULD HOWEVER RETAIN THE LAST WORD. IN CERTAIN LIMITED AREAS EG ASSOCIATION ENLARGEMENT THE PARLIAMENT SHOULD BE GIVEN A GENUINE

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[mostly  
more  
power  
for the  
Assembly]



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RIGHT OF CO-DECISION. TOMMORROWS CABINET COMMITTEE WOULD AIM TO DECIDE ON THESE IDEAS.

7. I TOLD RUHFUS THAT THERE WAS EVIDENTLY A LOT OF COMMON GROUND HERE, BUT NOT ON THE EUROPEAN PARLIAMENT: WE WANTED TO SEE IT INCREASE ITS INFLUENCE USING THE POWERS IT HAD ALREADY.

8. AT THE CHANCELLERY, THIELE CONFIRMED WHAT RUHFUS HAD TO SAY ABOUT POWERS FOR THE PARLIAMENT. BUT HIS LINE ON DECISION TAKING WAS DIFFERENT. HE RECOGNISED, AND HINTED THAT THE CHANCELLOR DID TOO, THAT NO MAJORITY COULD BE ASSEMBLED FOR A SIMPLE RETURN TO THE TREATIES, THAT THE VETO WAS A FACT OF LIFE, AND THAT THERE WAS A RISK OF TWO CAMPS EMERGING IN MILAN WHICH WOULD PREVENT PROGRESS. WHILE THE GERMANS WANTED TO INCREASE THE NUMBER OF ARTICLES SUBJECT TO MAJORITY VOTING, THIELE SEEMED TO ACCEPT THAT GETTING THE NECESSARY UNANIMITY TO MAKE CORRESPONDING CHANGES TO THE TREATY WAS HIGHLY PROBLEMATIC. AGAINST THIS BACKGROUND HE SEEMED DISPOSED TO THINK THAT SOMETHING LIKE A MILAN ACCORD (AS SUCCESSOR TO THE LUXEMBOURG COMPROMISE) MIGHT BE WORTH HAVING. BUT HE MADE CLEAR THAT RECOGNITION OF THE VETO REMAINED VERY DIFFICULT FOR THE GERMANS AND ITS PUBLIC PRESENTATION EVEN MORE SO.

FCO PLEASE ADVANCE TO  
CAB OFF. - WILLIAMSON, JAY.  
FCO - BRAITHWAITE, RENWICK, FAIRWEATHER, SHEPHERD  
HM TSY - FITCHEW  
MAFF - ANDREWS

BULLARD  
FRAME GENERAL  
ECD(I)

(ADVANCED AS REQUESTED)

COPIES TO:  
ADVANCE ADDRESSEES

<sup>3</sup>  
CONFIDENTIAL



~~CPL~~ Yes  
ON

20/6.

Briefing for Milano.

Agree the following distribution?

- ① PM
- ② FERB
- ③ CDP.
- ④ PC
- ⑤ BI
- ⑥ Duty Clerk
- ⑦ Press office
- ⑧ Spare

Martin.



WSP

20/6.

MILANO

Briefing will be here  
on Tuesday morning.

Is this OK?

Marti.

Ken.  
an



PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T 116 AA/85

L e t t e r  
from

Herr Helmut Kohl, Federal Chancellor of the  
Federal Republic of Germany

*cc Ops  
master*

to

Her Excellency Margaret Thatcher, Prime Minister  
of the United Kingdom of Great Britain and  
Northern Ireland

---

Bonn, 19 June 1985

Dear Prime Minister,  
Dear Margaret,

At our meeting in Chequers in May you gave me three working papers relating to the preparations for the forthcoming meeting of the European Council in Milan. We have studied the papers thoroughly and taken them into account in our deliberations for Milan.

I am most grateful to you for taking a personal interest in the drafting of an agreement on EPC. The British draft provides a good foundation for this. I particularly welcome the proposals it contains for formalizing the obligation to enter into prior consultations, for establishing a secretariat to assist the presidency, for intensified co-operation in international organizations, and for closer co-operation among the Ten in Third countries.

In my opinion, however, we should go a step further and seek to give EPC the firm foundation of a treaty. The treaty should also stipulate the goal of establishing European Union and clearly state that we pursue a common foreign and security policy. At the moment we are considering how we can link these aims with your proposal.



As you know, the Federal Government emphatically supports efforts aimed at completing the internal market, as also covered in detail in the programme of action you gave me. I too regard the creation of a homogeneous economic region, which after years of delay should now be realized as quickly as possible, as an essential element of European integration. We therefore endorse the principal areas for action set out in your paper. We believe that great efforts are still needed, particularly with regard to tax harmonization and the co-ordination and harmonization of national legislation, as for instance in the field of public health and consumer protection, in order to create a well-functioning uniform internal market by the date you have proposed.

Your thoughts on improving the Council's decision-making procedure embrace to a large extent principles which we have already laid down in the Solemn Declaration adopted in Stuttgart in 1983 and which we intend to develop further in Milan. As you know, however, I am personally very anxious that a way should also be found of ensuring a larger involvement of the European Parliament.

I am confident that we shall succeed in Milan in bringing the European Community a major step forward both politically and institutionally. I shall be meeting Prime Minister Craxi in Rome on 20 June 1985 and will ask him how the Italian presidency intends to guide our discussions in Milan. The Community needs to register a success in Milan, and I can assure you that the Federal Republic will do everything in its power to help make that success possible.

Yours sincerely,  
(sgd.) Helmut Kohl



B r i e f

von

Herrn Helmut Kohl, Bundeskanzler der Bundesrepublik  
Deutschland

an

Her Excellency Margaret Thatcher, Prime Minister  
of the United Kingdom of Great Britain and  
Northern Ireland

---

Sehr verehrte Frau Premierminister,  
liebe Margaret,

Sie haben mir bei unserem Treffen in Chequers im Mai  
drei Arbeitspapiere übergeben, die sich auf die Vorbe-  
reitung des bevorstehenden Europäischen Rates in Mailand  
beziehen. Wir haben diese Papiere gründlich geprüft und  
in unsere Überlegungen für Mailand einbezogen.

Ich bin Ihnen sehr dankbar, daß Sie sich persönlich für  
die Erarbeitung eines Übereinkommens über die EPZ ein-  
setzen. Der britische Entwurf stellt hierfür eine gute  
Grundlage dar. Ich begrüße insbesondere, daß dieser Ent-  
wurf Vorschläge zur Formalisierung der Verpflichtung zur  
vorherigen Konsultation, zur Schaffung eines Sekretariats  
zur Unterstützung der Präsidentschaft, zur verstärkten  
Zusammenarbeit in internationalen Organisationen sowie  
zur intensiveren Zusammenarbeit der Zehn in Drittstaaten  
enthält.

Aus meiner Sicht sollten wir aber noch einen Schritt  
weitergehen und eine vertragliche Absicherung der EPZ  
anstreben. In einem solchen Vertrag sollte auch das Ziel  
der Schaffung einer Europäischen Union festgeschrieben  
werden. Ferner sollte deutlich zum Ausdruck kommen, daß  
wir eine gemeinsame Außen- und Sicherheitspolitik an-  
streben. Wir stellen derzeit noch Überlegungen an, wie  
wir diese Zielvorstellungen mit Ihrem Vorschlag ver-  
binden können.



Wie Sie wissen, unterstützt die Bundesregierung nachdrücklich die Bemühungen um die Vollendung des Binnenmarktes, wie sie auch in dem von Ihnen übergebenen Aktionsprogramm ausführlich dargelegt worden sind. Auch ich sehe in der Schaffung eines einheitlichen Wirtschaftsraumes, der nach Jahren der Verzögerung nun möglichst schnell verwirklicht werden sollte, einen Kernbereich der europäischen Integration. Mit den wesentlichen Aktionsbereichen, die in Ihrem Papier aufgeführt sind, stimmen wir daher überein. Dabei glauben wir, daß vor allem bei der Steuerharmonisierung sowie der Koordinierung und der Harmonisierung nationaler Vorschriften, etwa im Gesundheitswesen und im Bereich des Verbraucherschutzes, noch große Anstrengungen erforderlich sind, um zu dem von Ihnen genannten Termin einen funktionierenden einheitlichen Binnenmarkt zu schaffen.

Die von Ihnen übermittelten Gedanken zur Verbesserung des Entscheidungsverfahrens im Rat greifen weitgehend Grundsätze auf, die wir bereits in der Feierlichen Deklaration in Stuttgart 1983 niedergelegt haben und die wir in Mailand weiterentwickeln wollen.

Wie Sie wissen, liegt mir allerdings persönlich auch sehr daran, daß wir den Einstieg für mehr Mitwirkungsrechte des Europäischen Parlaments finden.

Ich bin zuversichtlich, daß es uns in Mailand gelingen wird, die europäische Gemeinschaft in politischer wie auch in institutioneller Hinsicht ein entscheidendes Stück voranzubringen. Ich werde am 20. Juni 1985 in Rom mit Ministerpräsident Craxi zusammentreffen und mir bei dieser Gelegenheit erläutern lassen, wie die italienische Präsidentschaft die Diskussion in Mailand führen will. Die Gemeinschaft braucht in Mailand einen neuen Erfolg, und ich darf Ihnen versichern, daß die Bundesregierung alles in ihren Kräften stehende tun wird, um zu diesem Erfolg beizutragen.

Mit freundlichen Grüßen

Helmut Kohl

Bundeskanzler der Bundesrepublik Deutschland



Botschaft  
der Bundesrepublik Deutschland  
Embassy  
of the Federal Republic of Germany

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Hausanschluß: Extension:  
Sprechstunden: Office hours:  
Montag-Freitag Monday-Friday 9.00-12.00  
Fernschreiber-Telex Nr. 28191  
Telegrammanschrift-Telegrams:  
Diplogerma London

28 June 1985

Mr.  
A. Turnbull  
Private Secretary  
to the Prime Minister  
Cabinet Office  
10 Downing Street  
London

*Dear Mr. Turnbull,*

with reference to the letter of Ambassador Baron  
Rüdiger von Wechmar to the Prime Minister, dated  
June 20, 1985, I have the honour to transmit to  
you the original of the message from Herr Helmut  
Kohl, Chancellor of the Federal Republic of Germany.

*Yours sincerely,*

*Oskar Rudolph*

Oskar Rudolph  
First Counsellor





BUNDESREPUBLIK DEUTSCHLAND  
DER BUNDESKANZLER

Bonn, 19. Juni 1985

Ihrer Exzellenz  
Frau Margaret Thatcher, MP  
Premierminister des Vereinigten  
Königreiches Großbritannien  
und Nordirland

London

Sehr verehrte Frau Premierminister,  
Liebe Margaret,

Sie haben mir bei unserem Treffen in Chequers im Mai drei Arbeitspapiere übergeben, die sich auf die Vorbereitung des bevorstehenden Europäischen Rates in Mailand beziehen. Wir haben diese Papiere gründlich geprüft und in unsere Überlegungen für Mailand einbezogen.

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Aus meiner Sicht sollten wir aber noch einen Schritt weitergehen und eine vertragliche Absicherung der EPZ anstreben. In einem solchen Vertrag sollte auch das Ziel der Schaffung einer Europäischen Union festgeschrieben werden. Ferner sollte deutlich zum Ausdruck kommen, daß wir eine gemeinsame Außen- und Sicherheitspolitik anstreben. Wir stellen derzeit noch Überlegungen an, wie wir diese Zielvorstellungen mit Ihrem Vorschlag verbinden können.

Wie Sie wissen, unterstützt die Bundesregierung nachdrücklich die Bemühungen um die Vollendung des Binnenmarktes, wie sie auch in dem von Ihnen übergebenen Aktionsprogramm ausführlich dargelegt worden sind. Auch ich sehe in der Schaffung eines einheitlichen Wirtschaftsraumes, der nach Jahren der Verzögerung nun möglichst schnell verwirklicht werden sollte, einen Kernbereich der europäischen Integration. Mit den wesentlichen Aktionsbereichen, die in Ihrem Papier aufgeführt sind, stimmen wir daher überein. Dabei glauben wir, daß vor allem bei der Steuerharmonisierung sowie der Koordinierung und der Harmonisierung nationaler Vorschriften, etwa im Gesundheitswesen und im Bereich des Verbraucherschutzes, noch große Anstrengungen erforderlich sind, um zu dem von Ihnen genannten Termin einen funktionierenden einheitlichen Binnenmarkt zu schaffen.

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Ich bin zuversichtlich, daß es uns in Mailand gelingen wird, die Europäische Gemeinschaft in politischer wie auch in institutioneller Hinsicht ein entscheidendes Stück voranzubringen. Ich werde am 20. Juni 1985 in Rom mit Ministerpräsident Craxi zusammentreffen und mir bei dieser Gelegenheit erläutern lassen, wie die italienische Präsidentschaft die Diskussion in Mailand führen will. Die Gemeinschaft braucht in Mailand einen Erfolg und ich darf Ihnen versichern, daß die Bundesregierung alles in ihren Kräften stehende tun wird, um zu diesem Erfolg beizutragen.

Mit freundlichen Grüßen

Te  
L  
St





DER BOTSCHAFTER  
DER BUNDESREPUBLIK DEUTSCHLAND  
Baron Rüdiger von Wechmar

London, 20 June 1985

*Dear Prime Minister,*

I have the honour to transmit to you the enclosed message from Herr Helmut Kohl, Chancellor of the Federal Republic of Germany.

A courtesy translation is also attached.

*I am, Dear Prime Minister,  
Yours sincerely*

Her Excellency  
The Rt.Hon. Margaret Thatcher, MP  
Her Majesty's Prime Minister and  
First Lord of the Treasury  
L o n d o n





POD  
25/6.

Qz.04506

MR POWELL

EUROPEAN COMMUNITY: COMMITTEE ON PEOPLE'S EUROPE

The Committee on People's Europe has now reached agreement on its second and final report which will be submitted to the European Council in Milan. It covers the remaining areas set out in the mandate from the European Council at Fontainebleau and in the programme which the Committee submitted to the Dublin European Council. These are: citizens' rights; culture and communication; information; youth, education, exchanges and sport; volunteer development work in the Third World; health, social security and drugs; and the image and identity of the Community. We consider that this report meets the United Kingdom objectives. There are some Greek and one United Kingdom reservation (on the proposed Eurolotto).

2. Throughout the discussions I sought to put the emphasis on practical improvements which could benefit the individual citizen and to treat as subsidiary the various symbolic points to which other members of the Committee attached importance. I recommend that, if it were necessary to comment on the report before the European Council, we should say:-

(i) this report, which has not yet been considered by the European Council, deals with a whole range of practical points of concern to individual citizens. We support the need to ease administrative formalities and to facilitate contacts between people in the European Community, to the benefit of the individual citizen and the completion of the common market;

(ii) in particular, we welcome the recommendations on the simplification of Community law; "the gradual abandonment both of Community and national legal acts in areas where they are no longer necessary"; the need to "implement

/Community



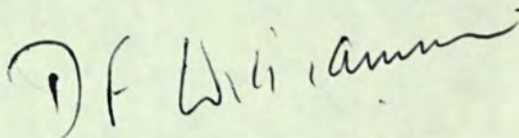
Community law fully, simply and swiftly"; improvements in information about the Community; language teaching; exchanges between schools; university cooperation; vocational training; exchanges of young people; town twinning; combatting hooliganism at sports events (other references to Community teams or events are not directed to governments but are presented for the consideration of sports associations); voluntary work in Third World development; the simplification of procedures for getting medical care when abroad; and intensified action against drug abuse;

(iii) we attach importance to real and practical improvements rather than symbolic gestures. We note that the reference to such issues as emblem and flag (Community to adopt the existing Council of Europe design with the letter E, as already used by the Commission), anthem and stamps do no more than consolidate the existing practice.

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3. I attach a summary of the recommendations.

4. I am sending copies to Janet Lewis-Jones (Office of the Lord President of the Council), Budd (Foreign and Commonwealth Office), Taylor (Home Office), Rachel Lomax (Treasury), Elizabeth Hodgkinson (Department of Education and Science), Ballard (Department of the Environment), Godber (Department of Health and Social Security), Mogg (Department of Trade and Industry), Thomas (Office of the Minister for the Arts), Lewis (Office of the Minister without Portfolio) and to Sir Robert Armstrong.



D F WILLIAMSON

19 June 1985



## SECOND REPORT OF THE COMMITTEE ON PEOPLE'S EUROPE

1. elections to the European Parliament. The uniform electoral procedure should be introduced, in accordance with the Treaty obligation, as soon as possible. Failing this, the Committee recommends that citizens should be entitled to vote either in their country of residence or for candidates of their own country.

Comment - the text is consistent with the United Kingdom's practice; it refers specifically to a citizen's entitlement to vote if he is resident "for a period of time" in another member state.

2. greater openness in Community administration. While supporting the existing right of petition to the European Parliament, the report suggests that the European Parliament could investigate whether there would be a role for an ombudsman. The Committee itself makes no recommendation on this point.

3. voting in local elections. This, as the report makes clear, is entirely a matter for national jurisdiction. But some member states either enfranchise, or intend to enfranchise, nationals of other Community member states in local elections (as we do more generally for the Irish). The Committee simply suggests that discussions should go on without making any recommendation.

4. other rights and consultation. Citizens of other member states should enjoy the same rights as the country's own nationals to freedom of speech and assembly. The views of resident citizens from other member states should be heard on issues of particular concern to them, and on transfrontier questions the views of all those concerned should be heard on matters such as environment, transport and citizens' health and safety.

Comment - the United Kingdom does not restrict in a discriminatory way the rights of speech or assembly of the nationals of

/Community



Community member states (Greece, however, does restrict rights of assembly and to organise). There are very adequate opportunities in the United Kingdom for resident citizens of other member states to make their views known on points of special importance to them.

5. simplifying law and administration in the Community. Steps should be taken to accelerate the systematic simplification of Community law. There should be gradual abandonment both of national and Community legal acts in areas where they are no longer necessary. Member states should implement Community law fully, simply and swiftly.

Comment - this is right in line with United Kingdom objectives on deregulation.

6. the Community model driving licence should be available from 1 January 1986.

Comment - this is a requirement of Directive 80/1263.

7. consular cooperation. There should be increased consular cooperation between member states in third countries.

Comment - United Kingdom initiative.

8. television co-productions. European television co-productions should be encouraged.

Comment - the Committee does not opt for one method or another but refers specifically to the British-backed proposal for allotment by television programme organisations themselves of some of their funds for such co-productions.

9. 1988 should be European film and television year in celebration of 100 years of film making.

/10.



10. legal and technical steps should be taken so that citizens have access to television programmes broadcast within the Community "taking into account the differing situations that exist in these fields" and there should be further consideration of building on the experiments in joint television.

11. there should be a European Academy of Science, Technology and Art.

Comment - This is a slightly broader version of the United Kingdom's initiative in the Council of Europe.

12. the Commission should examine whether there is scope for organising a Euro-lottery to finance projects in the field of culture.

Comment - United Kingdom reservation since this is not in accordance with our practice of not operating state lotteries.

13. special conditions for admission of the young to museums etc should be available to young people from all member states.

Comment - charging for museums etc is much more widespread on the continent than in the United Kingdom.

14. the effectiveness of information about the Community should be improved.

15. there are a number of specific recommendations on language teaching and visits to other member states which are in line with the guidelines adopted by the Ministers for Education on 4 June 1984.

16. school exchanges should be fostered and a central information point should be available.

Comment - this is already the United Kingdom practice.

/17.



17. there should be a pilot programme for work camps for young people.

18. the conclusions of the Ministers of Education on 3 June 1985 on a European dimension in education should be supported and 9 May should be considered as Europe Day in schools.

Comment - this is broadly in line with a similar initiative by the Council of Europe.

19. the universities and the higher education establishments should be invited to improve cooperation within the Community and the possibility should be examined of a European academic transfer system on the lines of that which has proved successful in the United States.

20. member states should seek to ensure that young people wishing to do so receive one year, or if possible, 2 years vocational training in addition to compulsory education.

Comment - this is already our objective.

21. there should be a Europe exchange scheme for young people and professionals.

22. sports associations in certain sectors should be invited to consider whether European events might be organised, Community teams created or the Community emblem worn in addition to national colours.

Comment - these are matters for the sports associations.

23. concerted action should be stepped up on combatting violence at sports events.

Comment - specific points are in line with those which are being pressed ahead with as a result of the recent meeting of sports Ministers in Amsterdam.

/24.



24. voluntary development work in the Third World should be encouraged and there should be a Community pilot action for trainee development workers.

Comment - the United Kingdom has always considered voluntary development workers a cost-effective method of responding to these problems.

25. any emergency health card issued by member states which agree to take part in such action should be in a uniform format.

Comment - the United Kingdom is not in favour of the emergency health card and we are not committed to take part in it. A number of other member states will almost certainly issue such cards.

26. the procedures for obtaining medical care when abroad should be simplified, including a further look at the unpopular E111 certificate.

27. there are specific recommendations on further cooperation against drug abuse, including strong support for the Pompidou group, cooperation between judiciary and police authorities and, where appropriate, with third countries.

28. the encouragement of town twinning.

29. identity of the Community. The Community needs an emblem, for example for international trade exhibitions and similar occasions. The Community flag and emblem should be that already used by the Council of Europe with the letter E, as is already the practice of the Commission. The European anthem from Beethoven's 9th is already used at European events. Postal organisations should consider national issues commemorating important Community events and should study the possibility of having a single internal tariff for all Community destinations. Signs at Community borders, particularly internal frontiers,

/should



should be re-examined (eg customs signs) so that they more correctly reflect the progress of a genuine common market.

Comment - these proposals do no more than consolidate the existing practice. The flag and anthem are already used to some extent and there have already been national commemorative issues of stamps with a common theme, eg on the first direct elections to the European Parliament.





file SPW  
c Mr Sherbourne

10 DOWNING STREET

*From the Private Secretary*

17 June 1985

**ACTION COMMITTEE FOR EUROPE**

I enclose a copy of a letter to the Prime Minister from Professor Karl Carstens, Chairman of the Action Committee for Europe, with which he sends her various papers relating to the Action Committee's first meeting, including an appeal to the European Council at Milan.

I should be grateful for a draft reply which sets out succinctly HMG's objectives at Milan.

I am copying this letter, Professor Carstens' letter and the Appeal to Rachel Lomax (HM Treasury), John Mogg (Department of Trade and Industry) and David Williamson (Cabinet Office).

(C. D. POWELL)

Colin Budd, Esq.,  
Foreign and Commonwealth Office.



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ecu

bc PC

10 DOWNING STREET

*From the Private Secretary*

17 June 1985

SOUTH AFRICA: POSSIBLE STATEMENT BY  
HEADS OF GOVERNMENT AT MILAN

Thank you for your letter of 14 June enclosing the draft of a possible statement by the Ten at the Milan European Council on South Africa.

In the Prime Minister's view this is overtaken by recent developments, notably the South African raid into Botswana last week, and she sees no advantage in our trying to launch a draft statement of the sort enclosed with your letter at this stage.

The Prime Minister does wish to pursue the idea of a seminar on South Africa. I shall write to you about this separately.

(Charles Powell)

Len Appleyard, Esq.,  
Foreign and Commonwealth Office.

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No point in trying since Botswana.

PRIME MINISTER

SOUTH AFRICA: POSSIBLE STATEMENT BY HEADS OF GOVERNMENT AT EUROPEAN COUNCIL

The Foreign Secretary says that you showed interest in the idea of a statement on South Africa at the European Council, to establish a common position of the Ten. (I must say that I don't recall the conversation.) He has mentioned the idea to some of his Community colleagues who like it. He wants to circulate a draft (copy attached) on Monday.

Non do!

I see some risk of a bounce. I'm not sure that we've really thought through what our aims should be in relation to South Africa. (I have suggested in a separate note that there should be a seminar on it.) We don't want to get lumbered with a statement which closes off a lot of options. Moreover, there is a risk that when we get locked into negotiations on the drafting of a statement, we shall inevitably come under pressure from some of the Europeans to strengthen it in ways which create difficulties for us, and if we can't agree on a text we are arguably worse off than before. Even the present draft seems to me to be full of pitfalls.

On the other hand it can be argued that there is a better chance of nailing down a satisfactory position of the European Ten now rather than later in the year, when the American position may have shifted in the direction of specific economic measures against South Africa.

You will want to consider the draft against that background and decide:

- (i) do you want us to take the initiative now in launching a draft for the European Council?
- (ii) or prefer to wait at least until after there has been a seminar/Ministerial discussion of the policy, and if appropriate launch a draft at the September Foreign



E. R.

Affairs Council (still in time for CHOGM)?

- (iii) or agree to launch a text now, but with amendments? I have pencilled in some suggestions which seem to me the minimum we would need.

There is now a new factor in the South African raid into Botswana, which has killed a Dutch citizen among others. This has raised the temperature considerably and the Americans have withdrawn their Ambassador. The chances of a 'reasonable' statement by the Ten are much diminished, and there seems little point in circulating our draft.

---

C.D.P.

There is no point  
in trying to force

reasonable statements

CHARLES POWELL

14 June 1985

no  
ok





Foreign and Commonwealth Office

London SW1A 2AH

14 June 1985

*Dear Charles,*South Africa: Possible Statement by Heads of Government  
at Milan

As you know, the Foreign Secretary discussed Southern Africa with the Prime Minister on 4 June. The Prime Minister expressed concern about the way in which the US Government appeared to be drifting along with the disinvestment tide and showed interest in the idea of a statement by the Ten, possibly at Milan, which could form the basis of a common position.

During the Accession Treaty ceremonies in Lisbon on 12 June, the Foreign Secretary had an opportunity to take soundings of some of his EC colleagues, including Genscher, Van den Broek, Tindemans and Ellemann-Jensen. All showed enthusiasm, in varying degrees, for the idea of a statement. It was accepted that the aim should be to work for a text which would provide the highest common denominator of the policies of the member states.

I now attach the text of a possible statement. It is too long, but will provide a starting-point for discussion here. We will also need to take account of today's reports of South African intervention in Botswana. As you will see, the draft attempts to balance the inevitable criticism of the unacceptable features of South African policy with recognition of current reforms, and to list the principles which the Ten consider should be followed in working towards a solution to South Africa's problems. The language at paragraph 5 of the draft would have the effect of associating those of the Ten who incline towards sanctions with a clearly stated commitment to peaceful evolution through economic activity, as exemplified by the Code of Conduct. Of course, some of our partners have separately expressed support for sanctions, at least in some degree, but that would not necessarily preclude their endorsement of a statement on these lines, particularly if they are prepared to work on a highest common denominator basis, as the Lisbon discussions suggest. From our point of view, a collective statement of this kind, at a time when we are running the risk of isolation in the international community over our South African policy, would be an invaluable gain, particularly in the context of CHOGM. It might also contribute more widely to a steadying of Western nerve on Southern Africa.

/ ...



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The Foreign Affairs Council will be meeting on 18/19 June. This would be the best opportunity for a thorough discussion of the idea prior to the Milan Summit. If the Prime Minister is content, therefore, the Foreign Secretary would like to alert his colleagues to our intentions by circulating the text by COREU in advance of the Foreign Affairs Council. This would have to be done by 17 June at the latest.

*Yours ever,*

*Len Appleyard*  
(L V Appleyard)  
Private Secretary

C D Powell Esq  
10 Downing Street

CONFIDENTIAL



PROPOSED STATEMENT OF PRINCIPLES ON SOUTH AFRICA

1. Heads of State and Government discussed the situation in Southern Africa and ways in which the Ten could contribute to a resolution of the region's problems. They reaffirm their total condemnation of apartheid, their belief that <sup>basic human</sup> it can and must give way to a system of government acceptable to all the people of South Africa, and their view that the fundamental problem is one of human rights. While <sup>welcoming</sup> acknowledging that certain reforms have been proposed and implemented, they believe that the need for further reform is urgent, and that only if such reform is undertaken will further violence and ultimate tragedy be averted.

<sup>The Ten believe that there is a need for</sup>  
2. The first requirement is for a dialogue between the present South African Government and those genuinely representing the non-white community. <sup>The purpose of such a dialogue would be to achieve</sup> Its declared goal must include political representation at the national level for the black community in a manner that will give them a proper role and voice in decisions affecting all South Africans. The Ten call upon all concerned to create conditions in which such a dialogue can take place.

The Need For A Climate Of Confidence

3. There is an urgent need for a climate of greater confidence. To this end the Ten believe that the South African Government should:

- release immediately and unconditionally Mr Nelson Mandela and other acknowledged political leaders currently in prison;
- lift the ban on the African National Congress and the Pan Africanist Congress of Azania, and the restrictions on other opposition groups;
- end detention without trial;
- finally abandon the practice of forced removal; and
- progressively remove legislation based on the principle of separate racial classification, including the Pass Laws and the Group Areas Act.

Not much good letting us in what must be; its not in our power & will only imitate

in return for their renouncing violence

[piece in the sky]

South African



- give a commitment to a "common citizenship for all South Africans;

4. While the major responsibility for progress must lie with the South African Government, the Ten stress that they cannot condone the use of violence by the ANC or PAC or others opposed to apartheid. They believe that:

- these organisations should renounce the use of violence in pursuit of their political goals;
- the non-white communities should acknowledge the entitlement of white South Africans to their rightful role and place in a future non-racial South Africa.

#### Support From The Ten

5. The Ten will continue to work for the eradication of apartheid and to encourage peaceful evolution towards <sup>wide representation for</sup> a system of government which has the support of a majority of South Africans. The Ten consider that the prospects for peaceful evolutionary change will be facilitated by economic growth and prosperity, in the interests of all the people of South Africa. They believe that the European companies operating in South Africa have a positive role to play. They attach particular importance to the Code of Conduct concerning the activities of European companies operating in South Africa. The Code of Conduct has contributed significantly to the improvement of conditions of work and to the prospects of non-white South Africans. They are urgently reviewing the Code to ensure that its provisions remain relevant and helpful. The Ten also attach great importance to the effective implementation of the UN Arms Embargo and will scrupulously honour their obligations under <sup>it</sup> ~~this~~. They will also <sup>continue to</sup> abide by the provisions of SCR 558 banning the imports of arms from South Africa.

#### Stability in Southern Africa

6. Early progress towards the resolution of South Africa's internal problems would bring lasting benefits to the region as a whole. The Ten have worked to bring an end to cross-border violence, political and economic pressures, and other activities which have



affected South Africa's neighbours. They will continue to condemn interference by South Africa in its neighbours' internal affairs and will maintain their support for those countries in their search for security and economic development. The Ten reiterate the need for the understandings reached between Mozambique and South Africa to be respected and for all governments to promote peace and reconciliation in Mozambique.

7. As the South African Government indicates its readiness to tackle its internal problems in a manner which promises to all communities their rightful role in South African affairs, neighbouring countries should feel able to welcome South Africa as a partner in the development of the region's potential.

#### Namibian Independence

8. Namibian independence is an urgent requirement, long overdue. The Ten urge the South African Government to proceed without further delay and implement SCR 435 which is the only basis acceptable to the Namibian people and to the international community as a whole. Action by South Africa in this direction would be widely acknowledged and would yield benefits within South Africa and contribute to regional stability and prosperity. The Ten call upon the South African Government to respond positively.

#### The Future

9. The Ten will follow future developments with the closest attention. They will keep their policy under review and consider the need for additional measures in the light of further experience.



R14/6



SECRET



10 DOWNING STREET bc PC.

cc FCO  
DTI  
MAFF  
LOD  
M/S, FCO  
PC.

VC  
~~(scribble)~~  
①

*From the Private Secretary*

14 June 1985

*Dear Rachel,*

MILAN EUROPEAN COUNCIL: TAX HARMONISATION

The Prime Minister has noted the Chancellor's minute of 12 June in which he recommends that we should avoid a major argument at the Milan European Council over the Commission's proposals for indirect tax harmonisation.

The Prime Minister has commented that the line proposed by the Chancellor risks putting the Government in difficulty in the House; and that she would have no option there but to be sharply critical of the expected Commission proposals.

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

*Yours sincerely,*

C.D. POWELL

Mrs Rachel Lomax,  
HM Treasury.

SECRET



KARL CARSTENS

5300 BONN 1  
BUNDESHAUS

The Rt. Hon. Mrs Margaret Thatcher, F.R.S., M.P.,  
Prime Minister,  
10 Downing Street,  
London, SW1,  
England.

Bonn, 13th June 1985.

Dear Prime Minister,

In December of last year our Secretary-General, Mr Max Kohnstamm, informed you that several members of the former Monnet Committee planned to meet at Château Rambouillet, kindly placed at their disposal by President Mitterrand, in order to discuss the usefulness of creating an Action Committee for Europe that would act in the same spirit as the former Monnet Committee.

At Rambouillet, it was decided to proceed with these plans. The launching meeting of this Committee took place at Bonn on June 6th and 7th.

As chairman of this meeting, I have the honour of sending you herewith a Declaration and a Resolution summarizing it adopted by the Committee on this occasion. In addition, in view of the approaching meeting at Milan, the Committee unanimously decided to issue an appeal to you and the other members of the European Council.

The Declaration elaborates in more detail the objectives for which we call in the appeal, and sets out some of the steps by which we believe they should be attained.

Permit me to draw your attention to two points which are mentioned in these documents and to which our members attach great importance.

The first concerns the need to strengthen the decision-making capacity of the Community. A much more frequent use of majority voting in the Council of Ministers seems to our Committee indispensable in order to bring about an integrated European home market, an objective which we consider urgent and which you have strongly supported.

./...



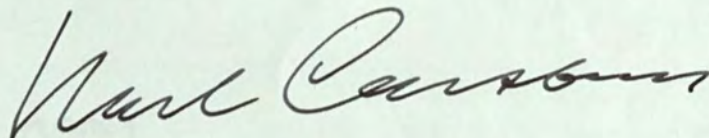
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The second point concerns the further development of the European Monetary System. This, of course, can only be brought about by several member states acting together; but nothing would strengthen the System more than a decision on the part of your Government to participate fully in the exchange rate mechanism, which forms the central feature of the System. An announcement of such a decision at the forthcoming Milan Meeting would turn it into a memorable milestone in the process towards European unity.

Finally, I attach a list of those members of the Committee who were present at Bonn. As you will see, its composition has yet to be completed. Consultations are still going on in several member states, and will soon take place in Spain and Portugal from which we would like to invite participants as soon as possible.

Permit me, while wishing you a very successful European Council meeting at Milan, to express my admiration for the courageous leadership you are providing to your country.

Yours faithfully,



ROMERTURN  
PRECIOSO



ACTION COMMITTEE FOR EUROPE

APPEAL TO THE EUROPEAN COUNCIL AT MILAN

The Committee is convinced that the European Community, by its incapacity to take decisions, is failing to discharge the responsibilities conferred upon it by the Treaties.

The Committee calls upon the European Council to confront this defect and to strengthen the decision-making process within the Council of Ministers.

In that context, the Committee appeals to the Community to fight, as a top priority, the problem of unemployment and to give it renewed economic dynamism, in particular by

- a) the creation of a real European home market, including the problem of opening public markets and of standards;
- b) the building of a technological Europe, which would concentrate and rationalize its efforts in the sectors of greatest importance to its future;
- c) the adoption of concrete measures to strengthen the European Monetary System, hence contributing also to bringing about greater coherence between the economic policies of the Member States.

The Committee appeals to the Heads of State and Government who will meet at Milan to accept these objectives and thus to take the necessary measures to give back to the Community strength and confidence in its future.

Bonn, 7th June 1985.



Bonn, 7th June 1985.

Declaration of the Action Committee for Europe at its founding meeting, Bonn, 6th-7th June 1985.

I. Introduction

1. Our nations, once again, are forced to take fundamental decisions on how to move forward to their common aim: the establishment of "an ever closer union among the peoples of Europe"(1).

2. They are impelled to do so by the historic entry of Spain and Portugal into the Community, which confers on it added responsibilities as well as weight. But they are also required to do so by two great challenges which all the Community's member states face in common:

- First, they must modernise and strengthen their economies in order to attack successfully Europe's mounting unemployment and to create jobs, to increase growth, and to enable it to be competitive in the new technologies.
- Second, they must strengthen cooperation in foreign policy and security and in working for peace, particularly by organising themselves to speak with one voice in world affairs.

3. Common action to meet these challenges needs consensus. Many statements of the European Council as well as the recent report of the Dooge Committee indicate that much agreement exists between our governments on the objectives that must now be pursued. Their capacity to act will be increased by the development of consensus on economic and social policy between employers and unions as well as between them, the governments and the Commission of the European Communities.

4. We have decided to form the "Action Committee for Europe", which consists of personalities from political parties, the trade unions and management, in order to develop agreement on objectives and the procedures needed to realise them. This must be done both in areas where such agreement already exists and in those where today it is still lacking. Our purpose is to mobilise the support of governments as well as of political parties, trade unions and employers for practical plans with clear deadlines and methods of decision making aimed at meeting these two challenges.

(1) Preamble to the Treaty of Rome.



5. There are many other domestic and European issues on which there is still disagreement in the Community; but we are convinced that where agreement between the different forces in public life can be found, no effort should be spared to mobilise it behind the integration of Europe.

6. At stake is nothing less than the ability of our nations to shape their own destiny rather than let others shape it for them.

## II. Modernising and Strengthening our Economies

1. In nearly all member states unemployment threatens to destroy the possibility of a meaningful life for millions of our fellow citizens and to undermine the fabric of our democratic societies. The battle against this scourge is still hampered by insufficient agreement on the ways to deal with it. The credibility of the effort to create an integrated home market in Europe depends on our ability to tackle unemployment successfully. It is unacceptable that employment should remain divided between those who have obtained it and those who search in vain for it with less and less hope of finding it.

2. However, we are convinced that there is a growing consensus, between governments as well as between political parties and social partners, that the creation of a European-wide home market is an indispensable element for winning the battle against unemployment. Without it, many purely national measures will be insufficient, and may well prove ineffective or even counter-productive. The Committee believes that it is now both necessary and possible to translate this consensus into action.

3. Yet if this is to be done, clear programmes in the following three fields are urgent:

- a. The creation of a border-free European home market by 1992;
- b. A major Community response to the challenge of advanced technology;
- c. Strengthening the European Monetary System and bringing about mutually compatible economic policies of the member states with due regard to the promotion of solidarity between the richer and the poorer regions of the Community.

4. Only if action is taken by the Community in these three fields together, while taking full account of the social aspects of such action, will it be possible to create a European-wide home market which is not merely free of borders but which also provides the Community's citizens and enterprises with a unified economic area, as they now find in their national home markets. Below we outline some of the steps which we believe are now needed in each of these fields.



a. The creation of a border-free European home market by 1992.

5. This cannot be achieved without : the progressive easing of frontier crossing, which must not hinder greater cooperation against terrorism and drugs; the approximation of the levels of VAT and excise duties; the gradual liberalisation of capital movements within the Community; measures to facilitate the creation of European companies; mutual recognition of educational and professional qualifications so as to allow the free movement of workers and of those belonging to the professions; the creation of a common market in services, including financial services and transport; and measures to ensure that differences in national norms and standards do not impede trade in manufactured goods, while maintaining high standards in health, safety and the protection of the environment.

6. In addition, if the great size of a European-wide home market is to be fully exploited, a major programme for improving the infra-structure linking member states is now needed. This is essential not only in the more traditional areas such as motorways, railways, tunnels and bridges, but also in the high capacity electronic networks which will be crucial to economic growth in the future. Investments in infrastructure of these kinds, whether financed by private or public money, would give a major stimulus to the creation of jobs, both by directly boosting economic demand and by making possible far greater efficiency in the use of resources in the European economy.

b. A major Community response to the challenge of advanced technology.

7. In particular :

- \* Both the coordination of member states' activities in research and development and the Community's own action in this field must be considerably reinforced.
- \* Collaboration between firms, in both the public and the private sectors must be encouraged by Community programmes based on the successful model of ESPRIT, by reducing obstacles to collaboration created by excessive differences in national corporate tax structures and company law, and by establishing Community-wide copyright and patent regulations.
- \* Public contracts must be opened in stages to suppliers from all over the Community, and should be coordinated whenever governments need to buy equipment for the same purposes.



- \* Sustained action must be taken to stimulate exchanges of scientists and technologists at all levels in order to improve the circulation of new information and ideas and therefore the efficiency with which they are applied and marketed by European industry.
- \* The use of modern technology increasingly requires new methods of professional training for young workers and of retraining workers throughout their professional lives. The Social Fund of the Community should therefore be increased to play an effective role in this area.

c. Strengthening the European Monetary System and bringing about mutually compatible economic policies of the member states with due regard to the promotion of solidarity between the richer and the poorer regions of the Community.

8. This should include the acceptance by all member states of the ECU as a fully convertible currency, the prompt participation of the Pound Sterling in the Exchange Rate Mechanism, the reduction of existing inequalities between the margins of fluctuation for all member currencies, the establishment of an integrated European capital market, the unity of the Community in international monetary affairs, and the increasing use of the European Monetary Cooperation Fund to provide operational support for the EMS, particularly in its relations with the US and Japan. Our aims in supporting these objectives are three-fold :

- \* to help bring about compatible monetary and fiscal policies of the Community's member states, and therefore greater exchange rate stability;
- \* to give the Community more influence in international monetary affairs - which is increasingly necessary for the member states to exert control over their own domestic economies;
- \* to complete and then maintain a European-wide home market.



9. Progress on these fronts demands, firstly, a major strengthening of the decision-making procedures of the Community; secondly, clear programmes for attaining these objectives; and thirdly, binding timetables for realising them.

10. It should be remembered that the Customs Union was so successfully and promptly established in the 60s because the Treaty of Rome itself contained these very three elements : a programme for attaining the Customs Union; a binding timetable for implementing it; and a procedure for ensuring that the necessary decisions would indeed be taken.

11. The Commission has already made a number of important proposals in each of these three fields. Others have been announced. In the Committee's view, the programmes which are needed in all three fields are so closely related in their purpose and will be so dependent upon each other when they come to be implemented that there must be great coherence between them both in their substance and in the timetables which are attached to them. In view of their decisive importance for the future of the Community they should therefore be endorsed as a coherent whole by the European Parliament and by the European Council, and declared by the latter to be binding on the Council of Ministers.

12. In order to achieve these objectives, the dialogue between trade unions and employers and between them, the governments and the Commission must be strengthened so that together they can find as wide a consensus as possible on the economic and social policies to be followed by the Community and its Member States.



III. Strengthening Cooperation in Foreign Policy, Security and Peace

1. Worldwide negotiations must be pursued to defend free trade, reestablish a minimum of order in the relationships between major currencies, find lasting solutions to the indebtedness of a number of countries, and enable the world to return to higher and sustainable growth through mutually more compatible monetary and budgetary policies.
2. As past negotiations in GATT have proved, the influence of our nations in negotiations of this kind depends on their capacity to speak with one voice. This they can only do through the Community. Its institutions must therefore be empowered to establish and present common European positions in the forthcoming international monetary and financial negotiations, just as they now are in matters of trade.
3. Successive Lomé conventions form another case in point. More equitable relations have been established between our industrialised nations and a large group of developing nations, because the existence of the Community has led both parties to speak with one voice.
4. The entry of Spain and Portugal into the Community now creates very favourable circumstances to strengthen Europe's relations with Latin America.
5. Nowhere is it more essential to speak with one voice than in our relations with the United States. Exactly twenty years ago the Monnet Committee, meeting in Berlin, stated what is still entirely accurate today : "the cohesion of the West, which is a prerequisite for lasting coexistence between East and West, requires the transformation of bilateral relations between our separate nations and the United States into an equal partnership between the United States and a united Europe". Yet we are today further from accomplishing an equal partnership with the United States than for many years.
6. The capacity of our nations to speak with one voice must be strengthened not only on issues, such as trade, which are within the competence of the Community, but also on others



which lie outside it. We Europeans are largely to blame if, as a result of our disunity, the United States does not take sufficient account of our views, both in economic and in security issues. The means to redress this situation, which could become highly dangerous for the cohesion of the West, lie mainly in our own hands.

#### IV. Consequences for the Community's Institutions

1. Over the past year, the Community has regained momentum thanks to the settlement of its budgetary problems and of the enlargement negotiations. Nevertheless, a leap forward in the decision-making capacity of the Community is essential if the indispensable objectives outlined above are to be realised.

2. Progress over the last decade has been desperately slow, and does not equip the Community with the capacity to keep up with the pace of change in the world around it. This has been the result of three main factors :

- First, there has been the tendency of governments to treat the Community purely as a negotiating forum in which one nation's gain is its neighbour's loss, and in which the wish for national advantage replaces the search for common solutions. A clear view of how the Community should develop is necessary to overcome this attitude, now so manifest in many meetings of the Council of Ministers and so destructive for its decision-making capacity.
- Second, the bad habit of avoiding the use of majority voting where it is explicitly provided by the Treaties has often made the realisation of commonly accepted objectives impossible.
- Third, the requirement of the Treaty for unanimity in certain articles under which decisions to remove important barriers to trade and to agree on standards in high technology must be taken has so far made it impossible to achieve an integrated European home market. This objective will only be fully realised if majority voting is made available (e.g. under Article 100) for taking the necessary decisions.



3. The Committee believes that the outcome of the current institutional debate, which has been inaugurated by the European Parliament and nourished by the Dooge Committee, is therefore of decisive importance for the future of the Community.

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4. The forthcoming European Council meeting in Milan is committed to taking decisions on the proposals contained in the Dooge Report. We are therefore limiting ourselves at this stage to pointing out that there is no way towards "an ever closer union among the peoples of Europe" without a thorough review of the Community's institutional arrangements. These must include :

- majority voting in all cases where it is allowed by the Treaty and where it is indispensable for the creation of a European home market;
- a greater role for the European Parliament, in order to maintain democratic procedures in Community decision making;
- a greater role for the Commission in executing Community decisions;

5. The European Council at Milan will have to decide on the best way to bring about these changes. We agree with the current President of the European Council that "the objective of institutional reform is not proposed as an alternative to the completion of the Treaties", and that these are indeed "two complementary objectives which can be pursued simultaneously" (1).

6. The Committee is convinced that whatever way forward the European Council chooses at Milan, the clarity of the mandate which it gives to the proposed inter-governmental conference will be decisive for its success in bringing about the necessary institutional reform.

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(1) Speech before the European Parliament, 17 April 1985, by Mr Bettino Craxi, Prime Minister of Italy.



Resolution

The Action Committee for Europe, composed of personalities from political parties, trade unions and the world of industry, is convinced that there is now a rare opportunity to take decisive steps towards "an ever closer union among the peoples of Europe".

This is more necessary today than ever if the Member States of the Community are to respond to two great challenges by which they are all faced :

- first, they must modernise and strengthen their economies in order to attack successfully their mounting unemployment and to create new jobs, to increase growth and to enable Europe to be competitive in the new technologies.

- second, they must strengthen cooperation in foreign policy and security and in working for peace, particularly by organising themselves to speak with one voice in world affairs.

The Committee is convinced that there is a growing consensus between governments as well as between political parties and social partners that the creation of a European-wide home market is an indispensable element for winning the battle against unemployment.

The Committee has been formed in order to develop agreement both in areas where it already exists and in those where today it is still lacking. Its purpose is to mobilise the support of governments as well as of political parties, trade unions and employers for practical plans with clear deadlines and methods of decision-making aimed at meeting these two challenges.

The Committee believes that there now exists a real opportunity for action, particularly in the following three domains :



- a. The creation of a border-free European home market by 1992;
- b. A major Community response to the challenge of advanced technology;
- c. Strengthening the European Monetary System and bringing about mutually compatible economic policies of the member states with due regard to the promotion of solidarity between the richer and poorer regions of the Community.

Only if action is taken by the Community in these three fields together, while taking full account of the social aspects of such action, will it be possible to create a European-wide home market which is not merely free of borders but which also provides the Community's citizens and enterprises with a unified economic area, as they now find in their national home markets.

The Committee urges the Commission of the European Community

to put before the European Parliament and the European Council as soon as possible coherent programmes encompassing measures in the above three fields. In each of these fields the Commission should propose clear programmes of action, binding timetables and decision-making procedures which it regards as essential to ensure their execution.

The Committee urges the Council of Ministers

to seize the opportunity which now exists to give renewed dynamism to the Community, to create new jobs and to revitalise its economy by :

- first, adopting a binding timetable for the establishment of a border-free Community by 1992;
- second, deciding on a major increase in the Community's activities in the field of advanced technology, based on a coherent set of proposals by the Commission;
- third, giving an unambiguous mandate on institutional reform, notably on substantially increasing the use of majority voting, on the role of the European Parliament in decision-making procedures, on increasing the powers of the Commission to execute Community decisions, and on strengthening the capacity of Europe to speak with one voice in international affairs.



LISTE DES MEMBRES DU COMITE D'ACTION POUR L'EUROPE PRESENTS\*  
A LA REUNION CONSTITUANTE DU COMITE, BONN, 6-7 JUIN 1985.

Président de la réunion

Prof. Dr. Karl Carstens, Bundespräsident a.D.

Belgique

Monsieur Etienne Davignon  
Membre de la Direction de la  
Société Générale de Belgique

Monsieur Georges Debunne  
Ancien Président de la  
Confédération Européenne des Syndicats

de Heer Josef Houthuys  
Voorzitter Algemeen Christelijk Vakverbond

Monsieur Guy Spitaels  
Président du Parti Socialiste

de Heer Leo Tindemans  
Minister van Buitenlandse Betrekkingen, CVP  
représenté par M. Fernand Herman,  
Ancien Ministre, PSC

Empêchés :

Monsieur Louis Michel  
Président du PRL

Monsieur André Vanden Broucke  
Voorzitter Algemene Belgisch Vakverbond

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\*Etant donné que les dates de la réunion du Comité d'Action pour l'Europe coïncidaient avec celle de l'Union Européenne des Démocrates Chrétiens et avec celle des Partis Libéraux des pays membres de la Communauté et qu', en outre, un referendum sur l'échelle mobile a eu lieu dimanche 9 juin en Italie, plusieurs personnalités n'ont pas pu participer à la réunion constituante du Comité.

Ces personnalités ont toutes accepté d'être membres du Comité et se sont déclarées d'accord avec les grandes lignes de l'action que le Comité entend poursuivre.

Les consultations continuent dans plusieurs Pays Membres pour obtenir leur participation au Comité, qui s'attend également à voir s'y joindre des membres espagnols et portugais.



Danemark

M. Poul Schade-Poulsen  
Direktor Dansk Arbejdsgiverforening

République Fédérale d'Allemagne

Herr Dr. Martin Bangemann  
Bundesminister für Wirtschaft  
Vorsitzender der FDP

Herr Dr. Rainer Barzel, M.d.B.  
Präsident des Deutschen Bundestages a.D.

Frau Ilse Brusis  
Mitglied des geschäftsführenden Vorstands des DGB  
in Vertretung von Herrn Breit

Herr Prof. Dr. Karl Carstens  
Bundespräsident a.D.

Herr Dr. Alfred Dregger, M.d.B.  
Vorsitzender der CDU/CSU Bundestagsfraktion

Herr Erwin Kristoffersen  
Leiter der Internationale Abteilung des DGB  
in Vertretung von Herrn Breit

Herr Dr. Klaus Liesen  
Vorsitzender des Vorstands der  
Ruhrgas AG

Herr Adolf Schmidt  
Erster Vorsitzender der IG Bergbau u. Energie

Herr Helmut Schmidt, M.d.B.  
Bundeskanzler a.D.

Herr Dr. Hans-Jochen Vogel, M.d.B.  
Vorsitzender der Sozialdemokratischen Bundestagsfraktion

Herr Dr. Theodor Waigel, M.d.B.  
Vorsitzender der CSU Landesgruppe im Bundestag

Empêchés :

Herr Ernst Breit  
Bundesvorsitzender des Deutschen Gewerkschaftsbundes  
Président de la Confédération Européenne des Syndicats

Herr Hans Mayr  
Erster Vorsitzender der IG Metall



France

Monsieur Marcel Boiteux  
Président de l'EDF

Monsieur Jean-François Deniau  
Ancien Ministre

Monsieur Maurice Faure  
Ancien Ministre  
Sénateur

Monsieur Edmond Maire  
Secrétaire Général de la CFDT

Monsieur Albert Mercier  
Secrétaire National de la CFDT  
Responsable du secteur international

Monsieur François-Xavier Ortoli  
Président de la Compagnie Française des Pétroles (TOTAL)

Empêchés :

Monsieur André Bergeron  
Secrétaire Général de la Confédération Nationale du Travail

Monsieur Jacques Chaban-Delmas  
Ancien Premier Ministre  
Membre de l'Assemblée Nationale

Monsieur François Dalle  
Président du Comité Stratégique de L'Oréal

Irlande

Mr Brendan Halligan  
Chairman of the International Affairs Committee  
and Member of the Bureau of the Irish Labour Party.  
Former Secretary-General of the Labour Party  
Former Member of the Dail Eirann, the Irish Senate, and the  
European Parliament

Mr David Molony, T.D.  
representing Senator James Dooge

Mr J.H.D. Ryan  
Managing Director of Carroll Industries, Dublin  
Member of the National Executive of the Confederation of  
Irish Industry.  
Past President of the Confederation of Irish Industry

Empêchés :

Senator James Dooge  
Former Foreign Minister  
Leader of Fine Gail in the Irish Senate



Italie

Signor Giovanni Agnelli  
Presidente Fiat SpA

Onorevole Presidente Emilio Colombo

Dr Mario Schimberni  
Presidente Montedison

Empêchés :

Signor Giorgio Benvenuto  
Secretario Generale del  
Unione Italiana Lavoratori (UIL)

Signor Pierre Carniti  
Secretario Generale della Confederazione Italiana  
Sindacati Lavoratori (CISL)

Signor Ottaviano del Turco  
Secrétaire Général adjoint  
Confederazione Generale Italiana del Lavoro (CIGL)

Signor Mauro Ferri  
Parti Socialiste Démocratique Italien

Signor Luciano Lama  
Secretario Generale della Confederazione Generale  
Italiana del Lavoro (CIGL)

Signor Giovanni Malagodi  
Signor Valerio Zanone  
Parti Libéral Italien (PLI)

Signor Romano Prodi  
Presidente del Istituto per la Ricostruzione  
Industriale (IRI)

Signor Mario Scarpellini  
Secretario Generale del  
Unione Italiana Lavoratori (UIL)



Luxembourg

Monsieur John Castegnaro  
Président de la CGT  
Conseiller d'Etat

Monsieur Willy Dondelinger  
Député du Parti Socialiste  
Président de la Commission des Affaires Etrangères  
de la Chambre des Députés

Madame Astrid Lulling  
Député du Parti Chrétien Social  
Ancien Membre du Parlement Européen

Empêchés :

Madame Colette Flesch  
Ancien Ministre  
Député du Parti Libéral  
Membre du Parlement Européen

Monsieur Marcel Glesener  
Président de la CLSC



Pays-Bas

Drs. Joop den Uyl  
Oud Minister President  
Lid van de Tweede Kamer  
Fraktievoorzitter van de Partij van de Arbeid

de Heer Wim Kok  
Voorzitter F.N.V.

de Heer Hans van Mierlo  
Oud Minister  
Lid van de Eerste Kamer der Staten-Generaal

Empêchés :

Drs. Piet Bukman  
Voorzitter van het C.D.A.

de Heer A. Hordijk  
Algemeen Secretaris C.N.V.

de Heer H.F. van den Hoven  
Oud President Unilever  
Voorzitter van de Internationale Kamer van Koophandel

de Heer E. Nijpels  
Lid van de Tweede Kamer der Staten-Generaal  
Fraktievoorzitter van de V.V.D.

Royaume-Uni

The Rt. Hon. Edward Heath, M.P.  
Former Prime Minister of the U.K.

Mr Patrick Sheehy  
Chairman of BAT Industries

The Rt. Hon. David Steel, M.P.  
Leader of the Liberal Party

Empêchés :

The Rt. Hon. Dr. David Owen, M.P.  
Leader of the Social Democratic Party  
Former Foreign Secretary

The Lord Pennock  
President of UNICE  
Vice Chairman of Plessey  
Former President of the Confederation of British Industry



Pour le Mouvement Européen

Monsieur Gaston Thorn, Président  
Ancien Président de la Commission des Communautés  
Européennes  
Ancien Premier Ministre

Secrétaire Général du Comité d'Action pour l'Europe  
Monsieur Max Kohnstamm,  
Ancien Vice Président du Comité d'Action pour  
les Etats-Unis d'Europe

Secrétaire Général adjoint du Comité d'Action pour l'Europe  
Monsieur Simon May,  
Ancien Conseiller de Monsieur Edward Heath





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10 DOWNING STREET

*From the Private Secretary*

13 June 1985

**BRIEFING FOR THE EUROPEAN COUNCIL**

Thank you for your minute of 12 June with a revised list of invitees for the Prime Minister's briefing for the European Council.

I agree the list. But, depending on how the agenda develops, we may in the event, need a DTI official for discussion of the internal market.

C D POWELL

Miss Rosalind Mulligan,  
Cabinet Office

SP





Ref. A085/1599

MR POWELL

Prime Minister's Briefing Meeting for the European Council:  
4.30 pm, Thursday 27 June

Following your minute of 10 June, Mr Williamson has suggested the following shorter list of invitees for the Prime Minister's briefing meeting:

Foreign and Commonwealth Secretary  
Chancellor of the Exchequer  
Minister for Trade  
Minister for Information Technology

Sir Michael Butler  
Mr R W Renwick, FCO  
Mr D M D Thomas, FCO (for Political Co-operation)  
Sir Robin Nicholson, Cabinet Office (for EUREKA)  
Mr D F Williamson, Cabinet Office

*Ros Mulligan*

ROSALIND MULLIGAN

12 June 1985



GRS 820  
RESTRICTED  
FRAME ECONOMIC/INSTITUTIONAL  
FM BONN 121355Z JUN 85  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 593 OF 12 JUNE  
INFO ROUTINE OTHER EC POSTS

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MILAN EUROPEAN COUNCIL: KOHL'S SPEECH TO ACTION COMMITTEE FOR EUROPE

SUMMARY

1. KOHL SPEAKS OF SIGNIFICANCE OF EUROPE FOR THE FRG, AND IMPORTANCE OF BINDING FRG WITH THE WEST. HIS PRIORITIES AT MILAN WILL BE: INTERNAL MARKET: TREATY-BASED ARRANGEMENTS FOR POCO AS FIRST STEP TO EUROPEAN UNION: MORE MAJORITY VOTING AND MORE PARTICIPATION OF PARLIAMENT: PEOPLES'S EUROPE, AND TECHNOLOGY. SDI AND EUREKA NOT MUTUALLY EXCLUSIVE.

DETAIL

2. WE HAVE NOW OBTAINED FROM THE FEDERAL PRESS OFFICE THE LATEST AVAILABLE DRAFT OF THE SPEECH WHICH KOHL MADE TO THE ACTION (MONNET) COMMITTEE FOR EUROPE AT ITS MEETING IN BONN ON 7 JUNE. PRESS REPORTS SUGGEST THAT HE SPOKE IN ACCORDANCE WITH IT.

3. AFTER OPENING REMARKS WELCOMING THE ESTABLISHMENT OF THE NEW ACTION COMMITTEE, AND REFERRING TO THE WORK OF THE EUROPEAN FOUNDING FATHERS, ESPECIALLY ADENAUER AND MONNET, KOHL SAID THAT TWO LESSONS FROM THAT ERA REMAINED VALID: EUROPEAN POLICY COULD ONLY ADVANCE BY ONE STEP AT A TIME; AND EUROPE WOULD NOT MAKE PROGRESS BY RULES ALONE, BUT BY A GENUINE PROCESS OF GROWING TOGETHER.

4. ADENAUER HAD KNOWN THAT THE FREE HALF OF GERMANY COULD ONLY ENJOY PEACE IN FREEDOM IN A COMMUNITY OF LIKE-MINDED STATES. THIS HAD BEEN THE BASIS OF THE FEDERAL REPUBLIC'S DECISION IN FAVOUR OF EUROPE AND THE NORTH ATLANTIC ALLIANCE. AS HE, KOHL, HAD SAID IN HIS GOVERNMENT STATEMENT (ON COMING TO POWER) IN 1982, THE RAISON D'ETAT OF THE FEDERAL REPUBLIC COMPRISED NOT ONLY THE CONSTITUTIONAL GOAL OF FREEDOM FOR ALL GERMANS, BUT ALSO THE BINDING OF THE FEDERAL REPUBLIC TO THE ATLANTIC AND TO WESTERN EUROPE. ADENAUER HAD MADE A HISTORIC DECISION: IT WAS IRREVERSIBLE.

5. FOR THIS REASON THE GERMANS MORE THAN OTHER EUROPEANS FELT THEMSELVES COMMITTED TO THE EVER CLOSER UNION OF THE PEOPLES OF EUROPE, AS FORESEEN IN THE TREATY OF ROME. THIS WAS THE SECOND GREAT ATTEMPT THIS CENTURY TO BIND THE GERMANS TO THE WEST. THE PEOPLE OF EUROPE HAD HAD TO PAY DEARLY FOR THE FAILURE OF THE FIRST ATTEMPT AT LOCARNO 60 YEARS AGO. THIS SECOND OPPORTUNITY TO ACHIEVE THE WESTERN INTEGRATION OF GERMANY WAS A HISTORICAL LUXURY WHICH DESERVED TO BE HANDLED WITH CARE.

OBJECTIVES FOR MILAN

6. THE FEDERAL GOVERNMENT WOULD PRESS AT MILAN FOR ADOPTION OF A CLEAR TIMETABLE FOR COMPLETION OF THE INTERNAL MARKET, WITH SPECIAL EMPHASIS ON HIGH TECHNOLOGY.

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7. EUROPEAN UNION, WHICH THE GERMANS WANTED, WOULD ALSO BE A CENTRAL THEME FOR MILAN. IN THE GERMAN VIEW THIS STEP TOWARDS EUROPEAN UNION SHOULD BE TOUPLED WITH A TREATY-BASED ARRANGEMENT FOR POLITICAL COOPERATION, WHICH WOULD SET THIS SECOND PILLAR OF EUROPEAN INTEGRATION ON A PERMANENT BASIS.

8. THE GERMAN GOVERNMENT ALSO WANTED INSTITUTIONAL REFORM, PARTICULARLY A RETURN TO THE MAJORITY VOTING PROVISIONS OF THE TREATY OF ROME, AND MORE PARTICIPATION (MITWIRKUNG) OF THE EUROPEAN PARLIAMENT.

9. THEY ALSO WANTED A EUROPE WHICH WAS CLOSER TO ITS CITIZENS, PARTICULARLY THROUGH THE OPENING UP OF BORDERS, ON THE PATTERN OF THE FRANCO-GERMAN AGREEMENT.

US/FRANCE/SDI/EUREKA

10. FRANCO-GERMAN COOPERATION HAD ALWAYS BEEN THE MOTOR OF EUROPEAN INTEGRATION, AND WOULD BE SO IN THE FUTURE. IT WAS NOT A QUESTION OF CHOOSING BETWEEN FRANCE AND THE USA, OR BETWEEN EUROPE AND NATO: BOTH RELATIONSHIPS WERE OF VITAL IMPORTANCE. IT WAS HOWEVER IMPORTANT THAT EUROPE LEARNED TO SPEAK WITH ONE VOICE. THIS WAS ALSO TRUE OF SDI, WHERE IT WAS SELF-EVIDENT TO THE FEDERAL GOVERNMENT THAT THEY SHOULD AIM FOR A COMMON POSITION WITH THEIR MOST IMPORTANT EUROPEAN PARTNERS. THE AIM WAS NOT TO ERECT A COMMON FRONT AGAINST THE USA, BUT TO ENSURE THAT THE SECURITY OF EUROPE WAS NOT UNCOUPLED FROM THAT OF THE USA, AND THAT STRATEGIC STABILITY WAS PRESERVED OR IMPROVED.

11. THE FEDERAL GOVERNMENT HAD FROM THE START SUPPORTED THE FRENCH INITIATIVE FOR CLOSER EUROPEAN COOPERATION IN THE TECHNOLOGIES OF THE FUTURE. EUREKA WAS NOT AN ALTERNATIVE TO SDI, BUT RATHER A FURTHER STEP TOWARDS EUROPEAN COLLABORATION IN R AND D. FRANCO-GERMAN RELATIONS WERE NOT UNDER STRAIN. THEIR FRIENDSHIP HAD PROVED ITSELF ON MANY OCCASIONS, AND WOULD CONTINUE TO DO SO.

COMMENT

12. THIS SPEECH IS VINTAGE KOHL IN ITS EXPRESSION OF HIS COMMITMENT TO EUROPE AND TO BINDING THE FEDERAL REPUBLIC TO THE WEST. ON THE SUBSTANCE OF THE FEDERAL REPUBLIC'S APPROACH TO MILAN (PARAS 6-9), KOHL AVOIDED ANY PRECISION. THERE IS NO MENTION OF THE LUXEMBOURG COMPROMISE, OR OF CO-DEFISION FOR EUROPEAN PARLIAMENT.

FCO PLEASE ADVANCE TO FCO - PS, RENWICK, FAIRWEATHER, SHEPHERD, WALL  
CAB OFF - WILLIAMSON  
TSY - FITCHEW

BULLARD

FRAME ECONOMIC/INSTITUTIONAL  
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(ADVANCED AS REQUESTED)

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Prime Minister

SEC 2

This line will put in difficulties in the House. I shall have to be more direct in my writing. [Signature]

The Chancellor sees no difficulty in seeing off the

Treasury Chambers, Parliament Street, SW1P 3AG

01-233 3000

Commission's proposals on tax harmonization.

But he advises against a row at the European Council, because this would simply cause unnecessary parliamentary concern & attention

FOREIGN SECRETARY

MILAN EUROPEAN COUNCIL: TAX HARMONISATION

The Commission's proposals on the internal market for the Milan European Council will include a paper on indirect tax harmonisation. As agreed at OD(E)(85)3rd meeting, I am writing to let you know how the Commission's expected proposals would affect our indirect tax arrangements and those of other Member States; and to set out my views on how we might aim to handle this issue at the European Council.

Likely content of Commission's proposals

2. Although we cannot be certain at this stage, it seems probable that the Commission will propose the gradual harmonisation of excise duty rates around a weighted average of the existing rates in the Ten. This would involve substantial changes in the level of most excise duties in nearly all Member States. The details are set out in the tables in Annex A below. For the UK there would be large reductions in most duties and this applies also in Ireland and Denmark; other Member States would have to impose large increases. Once harmonisation had been achieved, excise duties could not then be changed unilaterally except perhaps in a narrow range round the harmonised rates.

3. So far as VAT is concerned, the likelihood is that the Commission will propose a two-tier structure with a lower rate of around 5 per cent and a standard rate of either 16 per cent or 17 per cent. Arthur Cockfield has, however, hinted at some flexibility in his approach and he may propose a range of rates rather than single figures, eg. 2 per cent - 6 per cent for the reduced rate and 16 per cent - 18 per cent for the standard rate.





The reduced rate would generally cover the items presently zero-rated in the UK. Annex B shows that, as with excise duties, such a proposal would involve considerable changes in the VAT tax structure and rates in most Member States. Again, once harmonisation had been achieved, Member States would not be permitted to vary VAT rates outside the agreed bands.

#### Implications of Commission proposals for UK

4. The Commission's proposals are of course unacceptable to us. They would reduce our freedom to set our own tax rates. We could not accept, and public opinion here would not accept, such a fundamental infringement of our sovereignty. Nor could we accept the loss of fiscal room for manoeuvre. Moreover, the implications for our tax structure are extremely unattractive. We believe in gradually shifting the burden of tax from direct to indirect taxation. But the Commission's proposals, while they would increase VAT revenue by some £4 billion, would also reduce revenue from excise duties by about the same amount. Our ability to increase indirect taxation in the long term would inevitably be constrained by such a huge loss in excise duty revenue. And the large reductions in alcohol and tobacco duties would be fiercely opposed by the health lobbies.

#### Attitude of other member states

5. The Commission's proposals will cause equal if not greater difficulty for a majority of other Member States. Annex C below summarises the main consequences of the Commission proposals for other Member States. The most striking features are:

- the major upheavals in the direct/indirect tax structures in Luxembourg, Denmark and Ireland, with the last two of these having to make good huge revenue losses;





- large increases in beer duty in Belgium, Germany and the Netherlands;
- the introduction of duty on all wines in Greece and Italy, on home-produced wines in Luxembourg and on table wines in Germany and (a dramatic increase) in France;
- increases in tobacco duty in the three major tobacco producers - France, Italy and Greece.

Taking these consequences for other member states, the Commission's proposals are unlikely to have any more chance of making headway than on previous occasions in the past once they get into the formal Council machinery and a detailed discussion starts at expert level.

6. What is less certain, however, is whether, apart from Denmark and Greece, other Heads of Government will be prepared to voice their objections at Milan. It is worth noting that the recent agreement between France, Germany and the benelux countries on the reduction of frontier controls of persons apparently contains an Article 26, which commits the parties to explore the possibilities for harmonisation of indirect taxes and to that end supporting any proposals the Commission may make. This is despite the fact that the Benelux countries are known to have strong objections to the substance of the Commission's proposal. It is therefore possible that at Milan a number of countries may be willing to subscribe to tax harmonisation in fairly general terms as a long-run goal for the Community (cf. the EMU), while privately intending to ensure that little or no practical progress is made in that direction.

#### Tactics

7. Although the Commission's tax approximation proposals will





be unacceptable to us they form part of the wider package on the completion of the internal market, which we know the Commission will be asking the European Council to endorse at Milan. We are agreed that it is in the UK's interest to make progress on the latter, in particular in such areas as non-life insurance and harmonisation of industrial standards; and I know from our discussion at OD(E) that you are concerned that we should not allow other member states to make our opposition to tax harmonisation an excuse for blocking work on these other aspects of the internal market.

8. My own view is that in any case it could be both unnecessary and counter-productive for us to get out in the lead in refusing even any discussion of the Commission's proposals. Unnecessary, because neither the Commission nor other member states can be in any doubt from the last European Council and from subsequent contacts of our opposition on the substance of the issues. Counter-productive, because to have a major argument over the proposals at Milan would give them more publicity than they deserve and unnecessarily focus Parliamentary attention on the future handling of them. Moreover we should aim to force other Member States into the open and not allow them to shelter behind our opposition.

9. I accordingly suggest the following line of approach. First, in the run-up to Milan we should continue our efforts to persuade the Commission to separate their tax harmonisation proposals from the rest of the internal market package and to put them into "Green Paper" form, preferably without any targetry or calendar.

10. Second, at Milan itself we should work for the Commission's proposals simply to be remitted to the ECOFIN Council for a detailed study of the possibilities for tax harmonisation and of its costs and benefits. Such a study would need to cover not only the details of how tax harmonisation might work, but also wider issues, such





as:

- whether alignment of tax rates is necessary for the abolition of fiscal frontiers;
- whether present differences in tax rates seriously hamper intra-Community trade;
- whether the implications for fiscal and economic management in Member States are acceptable;
- the social and industrial consequences.

It would, of course, have to be clear that this study was undertaken on a no-commitment basis. We could not, for example, go along with 1992 or any other target date for removing fiscal frontiers and harmonising tax rates. We would, if necessary, have to make it clear that these were unrealistic.

11. I believe that this tactic will lead eventually to the defeat of the Commission's initiative, since the study would bring home the major difficulties it would create for all Member States. But it would achieve this without our incurring the odium of taking the lead in opposition, and without imperilling our other objectives in the Community.

12. If you and other copy recipients of this minute agree, my officials will work up briefing along these lines for the European Council.

13. I am sending copies of this minute to the Prime Minister and other members of OD(E) and to Sir Robert Armstrong.

*Y.N.*

N.L.

12 June 1985



SECRET

ANNEX A

EFFECT OF HARMONISATION ON EXCISE DUTIES IN MEMBER STATES BY COUNTRY

1. Belgium
2. Denmark
3. France
4. Germany
5. Greece
6. Ireland
7. Italy
8. Luxembourg
9. Netherlands
10. United Kingdom

Notes

1. This analysis is based on figures contained in the Commission working paper "Suppression des Frontieres Fiscales", Feb 1985. These figures were based on 1982 data.

2. The figures for changes in revenue as a percentage of GNP assume zero price elasticities. In practice, the effects would be smaller, the higher the price elasticities.



1 BELGIUM

	% change in duty	Change in revenue as % GNP
Beer	+117	+0.16
Wine	- 48	-0.03
Spirits	+ 51	+0.10
Tobacco	+ 29	+0.18
Petrol	+ 9	) +0.19
Derv	+ 51	
Total		+0.60

Belgium would have to increase all its main duties except for wine. However, the reduction in wine duties would have only a small effect on revenue. Duty increases of over 50% will be required for beer and spirits and derv. Beer is as popular in Belgium as in the UK.



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	% change in duty	Change in revenue as % GNP
Beer	- 48	-0.20
Wine	- 86	-0.13
Spirits	- 47	-0.16
Tobacco	- 52	-0.59
Petrol	+ 2	) +0.16
Derv	+176	)
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Total		-0.92

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Denmark would be affected similarly to us as far as duties are concerned, except in the case of derv, which Denmark would have to increase substantially. Duties on alcoholic drinks, especially spirits, and tobacco, would have to be reduced. The reduction in tobacco duty appears to have serious revenue consequences.



## 3 FRANCE

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	% change in duty	Change in revenue as % GNP
Beer	+445	+0.07
Wine	+229	+0.09
Spirits	- 7	-0.02
Tobacco	+ 87	+0.27
Petrol	+ 1	) -0.01
Derv	- 10	)
Total		+0.40

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France would have to make major increases in beer, wine and tobacco duties. The increase in wine duty would not be popular with the producers and the increase in tobacco duty could also prove difficult in view of the amount of revenue it will raise [and of the close links between the state and the industry].



4 GERMANY

	% change in duty	Change in revenue as % GNP
Beer	+223	+0.18
Wine	- 24	-0.01
Spirits	+ 5	+0.01
Tobacco	- 20	-0.15
Petrol	+ 18	) +0.07 )
Derv	- 34	
Total		+0.10

The only major change required by Germany would be a massive increase in beer duty, which could cause difficulties, given the German taste for beer. (Germany is reported to have the highest per caput beer consumption in the world). Germany does not charge duty on table wine but has a relatively high charge on fortified wine - hence the apparently modest change required for harmonisation shown in the table in fact disguises much more dramatic changes in the duty structure.



## 5 GREECE

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	% change in duty	Change in revenue as % GNP
Beer	- 12	-0.02
Wine		+0.15
Spirits	+2578	+0.60
Tobacco	+ 135	+1.35
Petrol	- 35	) -0.39
Derv	+ 299	)
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Total		+1.69

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The required increases in duty on wine and spirits would be enormous: Greece currently has no duty on wine. The increase in tobacco duty could also prove difficult given the revenue implications.



## 6 IRELAND

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	% change in duty	Change in revenue as % GNP
Beer	-76	-1.34
Wine	-94	-0.18
Spirits	-63	-0.65
Tobacco	-20	-0.35
Petrol	- 2	) -0.18
Derv	-36	)
Total		-2.70

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The effect on Ireland will be similar to that on us, larger reductions being required in the duties on alcoholic drinks, and lesser, but still significant reductions in duties on tobacco and derv.



## 7 ITALY

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	% change in duty	Change in revenue as % GNP
Beer	+ 68	+0.03
Wine		+0.19
Spirits	+384	+0.29
Tobacco	+ 52	+0.36
Petrol	- 25	) -0.02
Derv	+886	)
Total		+0.85

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Italy would have to increase duties on all except petrol. The massive increase in derv duty seems to be balanced out in revenue terms against the reduction in petrol. Therefore, the main problem for Italy would probably be on the alcoholic drinks. Italy has no duty on wine and the increases in duty on spirits is particularly high. The increase in tobacco duty could also prove difficult given the apparently high amount of revenue it will yield.



## 8 LUXEMBOURG

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	% change in duty	Change in revenue as % GNP
Beer	+125	+0.15
Wine	- 33	-0.03
Spirits	+825	+0.96
Tobacco	+ 82	+1.86
Petrol	+ 21	) +0.81
Derv	+131	)
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Total		+3.75

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Luxembourg would have to increase all the duties except wine. The increases in spirits, beer and tobacco duties look likely to prove the most difficult, but as Luxembourg-produced wine is not currently taxed, the wine changes could also lead to serious political difficulties.



9 NETHERLANDS

	% change in duty	Change in revenue as % GNP
Beer	+22	+0.03
Wine	-66	-0.04
Spirits	+14	+0.04
Tobacco	+21	+0.12
Petrol	+24	) +0.26
Derv	+76	)
Total		+0.41

The increases in petrol and derv seem to be the only likely source of difficulty for the Netherlands.



10 UNITED KINGDOM

	% change in duty	Change in revenue as % GNP
Beer	-56	-0.30
Wine	-94	-0.20
Spirits	-53	-0.25
Tobacco	-36	-0.46
Petrol	0	0
Derv	-50	-0.16
Total		-1.37

The United Kingdom would be faced with large reductions in all the excise duties except the duty on petrol. The total revenue loss would be nearly £4 billion.



## RATES OF VALUE ADDED TAX IN FORCE IN MEMBER STATES ON 1 MARCH 1985

	Standard rate	Increased luxury or higher rate	Reduced rate	Coverage of zero rating
United Kingdom	15%	-	-	Wide variety of goods and services
Belgium	19%	25%, 33%	6%, 17%	Minimal
Denmark	22%	-	-	Minimal
Germany	14%	-	7%	-
France	18.6%	33 <sup>1</sup> / <sub>3</sub> %	5.5%, 7%	-
Ireland	23%	-	10%	Wide variety of goods and services
Italy	18%	38%	2%, 9%	Minimal
Luxembourg	12%	-	3%, 6%	-
Netherlands	19%	-	5%	-

Notes

1. Exports from all the above countries are generally zero-rated.
2. Greece at present has no VAT.



## ANNEX C

## EFFECT OF HARMONISATION ON OTHER MEMBER STATES

1. To examine the effect of harmonisation on other Member States, we have had to rely on analysis provided by the Commission based on 1982 figures. Changes may have occurred since then so this must only be taken as a broad guide to the likely effects.

2. So far as the overall revenue effects of harmonisation are concerned, the analysis shows that harmonisation of excise duties and VAT is likely to be roughly revenue neutral for the Netherlands (as well as the UK). Four countries - Belgium, Denmark, France and Ireland - will have to reduce their indirect taxation while three countries - Germany, Italy and in Luxembourg - will have to increase it. (Figures for Greece not provided.) The effects are greatest in Luxembourg, Denmark and Ireland where the changes would amount to major upheavals in their direct/indirect tax structures. Countries which rely heavily on such taxes will have the particular problem that they will lose control over a major revenue-raising instrument (quite apart from the effect on revenue receipts).

3. On the excise duties side, five countries will have to make increases - probably six if full details were available for Greece. The main points to emerge are:

- Beer duty would rise in six countries, the traditional beer drinking countries (Belgium, Germany and the Netherlands) being particularly affected. Like us, Denmark and Ireland would have to reduce beer duty significantly.
  
- Duty on all wines would have to be introduced in Greece and Italy, and for table wine in Germany. A dramatic increase would be necessary in France. Germany would have to reduce its fortified wine duty, and the other



six countries would have to reduce their duties. Again, Denmark and Ireland face a similar situation to us.

- Spirits duty would have to rise in six countries, Greece, Italy and Luxembourg being particularly affected. Once again, like us, Denmark and Ireland would have to make large reductions.
- Tobacco duty would rise in six countries; France, Greece, Italy and Luxembourg being particularly affected. Only Denmark would have to make a larger reduction than us.
- Petrol duty could be harmonised most easily, no country having to adjust the duty by more than one third. Germany, Luxembourg and the Netherlands would have to make the largest increases; Greece and Italy making the largest reductions.
- Derv duty would be more difficult to harmonise. Denmark, Italy and Luxembourg would have to make the largest increases. We would have to make the largest reduction but Germany and Ireland would also have to make large reductions.

4. On the VAT side, three countries besides us would have to increase their revenue from VAT - Germany, Luxembourg and Italy, Luxembourg being the most affected. France and Denmark would suffer the largest reductions. However, these results are based on the assumption that there would be a single rate of 13 per cent. In practice, we expected there to be two rates; a standard rate of around 17 per cent and a reduced rate of around 5 per cent. On this basis, harmonising the standard rates would most affect Denmark and Ireland, with standard rates exceeding 20 per cent, and Luxembourg, with a standard rate of only 12 per cent. All other countries except Denmark already operate non-zero reduced rates but only Ireland has an extensive coverage of zero-rates.

5. These upheavals would have serious industrial consequences



In many cases, with corresponding political, social and economic problems. Although we have neither the time nor the information to attempt a full survey, some examples serve to give a flavour of the difficulties involved.

- Those wine-producing countries which would have either to introduce or to increase substantially duties on wine would face major economic, social and political problems. The effect would be to depress wine consumption, particularly of low quality wine. Other things being equal, this will increase the Community's wine lake and the cost to the Community Budget of disposing of it. It will also call into question the viability of many wine growing areas, most of them situated in the poorest and politically more volatile regions, so that there will undoubtedly also be pressure on the Community's Guidance Section funds to relieve the worst effects of harmonisation. Also, there would be serious control difficulties in applying a new or increased duty to (probably) hundreds of thousands of producers, and costly administrative structures would be required.
  
- Similar considerations apply in the case of Community tobacco, where tax changes could reinforce a shift in consumer tastes away from dark tobaccos. Since the pace of change would largely be outside the agricultural lobbies' control, there would be serious difficulties in the tobacco-growing regions of France, Italy and Greece. Larger quantities of low-quality tobacco would have to be disposed of under subsidy from the Community Budget and there would be calls for increased Guidance Section expenditure to support the incomes of the producers in question.

These large-scale problems could be repeated in microcosm, in particular industrial and commercial sectors all over the community, wherever major tax changes threatened significant and uncontrolled shifts in the market. Whether large or small, difficulties of



his nature are likely to mobilise local political forces and to lead to a variety of conflicting pressures on EC governments.

6. To summarise, the major difficulties for each State are likely to be as follows:

<u>Belgium:</u>	Increases in beer duty
<u>Denmark:</u>	Big loss of revenue
<u>France:</u>	Large increases in wine duty
<u>Germany:</u>	Introduction of wine duty; increases in beer duty
<u>Greece:</u>	Introduction of wine duty; large increases in spirits and tobacco duties
<u>Ireland:</u>	Big loss of revenue; ending of VAT zero-rates
<u>Italy:</u>	Introduction of wine duty
<u>Luxembourg:</u>	Large increases in excise duties and VAT
<u>Netherlands:</u>	Increases in petrol and derv duties



Enlo Council pila





10 DOWNING STREET

*File V6*

*L03 AER*

*From the Private Secretary*

MISS ROSALIND MULLIGAN

CABINET OFFICE

PRIME MINISTER'S BRIEFING FOR EUROPEAN COUNCIL

Thank you for your note of 7 June proposing invitees for the briefing meeting for the European Council. It seems awfully long and you might ask Mr. Williamson if he could see a way to reduce it. The Cabinet Secretary does not, I think, normally see a need to attend.

We shall have to add Sir Michael Butler.

CHARLES POWELL

*CP*

10 June 1985





10 DOWNING STREET

Charles -

agenda for briefing meeting -

A) 3 main subjects are :

- (i) Future of Europe (decision taking, majority voting, political co-operation)
- (ii) The internal market and deregulation
- (iii) Technology, including Eureka.

B) Possible subject :

Budgetary questions

C) Unlikely subject :

Agriculture (price fixing).

Michael Jay in Cabinet office will answer any queries

CST 10/6.





*Please let me know first what subjects we expect to be on the agenda. esp 7/6*

Ref. A085/1557

MR POWELL

Prime Minister's Briefing Meeting for the European Council:  
4.30 pm, Thursday 27 June

Mr Williamson has suggested the following invitees for the Prime Minister's briefing meeting for the European Council:

- Foreign and Commonwealth Secretary
- Chancellor of the Exchequer
- Secretary of State for Trade and Industry or the Minister of State, Department of Trade and Industry, Mr Channon
- Minister of State, Department of Trade and Industry, Mr Pattie
- Mr R W Renwick, Foreign and Commonwealth Office
- Mr D M D Thomas, Foreign and Commonwealth Office (if necessary for political co-operation items)
- Mr R G Lavelle, Treasury
- Mr B W Oakley, Department of Trade and Industry
- Mr R Williams, Department of Trade and Industry or Miss M J Lackey, Department of Trade and Industry
- Sir Robert Armstrong, Cabinet Office
- Sir Robin Nicholson, Cabinet Office
- Mr D F Williamson, Cabinet Office

Are you content?

ROSALIND MULLIGAN

7 June 1985



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TO IMMEDIATE ROME

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T105/85

TELEGRAM NUMBER 274 OF 4 JUNE  
INFO ROUTINE UKREP BRUSSELS  
INFO SAVING ALL EC CAPITALS

MIPT : MILAN EUROPEAN COUNCIL MESSAGE FROM SIGNOR CRAXI  
1. FOLLOWING IS REPLY FROM THE PRIME MINISTER TO  
SIGNOR CRAXI WHICH I WOULD BE GRATEFUL IF YOU WOULD DELIVER.  
BEGINS:

THANK YOU FOR YOUR LETTER OF 24 MAY ABOUT OUR DISCUSSIONS IN  
MILAN AT THE END OF JUNE.

LIKE YOU, I HOPE THAT WE CAN MAKE SUBSTANTIVE PROGRESS  
TOWARDS THE COMPLETION OF THE COMMON MARKET ON THE BASIS OF A  
SPECIFIC TIMETABLE. THIS, TOGETHER WITH THE WORK WE INITIATED AT  
OUR LAST MEETING ON LIFTING THE ADMINISTRATIVE BURDENS ON  
EUROPEAN BUSINESSES, COULD MAKE A REAL IMPACT ON THE CREATION OF  
JOBS.

I LOOK FORWARD TO DISCUSSING THE FUTURE DEVELOPMENT OF THE  
COMMUNITY. GEOFFREY HOWE WILL HAVE SOME SPECIFIC IDEAS TO PUT  
FORWARD AT THE STRESA MEETING. AS I MENTIONED TO YOU WHEN WE MET  
IN BONN IN MAY, I AM CONVINCED THAT THE MILAN EUROPEAN COUNCIL  
CAN MARK A REAL STEP FORWARD IN THE DEVELOPMENT OF THE COMMUNITY.  
IT REMAINS MY VIEW THAT THE HEADS OF GOVERNMENT THEMSELVES MUST  
TAKE DECISIONS, AND GIVE CLEAR DIRECTIONS AT THE MILAN EUROPEAN  
COUNCIL ON THE COMPLETION OF THE COMMON MARKET, THE DEVELOPMENT  
OF POLITICAL COOPERATION AND IMPROVED DECISION TAKING. IF  
DETAILED WORK NEEDS TO BE DONE TO GIVE EFFECT TO THE AGREEMENTS  
REACHED AT MILAN, THAT SHOULD BE REFERRED TO THE APPROPRIATE HIGH  
LEVEL GROUPS TO ENABLE FURTHER DECISIONS TO BE TAKEN OR  
AGREEMENTS ENTERED INTO AT THE DECEMBER EUROPEAN COUNCIL. IF WE  
CAN PROCEED IN THIS WAY I AM CONVINCED WE CAN ACHIEVE A

1

CONFIDENTIAL



CONFIDENTIAL

22914 - 1

SUCCESSFUL AND POSITIVE OUTCOME AT MILAN.

I AM VERY PLEASED THAT THE SPANISH AND PORTUGUESE PRIME  
MINISTERS WILL BE JOINING US AT THE EUROPEAN COUNCIL. I AM SORRY  
THAT I CANNOT BE AT THE SIGNATURE CEREMONIES ON 12 JUNE BECAUSE  
OF THE COINCIDENCE WITH THE STATE VISIT TO THE UNITED KINGDOM OF  
THE PRESIDENT OF MEXICO.

WITH BEST WISHES.

ENDS.

HOWE

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FRAME GENERAL  
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ADDITIONAL DISTRIBUTION  
FRAME



CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

1 June 1985

Dear Colin,

**EUROPEAN COMMUNITY: MILAN EUROPEAN COUNCIL**

Thank you for your letter of 30 May enclosing a draft reply from the Prime Minister to Signor Craxi's recent message about the Milan European Council.

The Prime Minister does not wish to encourage a visit by Signor Craxi before the Milan Council. She has already discussed the prospects with him in the margins of the Bonn Economic Summit, and is not convinced that a further meeting would be useful. Moreover she is very heavily committed between now and the end of June. She therefore hopes that the Foreign Secretary will take discussions forward so far as possible with Signor Andreotti.

I recognise that Signor Craxi may nevertheless come forward later with a specific proposal that he should come here. We shall have to deal with that at the time.

I enclose a revised version of the message to Signor Craxi.

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

yours sincerely,  
Charles Powell

C D POWELL

Colin Budd, Esq.,  
Foreign and Commonwealth Office

CONFIDENTIAL



D. R.  
Please deliver the following reply from the Prime Minister to Signor Craxi. Begins:

Thank you for your letter of 24 May about our discussions in Milan at the end of June.

Like you, I hope that we can make substantive progress towards the completion of the common market on the basis of a specific timetable. This, together with the work we initiated at our last meeting on lifting the administrative burdens on European businesses, could make a real impact on the creation of jobs.

I look forward to discussing the future development of the Community. Geoffrey Howe will have some specific ideas to put forward at the Stresa meeting. As I mentioned to you when we met in Bonn in May, I am convinced that the Milan European Council can mark a real step forward in the development of the Community. It remains my view that the Heads of Government themselves must take decisions, and give clear directions at the Milan European Council on the completion of the common market, the development of political cooperation and improved decision taking. If detailed work needs to be done to give effect to the agreements reached at Milan, that should be referred to the appropriate high level groups to enable further decisions to be taken or agreements entered into at the December European Council. If we can proceed in this way I am convinced we can achieve a successful and positive outcome at Milan.

I am very pleased that the Spanish and Portuguese Prime Ministers will be joining us at the European Council. I am sorry that I cannot be at the signature ceremonies on 12 June because of the coincidence with the State visit to the United Kingdom of the President of Mexico.

With best wishes.

Ends.



CDP to deal Craxi



Foreign and Commonwealth Office

London SW1A 2AH

30 May 1985

Rome Minister:

Dear Charles,

No,

Do you agree to  
a reply along the  
attached linesEuropean Community: Milan European Council

M 2/5

Signor Craxi has sent the enclosed message to the Prime Minister and other EC Heads of Government about the Milan European Council. The Foreign Secretary recommends that the Prime Minister should send a brief reply. I enclose a draft in the form of a telegram to Rome.

I enclose a copy of Rome telno 526 reporting David Williamson's talks with the Italians on 28 May. The Italians have no clear idea which Treaty articles they wish to amend, but continue to hanker after Treaty amendment and remain committed to an inter-governmental conference. We have made it plain that we do not believe that an inter-governmental conference would serve a useful purpose and that substantive decisions should be taken by the Heads of Government themselves at the Milan European Council. As Signor Craxi is likely to take a more realistic view on some of the issues than Andreotti the Foreign Secretary thinks it important to encourage him to come here for a discussion before the Milan European Council. I also enclose a copy of the Foreign Secretary's reply to Sr Andreotti's recent letter to him outlining his views on the 'mandate' for a possible inter-governmental conference.

No  
make  
no

I am copying this letter and enclosures to Richard Hatfield at the Cabinet Office.

Yours ever,  
Colin Budd

(C R Budd)  
Private Secretary

C D Powell Esq  
10 Downing Street



GRS 1100

CONFIDENTIAL

FM ROME 290800Z

TO IMMEDIATE FCO DESKBY 290930Z

TELNO 526 OF 29 MAY 85

INFO PRIORITY UKREP BRUSSELS, BONN, PARIS.

INFO ROUTINE OTHER EC POSTS

NYTELNO 519: EUROPEAN COUNCIL, MILAN

#### SUMMARY

1. MAIN BRITISH PRIORITIES FOR MILAN EXPLAINED TO SECRETARY GENERAL MFA: POLITICAL COOPERATION, COMPLETION OF COMMON MARKET, DECISION-MAKING, EUROPEAN PARLIAMENT AND THE EUROPEAN TECHNOLOGICAL COMMUNITY (INCLUDING EUREKA). BRITISH OPPOSITION TO TREATY AMENDMENT REAFFIRMED AS WERE OUR RESERVATIONS OVER NEED FOR INTER-GOVERNMENTAL CONFERENCE. ITALIANS SHOWED INTEREST IN OUR POCO IDEAS BUT WANT TO PLACE COMPLETION OF COMMON MARKET IN WIDER CONTEXT OF QUALITATIVE MOVE FORWARD ON EUROPEAN UNION, INCLUDING COMPLETION OF EMS AND IMPROVEMENT OF DECISION-MAKING INVOLVING TREATY AMENDMENT. STANDARD ITALIAN LINE ON INCREASED POWERS FOR THE PARLIAMENT. ITALIAN STRESS ON POLITICAL EXPECTATIONS THAT MILAN SHOULD MARK A NEW PHASE ON ROAD TOWARDS THE EUROPEAN UNION. DISCUSSION OF PROCEDURES ON EUREKA. MANIFEST PRESIDENCY DESPAIR AT GERMAN OBSTINACY OVER CEREALS IN CAP PRICE FIXING.

#### DETAIL

2. ON MAY 26 I ACCOMPANIED WILLIAMSON (CABINET OFFICE) FOR A TWO HOUR SESSION WITH RUGGIERO (SECRETARY GENERAL MFA) WHO WAS FLANKED BY FONTANA GIUSTI AND CAVALCHINI (ANDREOTTI'S CHEF DE CABINET). WILLIAMSON SAID YOU WERE SORRY THAT IT HAD NOT BEEN POSSIBLE TO ARRANGE A BILATERAL MEETING WITH ANDREOTTI EARLIER THAN THE MARGINS OF THE LISBON NAC MEETING. THE PRIME MINISTER AND YOU BOTH FELT THE NEED FOR CLOSER CONTACTS WITH THE ITALIAN PRESIDENCY AS WE APPROACHED THE MILAN MEETING. WILLIAMSON OUTLINED BRITISH OBJECTIVES FOR MILAN UNDER THE FIVE HEADINGS DESCRIBED ABOVE, STRESSING OUR COMMON DESIRE THAT THE MEETING SHOULD BE A SUCCESS. RUGGIERO AGREED THAT OUR LIST COVERED THE GROUND AS TO SUBSTANCE BUT ALL THESE ISSUES NEEDED TO BE DISCUSSED AGAINST THE BACKGROUND OF A PERCEIVED POLITICAL ACCEPTANCE ON THE PART OF THE COMMUNITY.



OF A PERCEIVED POLITICAL ACCEPTANCE ON THE PART OF THE COMMUNITY FOR THE OPENING OF A FRESH STEP ON THE ROAD TOWARDS EUROPEAN UNION. THE EXPECTATIONS ALREADY AROUSED CALLED FOR AN INTERGOVERNMENTAL CONFERENCE.

#### POLITICAL COOPERATION

3. WILLIAMSON EXPLAINED OUR THINKING ON AGREED LINES AND HANDED OVER A TEXT ON POLITICAL COOPERATION. IN ANSWER TO A QUESTION WHETHER WE ACCEPTED THAT THIS COULD BE A TREATY, HE SAID THAT WE PROPOSED THE TEXT OF AN AGREEMENT WITH BINDING FORCE. IF IT FOUND FAVOUR WITH OTHER MEMBER STATES NO DOUBT THERE WOULD BE DISCUSSION OF THE PRECISE FORM WHICH IT SHOULD TAKE. WE LOOKED FORWARD TO THE ITALIAN PRESIDENCY'S COMMENTS. RUGGIERO SAID A BINDING AGREEMENT WOULD HAVE TO BE SUBMITTED TO THE ITALIAN PARLIAMENT.

#### COMPLETION OF THE COMMON MARKET

4. WILLIAMSON SAID THAT ALTHOUGH DISCUSSION AT MILAN WOULD PROBABLY BE BASED ON A SUMMARY VERSION OF THE PROMISED COMMISSION WHITE PAPER (SINCE THAT WAS UNLIKELY TO BE READY IN TIME) WE HAD PREPARED OUR OWN PAPER SETTING OUT SPECIFIC AREAS AND DEADLINES FOR WORK ON THE COMPLETION OF THE INTERNAL MARKET. WE HOPED THE PRESIDENCY WOULD FIND THIS USEFUL. DECISIONS IN THIS AREA WERE A MAJOR POLITICAL PRIORITY FOR BRITAIN AT MILAN. RUGGIERO EMPHASIZED BOTH ITALIAN AND PRESIDENCY COMMITMENT TO COMPLETION OF THE COMMON MARKET, BUT IT HAD TO BE SEEN IN THE WIDER CONTEXT OF A NEW PHASE OF EUROPEAN UNION. COMPLETION OF THE EMS (INCLUDING STERLING JOINING THE ERM) WAS AN IMPORTANT ADDITIONAL CONSIDERATION. SO WAS THE NEED FOR FURTHER CONVERGENCE OF ECONOMIC POLICIES. HE DID NOT BELIEVE THAT REAL PROGRESS IN THIS AREA WOULD BE POSSIBLE WITHOUT CHANGING THE UNANIMITY PROVISIONS OF THE TREATY. WILLIAMSON DREW ATTENTION TO OTHER EXISTING OBSTACLES TO COMPLETION OF THE EMS, EG. LACK OF FREEDOM OF CAPITAL MOVEMENTS, AND REAFFIRMED THAT IT REMAINED OUR VIEW THAT THE MAIN POINTS OF OUR PROGRAMME MUST BE AMONG DECISIONS FOR MILAN.

#### DECISION MAKING

5. WILLIAMSON STRESSED OUR VIEW THAT MORE USE COULD AND SHOULD BE MADE OF EXISTING DECISION-MAKING PROVISIONS OF THE TREATY AND THAT THE LUXEMBOURG COMPROMISE WAS A POLITICAL REALITY. WE OPPOSED TREATY AMENDMENTS WHICH WOULD ANY WAY TAKE TIME. INSTEAD IT MIGHT BE WORTH CONSIDERING A NEW FORMULATION SUCH THAT WHERE THE COUNCIL AGREED THAT A SPECIFIC OBJECTIVE SHOULD BE ACHIEVED, IT MIGHT ALSO BE AGREED THAT MEMBER STATES WOULD ENDEAVOUR NOT TO IMPEDE PROGRESS BY INVOKING THE UNANIMITY RULE IN RELATION TO MEASURES NECESSARY FOR ITS IMPLEMENTATION. RUGGIERO SAID HE SAW A CONTRADICTION BETWEEN RETENTION OF THE LUXEMBOURG COMPROMISE



... NOT FEEL IN POWER THAT MEMBER STATES WOULD ENDEAVOUR NOT TO  
IMPEDE PROGRESS BY INVOKING THE UNANIMITY RULE IN RELATION TO  
MEASURES NECESSARY FOR ITS IMPLEMENTATION. RUGGIERO SAID HE SAW A  
CONTRADICTION BETWEEN RETENTION OF THE LUXEMBOURG COMPROMISE,  
THE INTRODUCTION OF A PROCEDURE NOT TO INVOKE UNANIMITY PRO-  
VISIONS BY ABSTENTION IN THE CIRCUMSTANCES DESCRIBED ABOVE WHILE  
THE POWER OF VETO STILL IN PRACTICE EXISTED. THIS MIGHT BE A  
SOLUTION FOR A STAND-STILL PERIOD WHILE SCOPE FOR TREATY AMENDMENTS  
WAS IDENTIFIED AND AGREEMENT SOUGHT TO MAKE THEM. HE CONFESSED  
PERPLEXITY AS TO HOW TO DEAL WITH THE POLITICAL REALITY REPRESENTED  
BY THE LUXEMBOURG COMPROMISE, BUT FELT SURE THAT SOME TREATY  
AMENDMENT WOULD BE REQUIRED.

#### EUROPEAN PARLIAMENT

6. BRITISH AND ITALIAN/PRESIDENCY POSITIONS WERE FURTHEST APART  
HERE. RUGGIERO SAID THE ITALIANS WERE LOOKING FOR AGREEMENT ON  
CO-DECISION IN CERTAIN AGREED AREAS; CO-DECISION MEANT NEITHER  
COUNCIL NOR PARLIAMENT WOULD HAVE THE LAST WORD IN EVENT  
OF DISAGREEMENT. HE WAS NOT CONVINCED THAT SUGGESTIONS WE MADE FOR  
IMPROVING PROCEDURES WITH THE EUROPEAN PARLIAMENT OR ENCOURAGING  
THEM TO USE THEIR POWERS OF PROPOSAL AT AN EARLIER STAGE REPRESENTED  
A SUFFICIENTLY IMAGINATIVE STEP FORWARD. HE FOUND IT HARD TO UNDER-  
STAND WHY THE HOUSE OF COMMONS WAS THOUGHT TO BE SO RELUCTANT  
TO EXTEND THE POWERS OF A DEMOCRATICALLY ELECTED EUROPEAN  
PARLIAMENT.

#### EUROPEAN TECHNOLOGICAL COMMUNITY

7. DISCUSSION REVEALED SOME SHARED VIEWS ON THE NEED FOR  
LARGELY COMPANY COLLABORATION ALTHOUGH RUGGIERO STRESSED THE  
NEED FOR COMMUNITY FINANCE AND WHAT HE DESCRIBED AS A POLITICAL  
CATALYSER FOR THE WORK OF A HIGH LEVEL COMMITTEE IF THE  
LATTER WERE TO CONSIST OF SCIENTIFIC BUREAUCRATS. WILLIAMSON  
STRESSED THAT IN OUR VIEW, ON THE CONTRARY, THE NEED WAS FOR  
SATISFACTORY EXPLOITATION AND FOR ACCESS TO THE ENTIRE COMMUNITY  
MARKET, INCLUDING PUBLIC PURCHASING, FOR THE PRODUCT OF COLLA-  
BORATIVE RESEARCH.

#### CAP: CEREALS

9. AT THE END OF THE MEETING FONTANA GIUSTI ASKED WHETHER WE  
HAD ANY ROOM FOR MANOEUVRE OVER THE PRESIDENCY COMPROMISE OF  
1.5 PERCENT DECREASE IN CEREALS IN ORDER TO PRODUCE A FACE-  
SAVING FORMULA FOR THE GERMANS. WILLIAMSON SAID WE SAW NO REASON  
TO MAKE CONCESSIONS TO THE GERMANS AFTER THEY HAD HELD OUT AGAINST  
THE OTHER NINE FOR SO LONG.



7. DISCUSSION REVEALED SOME SHARED VIEWS ON THE NEED FOR  
LARGELY COMPANY COLLABORATION ALTHOUGH RUGGIERO STRESSED THE  
NEED FOR COMMUNITY FINANCE AND WHAT HE DESCRIBED AS A POLITICAL  
ANALYSER FOR THE WORK OF A HIGH LEVEL COMMITTEE IF THE  
LATTER WERE TO CONSIST OF SCIENTIFIC BUREAUCRATS. WILLIAMSON  
STRESSED THAT IN OUR VIEW, ON THE CONTRARY, THE NEED WAS FOR  
SATISFACTORY EXPLOITATION AND FOR ACCESS TO THE ENTIRE COMMUNITY  
MARKET, INCLUDING PUBLIC PURCHASING, FOR THE PRODUCT OF COLLA-  
BORATIVE RESEARCH.

CAP: CEREALS

9. AT THE END OF THE MEETING FONTANA GIUSTI ASKED WHETHER WE  
HAD ANY ROOM FOR MANOEUVRE OVER THE PRESIDENCY COMPROMISE OF  
1.6 PERCENT DECREASE IN CEREALS IN ORDER TO PRODUCE A FACE-  
SAVING FORMULA FOR THE GERMANS. WILLIAMSON SAID WE SAW NO REASON  
TO MAKE CONCESSIONS TO THE GERMANS AFTER THEY HAD HELD OUT AGAINST  
THE OTHER NINE FOR SO LONG.

10. FCO ADVANCE TO: BRAITHWAIT, RENWICK, WALL ECD(1), WILLIAMSON  
CAB. OFFICE.

BRIDGES

NNNN



# OUT TELEGRAM

	Classification and Caveats <b>RESTRICTED FRAME INSTITUTIONAL</b>	Precedence/Deskby <b>IMMEDIATE</b>
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ZCZC  
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CAVEATS  
DESKBY  
FM FCO  
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TEL NO

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2	<b>GRS</b>
3	<b>RESTRICTED FRAME INSTITUTIONAL</b>
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6	<b>FM FCO</b>
7	<b>IMMEDIATE TO ROME</b>
8	<b>TELEGRAM NUMBER</b>
9	<b>REPEATED FOR INFORMATION IMMEDIATE TO UKREP BRUSSELS</b>
10	<b>AND ROUTINE TO OTHER EC POSTS, LISBON AND MADRID</b>
11	<b>EUROPEAN COMMUNITY: INTER-GOVERNMENTAL CONFERENCE: LETTER FROM</b>
12	<b>ANDREOTTI</b>
13	1. Please pass the following reply to Andreotti's letter to
14	me of 21 May with his draft mandate for an inter-governmental
15	conference. Begins:
16	Thank you for your letter of 21 May and for sending me
17	your ideas for the Milan European Council. I look forward to
18	discussing these with you when we meet on 6 June and again in
19	Stresa at the weekend.
20	I am convinced that there is a real opportunity for
21	positive decisions on the development of the Community to be
22	taken under your Presidency. We are concerned to work closely
23	with you to achieve a success at the Milan European Council. We
24	believe that what is required is for the Heads of Government
25	themselves to take substantive decisions at Milan. I hope

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NNNN ends telegram	BLANK	Catchword <b>that</b>
File number	Dept <b>ECD(I)</b>	Distribution <b>Frame Institutional</b>
Drafted by (Block capitals) <b>P S Fairweather</b>		
Telephone number		
Authorised for despatch <i>L. Appaya</i>		
Comcen reference	Time of despatch	



OUT TELEGRAM (CONT)

C	↓	Classification and Caveats		Page
		RESTRICTED	FRAME INSTITUTIONAL	IMMEDIATE

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1 <<<<  
 2 that at Stresa we can focus on the issues the Heads of Government  
 3 themselves will wish to decide. I shall have some proposals to  
 4 put forward at that meeting. Of course there may be some areas  
 5 where further detailed work will be needed before agreements  
 6 reached by the Milan European Council can be implemented. Those  
 7 issues could be remitted by the Heads of Government to working  
 8 parties with a view to final decisions being taken or agreements  
 9 entered into in December.  
 10 I am glad that our officials have had a chance to discuss  
 11 our approach to the Milan European Council in some detail earlier  
 12 this week. After the success achieved in the completion of the  
 13 enlargement negotiations, the role of the Presidency will be  
 14 crucial in paving the way for agreement at Milan. I hope that we  
 15 can continue to keep in the closest touch. With best wishes.  
 16  
 17 HOWE  
 18 NNNN  
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30 MAY 1985

U.S. AIR FORCE  
HAFB  
HAFB





OUT TELEGRAM

Classification and Caveats

RESTRICTED FRAME INSTITUTIONAL

Precedence/Deskby

IMMEDIATE

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RESTRICTED FRAME INSTITUTIONAL  
IMMEDIATE TO ROME  
TELEGRAM NUMBER  
REPEATED FOR INFORMATION IMMEDIATE UKREP BRUSSELS  
AND ROUTINE TO OTHER EC POSTS, LISBON AND MADRID  
UKREP BRUSSELS TELNO 1565: MESSAGE FROM THE ITALIAN PRIME  
~~MINISTER: EUROPEAN COUNCIL~~

1. Please deliver the following reply from the Prime  
Minister to Signor Craxi. Begins:

Thank you for your letter of 24 May about our discussions  
in Milan at the end of June.

Like you, I hope that we can make substantive progress  
towards the completion of the common market on the basis of a  
specific timetable. This, together with the work we initiated at  
our last meeting on lifting the administrative burdens on  
European businesses, could make a real impact on the creation of  
jobs.

I look forward to discussing the future development of  
the Community. Geoffrey Howe will have some specific ideas to  
put forward at the Stresa meeting. As I mentioned to you when

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/  
25

NNNN ends telegram	BLANK	Catchword we met
File number	Dept ECD(I)	Distribution Frame Institutional
Drafted by (Block capitals) P S Fairweather		
Telephone number		
Authorised for despatch		
Comcen reference	Time of despatch	



OUT TELEGRAM (CONT)

C	Classification and Caveats	Page
	RESTRICTED FRAME INSTITUTIONAL IMMEDIATE	2

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1 <<<<  
 2 we met in Bonn in May, I am convinced that the Milan European  
 3 Council can mark a real step forward in the development of the  
 4 Community. It remains my view that the Heads of Government  
 5 themselves must take decisions, and give clear directions at the  
 6 Milan European Council on the completion of the common market,  
 7 the development of political cooperation and improved decision  
 8 taking. If detailed work needs to be done to give effect to the  
 9 agreements reached at Milan, that should be referred to the  
 10 appropriate high level groups to enable further decisions to be  
 11 taken <sup>or</sup> ~~on~~ agreements entered into at the December European  
 12 Council. If we can proceed in this way I am convinced we can  
 13 achieve a successful and positive outcome at Milan.  
 14 I am very pleased that the Spanish and Portuguese Prime  
 15 Ministers will be joining us at the European Council. I am sorry  
 16 that I cannot be at the signature ceremonies on 12 June. ~~But I~~  
 17 ~~was very glad to note that you plan to be in touch again before~~  
 18 ~~the end of June. I would welcome the opportunity to have a talk~~  
 19 ~~with you before the European Council. Ends.~~  
 20 *with best wishes. Ends.*  
 21 HOWE  
 22 NNNN  
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*President of Mexico.*

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NNNN ends telegram	BLANK	Catchword
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The Italian Ambassador  
to the United Kingdom

4305

*ms*

London, 25th May 1985

CC 140  
OTI

Prime Minister

Dear Mr. Towell,

A rather waffly  
message. But it is  
clear that Craxi still

I take pleasure in sending you herewith  
the text of the message sent by President of the  
Italian Council of Ministers, Signor Bettino Craxi,  
to the Prime Minister, Mrs Margaret Thatcher.

has  
inflated  
ideas  
on European  
Union.

The rough translation is also attached.

Very sincerely yours

CDP 29/5

*Audrea Cjati*

Mr. Charles Powell  
Private Secretary to the Prime Minister,  
10, Downing Street  
London, S.W.1



FROM: Signor Bettino Craxi  
TO: The Rt. Hon. Margaret Thatcher, MP.  
DATE: Rome, 24 May, 1985

cc Master  
Ops.

ROUGH TRANSLATION

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T 94 A/85.

With the date of the European Council at Milan drawing near, I should like to resume with you certain reflections and considerations for an efficient preparation of the talks that we will have on that occasion.

Many of the problems which engaged our attention on the eve of the last session in Brussels have now been resolved. We can feel satisfied at the good work which we accomplished together and which restored to our actions new space in which to pursue more ambitious objectives. Several subjects, important to the further construction of the Community already appeared on the Agenda of the European Council in Brussels, but the time available then did not enable us to have an in depth and thorough discussion. I refer, in particular, to the strengthening and to the progress of technological co-operation and to the matters connected with institutional evolution.

I believe that our meeting in Milan will provide us with the opportunity to resume the discussions on these subjects and to study the other proposals which the committee was instructed to elaborate. Amongst these, particular importance must be given to the plan referring the the realization, by 1992, of a large sole market. We will then have to intensify, once again, the examination of certain social problems, in particular the phenomenon of unemployment, and to consider, for the following deliberations, the latest report of the committee on "Europe of the Citizens".

[i.e. completion  
of the  
internal  
market]



Although it is perhaps a little premature to prepare today a precise agenda, I think we cannot avoid a common undertaking to dedicate priority attention, at the European Council in Milan, to the objectives of great importance in order to advance the path of the european unification which we had aimed to fulfil.

I shall not conceal from you the fact that in this context our discussion on the conclusions which were reached by the other committee, founded at Fontainebleau, relative to institutional problems, will be of great momentum. At Brussels, we already had an initial exchange of opinions on the final report presented by the committee. Although the time available to us on that occasion did not allow us to carry out a thorough study of the report, we were, however, able to appreciate the positive work carried out by the committee, because of the interesting proposals put forward and the orientations expressed. With the aim of further looking into these, I instructed my personal representative, Onorevole Ferri, to carry out exploratory missions in order to gather all elements of useful information and evaluation. The missions have now been completed and from their outcome, I think one can draw an encouraging base for the political consultations which I intend to carry out in agreement with the Minister for Foreign Affairs, Signor Andreotti. These consultations will take place before the European Council in Milan.

Onorevole Andreotti has in the meantime, sent a draft of the mandate to his colleagues which, as far as Italy is concerned, has been predisposed taking into account



the conclusions contained in the Report of the Dooge Committee, the solemn declaration of Stuttgart, and taking into consideration the spirit and the method which characterizes the draft of the treaty, approved by the Parliament of Strasburg with a great majority.

I am pleased that the Foreign Ministers of our countries have already agreed to discuss in depth the draft during the next informal meeting at Stresa. I trust that constructive suggestions will be drawn from the debate which together with the bilateral meetings held already and those planned in the next few weeks will contribute to the efficient preparation of our talks in Milan in order to achieve definitive decisions.

With regard to the important subjects which will come to our attention in Milan and taking into account the agreement which we reached, to proceed on the 12 June next with the signing of the treaties of adhesion, I think that it is our common intention and conviction to have the heads of Government of Spain and Portugal participating in the talks. It is therefore my intention to extend formally to the President of the Spanish Government, Felipe Gonzales and to the Portuguese Prime Minister, Mario Soares, an invitation to take part, accompanied by their respective Foreign Ministers, in the sessions of the European Council in Milan.

In the prospective of a constructive common commitment, please accept my best wishes.

With admiration and friendship,

Bettino Craxi

24 May, 1985



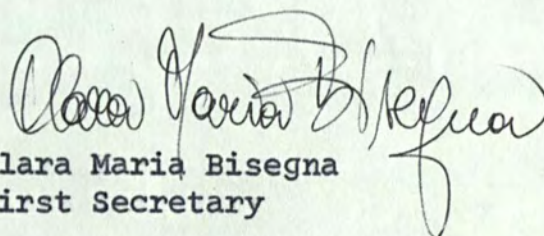
*Italian Embassy*  
*14, Three Kings Yard,*  
*London, W.1.*

25th May, 1985

*Dear Private Secretary,*

Further to the letter sent this morning enclosing the text of a message sent by the President of the Italian Council of Ministers, Signor Bettino Craxi to the Prime Minister, Mrs. Margaret Thatcher, please find herewith enclosed the rough translation.

*Sincerely Yours*

  
Clara Maria Bisegna  
First Secretary

The Private Secretary to the Prime Minister  
10 Downing Street  
LONDON SW1



Translation now  
received 29/15  
Italian Embassy,  
14, Three Kings Yard,  
London, W.1.

Messaggio dell'On. Bettino Craxi, Presidente  
del Consiglio della Repubblica italiana al  
Primo Ministro The Rt. Hon. Margaret Thatcher.

Con l'approssimarsi della data del Consiglio Europeo di Milano desidero riprendere con Lei talune riflessioni e considerazioni per una efficace preparazione delle discussioni che avremo in quella occasione.

Molti dei problemi che impegnavano la nostra attenzione alla vigilia della precedente sessione di Bruxelles sono stati ora risolti. Possiamo compiacerci del buon lavoro che insieme abbiamo compiuto e che ha restituito alle nostre azioni nuovi spazi per conseguire obiettivi più ambiziosi. All'ordine del giorno del Consiglio Europeo di Bruxelles già figuravano alcuni temi importanti per la ulteriore edificazione del progetto comunitario, ma il tempo disponibile non ci permise allora una discussione approfondita ed esauriente. Mi riferisco in particolare al rafforzamento e al progresso della cooperazione tecnologica ed alle questioni connesse con l'evoluzione istituzionale.

Credo che il nostro appuntamento di Milano possa fornirci l'occasione per riprendere la discussione di questi temi unitamente all'esame di altre proposte che la commissione è stata incaricata di elaborare. Tra queste, assume rilievo il programma relativo alla realizzazione, entro il 1992, di un grande mercato unico. Dovremo poi di nuovo tornare ad

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approfondire l'esame di taluni problemi sociali, in particolare il fenomeno della disoccupazione, e di considerare, per le seguenti deliberazioni, l'ulteriore rapporto del Comitato sull' "Europa dei cittadini".

Anche se è forse prematuro fissare oggi una precisa Agenda dei lavori penso sia già all'ordine delle cose il condiviso impegno di dedicare al Consiglio Europeo di Milano una attenzione prioritaria agli obiettivi di grande respiro per avanzare nel cammino dell'unificazione europea che ci siamo prefissi di compiere.

Non Le nascono che in questo contesto sarà di grande momento la nostra discussione sulle conclusioni cui è giunto l'altro comitato, istituito a Fontainebleau, relativo ai problemi istituzionali. A Bruxelles abbiamo già un primo scambio di opinioni sul rapporto definitivo da esso presentato. Anche se il tempo a nostra disposizione non ci consentì nell'occasione un esauriente esame del rapporto, abbiamo comunque potuto apprezzare il positivo lavoro svolto dal Comitato, per le interessanti proposte avanzate e gli orientamenti espressi. Ai fini di un loro approfondimento avevo dato incarico al mio rappresentante personale l'On. Ferri, di compiere missioni esplorative per raccogliere ogni utile elemento di informazione e di valutazione. Le missioni sono state ora ultimate e dal loro esito penso che si possa trarre una incoraggiante base per le consultazioni politiche che intendo effettuare d'intesa con il Ministro degli Affari Esteri Andreotti nel periodo che ci separa dal Consiglio Europeo di Milano.

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L'Onorevole Andreotti ha fatto nel frattempo avere ai suoi colleghi un progetto di mandato che, da parte italiana, è stato predisposto tenendo conto delle conclusioni contenute nel Rapporto del Comitato Dooge, della dichiarazione solenne di Stoccarda, e ispirandosi allo spirito e al metodo che improntano il progetto di trattato votato, a grande maggioranza dei suoi membri, al Parlamento di Strasburgo.

Sono lieto che i Ministri degli Esteri dei nostri Paesi abbiano già convenuto di discutere approfonditamente del progetto nel corso della loro prossima riunione informale di Stresa. Confido che dal dibattito possano trarsi indicazioni costruttive che concorrano insieme agli incontri bilaterali svolti ed in programma nelle prossime settimane a preparare efficacemente la nostra discussione di Milano così da pervenire a conclusioni definitive.

In relazione agli importanti temi che saranno alla nostra attenzione a Milano, e tenuto conto dell'intesa che abbiamo raggiunto di procedere il 12 giugno prossimo alla firma dei trattati di adesione, credo che sia nostro comune intendimento e convincimento far partecipare ai lavori i Capi di Governo di Spagna e Portogallo. E' per ciò mio proposito estendere formalmente al Presidente del Governo spagnolo, Felipe Gonzales, e al Primo Ministro Portoghese, Mario Soares, l'invito a prendere parte, accompagnati dai rispettivi Ministri degli Esteri, alle sessioni del Consiglio Europeo di Milano.

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Nella prospettiva di un comune, costruttivo  
lavoro comune, La prego di accogliere i miei migliori  
saluti.

Con stima ed amicizia

Bettino Craxi.

24 maggio 1985.



NEW File

file

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DA



10 DOWNING STREET

*From the Private Secretary*

16 May 1985

European Council, Milan: Spanish and Portuguese Attendance

The Prime Minister has seen UKREP Brussels telegram no. 1771 reporting a discussion about the attendance of Spain and Portugal as observers at the June European Council.

The Prime Minister sees no objection to their being present either for discussion of the future of the Community or indeed for other subjects.

(Charles Powell)

Colin Budd, Esq.,  
Foreign and Commonwealth Office.

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C O N F I D E N T I A L

FRAME EXTERNAL

FM UKREP BRUSSELS 141850Z MAY 85

TO IMMEDIATE F C O

TELEGRAM NUMBER 1771 OF 14 MAY,

INFO ROME LISBON MADRID.

*Prime Minister Agree to their attendance, at least for discussion of Dooge. Yes - and it would be difficult to include them. It's inevitable.*

EUROPEAN COUNCIL, MILAN : SPANISH AND PORTUGUESE ATTENDANCE.

1. DURING AMBASSADORS ONLY MEETING TODAY, CALAMIA (PRESIDENCY) PROPOSED THAT SPAIN AND PORTUGAL SHOULD BE INVITED TO ATTEND THE EUROPEAN COUNCIL AS OBSERVERS. FRANCE AND DENMARK AGREED. BELGIUM AND LUXEMBOURG THOUGHT THAT MILAN WAS A LITTLE SOON TO INCLUDE THE NEW MEMBERS, BUT WOULD NOT SAY NO IF OTHERS AGREED. NETHERLANDS AND GREECE FAVOURED ATTENDANCE AS OBSERVERS FOR THE DISCUSSION ON THE FUTURE OF THE COMMUNITY. U.K, GERMANY AND IRELAND WERE WITHOUT INSTRUCTIONS. CALAMIA ASKED US TO GET INSTRUCTIONS VERY SOON.

*CDP 15/5  
from other discussion no*

COMMENT.

2. THERE IS LIKELY TO BE A CONSENSUS FOR INVITING SPAIN AND PORTUGAL AT LEAST FOR THE DISCUSSION OF THE FUTURE OF THE COMMUNITY. ATTITUDES ARE LIKELY TO BE MORE DIVIDED OVER WHETHER THE SPANIARDS AND PORTUGUESE SHOULD BE PRESENT FOR OTHER SUBJECTS, SUCH AS RESEARCH AND POLITICAL CO-OPERATION. WHEN THE SUBJECT NEXT ARISES, I WILL EXPLORE DISCREETLY WHETHER WE CAN GET AGREEMENT ON ATTENDANCE FOR THE DISCUSSION OF THE FUTURE OF THE COMMUNITY ONLY. BUT IF THERE IS A CONSENSUS FOR THEIR ATTENDING THE WHOLE COUNCIL, I WOULD PROPOSE TO GO ALONG WITH THIS.

FCO ADVANCE TO:-

FCO - P.S, P.S/MR RIFKIND, BRAITHWAITE, RENWICK, SHEPHERD, EVANS.

CAB - JAY.

~~ADVANCE~~ AS REQUESTED

BUTLER

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Handwritten notes on a small piece of paper, including the number 12 and some illegible characters.

15 MAY 1985

9 10 11 12 1 2





CC/PC (4)



DE EERSTE MINISTER

Brussels,

10-05-1985

Prime Minister

A4/AV.

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T84A/85

COP 15/5

Dear Prime Minister,

Thank you very much for your kind letter of April 19th, concerning our intentions to meet before the Milan European Council.

I do understand the restraints of your agenda and I am sure we will have another occasion to get together.

In the meantime our Ministers of Foreign Affairs will have discussions in Brussels in the beginning of June in view of the Milan European Council and more particularly concerning the Dooge Report.

As you know, I attach great importance to a positive outcome of this matter.

Yours sincerely,  
Wilfried Martens  
Wilfried MARTENS

The Rt Hon. Margaret THATCHER  
Prime Minister  
Downing Street 10,  
LONDON  
ENGLAND

mt



Belgium June 79  
visit of PM Martens

10-05-1982

PRIME MINISTER  
PERSONAL MESSAGE  
SERIAL NO. 134/82

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*[Faint handwritten text]*





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