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EUROPEAN COUNCIL MEETING
in Milan 28th - 29th
June 1985

EUROPEAN POLICY

P41: Oct 1979

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27/6/85							
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Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

Report to the European Council (Brussels, 29-30 March 1985)
by Ad hoc Committee for Institutional Affairs
ECSC-EEC-EAEC, Brussels . Luxembourg, 1985
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Signed Wayland Date 28 January 2014

PREM Records Team

Cabinet / Cabinet Committee Document

The following document, which was enclosed on this file, has been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate CAB (CABINET OFFICE) CLASSES.

Reference: CC (85) 23rd Conclusions, Minute 5

Date: 4 July 1985

Signed AWayland Date 28 January 2014

PREM Records Team



Foreign and Commonwealth Office

London SW1A 2AH

6 December 1985

Dear Charles,

Action Committee for Europe

Professor Karl Carstens, Chairman of the Action Committee for Europe, has written to the Prime Minister and to Sir Geoffrey Howe to remind them before the Luxembourg European Council of the Committee's priorities. I enclose Professor Carsten's letter to the Prime Minister, which was sent via David Hannay.

The Prime Minister gave Professor Carstens a full reply on these points in her letter of 25 June (attached). I enclose the draft of a brief acknowledgement of Professor Carsten's follow-up letter.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
PS/10 Downing Street

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:
Prime Minister

Reference

DEPARTMENT:

TEL. NO:

CR5AMN

SECURITY CLASSIFICATION

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- Secret
- Confidential
- Restricted
- Unclassified

TO:
 Professor Karl Carstens
 5300 BONN 1
 Bundeshaus

Your Reference

Copies to:

NY (60)

PRIVACY MARKING

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CAVEAT.....

SUBJECT:

Thank you for your letter of 25 November. It was a useful reminder of the conclusions reached by the Action Committee for Europe.

As you say, these issues have been at the centre of the work of the Inter-governmental Conference. We went to Luxembourg in the hope that agreement could be reached on practical steps to speed up completion of the common market, to make the Community more competitive and to strengthen foreign policy cooperation. The results that we achieved mark an important step towards enabling the Community to realise the objectives laid down in the Treaty.

ah.

Enclosures—flag(s).....

EUR. POL. Milan Council: Pt 22.





EU Doc forwarded (45)
transmission please
E.P.S.

10 DOWNING STREET

THE PRIME MINISTER

25 June, 1985

MWE 022/2

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

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. 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.

File on Euro Por. Milan

Site 7

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

MILAN EUROPEAN COUNCIL, 28/29 JUNE

INSTITUTIONAL AFFAIRS

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

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

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

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

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

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

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

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

A PEOPLE'S EUROPE

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

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

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

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

ECONOMIC AND SOCIAL SITUATION

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

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

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

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

COMPLETION OF THE INTERNAL MARKET

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

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

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

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

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

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

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

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

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

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

TECHNOLOGY

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

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

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

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

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

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

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

JAPAN

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

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

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

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

FAMINE IN AFRICA

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

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

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

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

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

EC/CMEA RELATIONS

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

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

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FM ATHENS 051100Z JUL 85
TO PRIORITY FCO
TELEGRAM NUMBER 322 OF 5 JULY 1985
INFO PRIORITY UKREP BRUSSELS
INFO ROUTINE OTHER EC POSTS

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GREEK MINISTERIAL REACTIONS TO MILAN COUNCIL

1. I CALLED ON PANGALOS TODAY, AFTER HIS RETURN FROM STRASBOURG, TO GET AN IMPRESSION OF GREEK MINISTERIAL THINKING AFTER MILAN.
2. PANGALOS SAID THAT THE FRANCO-GERMAN LAST-MINUTE 'COUP' HAD MADE A DISAGREEABLE IMPRESSION ON PAPANDEOU. THE GREEKS DID NOT CARE FOR DIRECTORIES, WHETHER OF THREE OR TWO, ALTHOUGH THEY PRIVATELY UNDERSTOOD THAT THE UK, FRG AND FRANCE NEEDED TO BRING THEIR IDEAS TOGETHER IF PROGRESS WERE TO BE MADE. BUT TO BE CONFRONTED AT THE LAST MOMENT BY THE KIND OF PRESSURE FRANCE, FRG AND ITALY HAD TRIED TO EXERT AT MILAN WAS NO WAY TO GO ON. THE EC NEEDED CAREFUL PREPARATION IF IT WERE EVER TO MOVE ON ANYTHING. PAPANDEOU HAD BEEN PARTICULARLY OFFENDED BY CRAXI'S 'HIGH-HANDED' BEHAVIOUR. NOT ONLY HAD HE FAILED TO VISIT ATHENS BEFORE THE COUNCIL (THIS OBVIOUSLY RANKLED) BUT WHEN THEY HAD THEIR BILATERAL IMMEDIATELY BEFORE THE COUNCIL, THE GREEKS HAD BEEN GIVEN NO WARNING OF THE VOTING PLOY. THEY REGARDED THE ITALIAN CONDUCT IN THE CHAIR AS DECEITFUL AND THE OUTCOME AS SERIOUSLY DAMAGING THE ESSENTIAL TRUST BETWEEN PARTNERS.
3. I DREW ON YOUR GUIDANCE TELEGRAM NO. 56 ABOUT OUR OWN THINKING. PANGALOS REPEATED WHAT HE HAD SAID PUBLICLY IN STRASBOURG THAT OUR IDEAS ON PROCEDURAL REFORM WERE VERY GOOD. THEY OFFERED A PRACTICAL COMPROMISE WHICH ALL SHOULD BE ABLE TO ACCEPT. HE ENDORSED ENTIRELY OUR VIEW THAT THE IGC WILL DEPEND UPON REBUILDING COMMON GROUND. HE AGREES THAT WE SHOULD KEEP CLOSELY IN TOUCH. THE GREEK CABINET WILL BE CONSIDERING ITS LINE AT A MEETING NEXT WEEK. PANGALOS HAD MEANWHILE INSTRUCTED ZAFIROU TO OBJECT TO THE INSTITUTIONAL A POINT GOING TO ECOFIN (PARAGRAPH 2 OF UKREP BRUSSEL'S TELNO 2494 OF 4 JULY). THIS SHOULD BE DISCUSSED IN FAC.

T H O M A S

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FM THE HAGUE 050815Z JULY 85
TO IMMEDIATE FCO
TELEGRAM NUMBER 233 OF 05 JULY
PRIORITY INFO EC CAPITALS AND UKREP BRUSSELS, MADRID, LISBON.

CONFIDENTIAL

Prime Minister
You might look
at the last sentence
of this telegram.

EUROPEAN COMMUNITY : DUTCH VIEWS ON MILAN AND THE WAY AHEAD.

CDD
5/7.

SUMMARY

1. LUBBERS CRITICAL OF THE PRESIDENCY HANDLING OF THE CENTRAL ISSUE OF DECISION-MAKING AT MILAN. HE WOULD LIKE TO SEE AGREEMENT ON MAJORITY VOTING IN ESSENTIAL AREAS RECORDED AS A POLITICAL ACT : IF THIS DID NOT WORK THE AGREEMENT WOULD BE MADE LEGALLY BINDING AFTER TWO YEARS BY AMENDING THE TREATY. HE WAS ALSO CRITICAL OF THE FRANCO-GERMAN ATTEMPT TO TACK EUROPEAN UNION ON TO THE BRITISH DRAFT ON POLITICAL COOPERATION. THE TWO SUBJECTS SHOULD BE TAKEN SEPARATELY. POSTHUMUS-MEYJES ENVISAGES A PREPARATORY MEETING AT 'DOOGUE LEVEL' BEFORE A ONE OR TWO DAY INTER-GOVERNMENTAL CONFERENCE (IGC) OF FOREIGN MINISTERS, WITH HEADS OF GOVERNMENT AT LUXEMBOURG CONSTITUTING THEMSELVES INTO AN IGC AT HIGHER LEVEL. DUTCH DISAPPOINTMENT ABOUT MILAN HAS NOT LED TO CRITICISM OF THE UK, BUT TO SOME CONCERN AT OUR BEING GROUPED WITH GREECE AND DENMARK.

DETAIL

2. I HAVE HAD TWO DISCUSSIONS WITH PRIME MINISTER LUBBERS ON SOCIAL OCCASIONS SINCE MILAN. AT THE FIRST, ON 2 JULY, HE SEEMED TIRED AND SPOKE TO ME PRIVATELY OF HIS DISAPPOINTMENT AT THE WAY THINGS HAD GONE. HE SAID HE HAD VERY SERIOUSLY UNDERESTIMATED THE DESIRE OF CHANCELLOR KOHL TO MAKE A SPLASH FOR INTERNAL POLITICAL REASONS AND 'DO SOMETHING FOR EUROPE'. KOHL'S ATTITUDE HAD BEEN FATALLY DIVISIVE IN EFFECT. AT THE SECOND, A COMMUNITY AMBASSADORS' DINNER ON 3 JULY, LUBBERS WAS MUCH MORE RELAXED, EMPHASISING SOME POSITIVE ASPECTS OF MILAN AND PREPARED TO LOOK AHEAD. HE SAID THAT IF HE HAD HAD THE PRESIDENCY AT MILAN HE WOULD HAVE TACKLED THE CENTRAL QUESTION OF DECISION-MAKING QUITE DIFFERENTLY. HE WOULD HAVE TRIED TO GET AGREEMENT FOR MAJORITY VOTING IN AREAS ESSENTIAL TO THE COMPLETION OF THE INTERNAL MARKET AND THE CREATION OF THE TECHNOLOGICAL COMMUNITY : TO RECORD THIS AGREEMENT AS A POLITICAL ACT WITHOUT AMENDING THE TREATY, AND AT THE SAME TIME TO RECORD THAT IF COUNTRIES DID NOT ABIDE BY THAT 'GENTLEMAN'S AGREEMENT' THE TREATY WOULD BE AMENDED TO MAKE IT LEGALLY BINDING AFTER TWO YEARS.

3. LUBBERS WAS CRITICAL OF THE FRANCO-GERMAN ATTEMPT TO TACK ON EUROPEAN UNION TO THE BRITISH DRAFT ON POLITICAL COOPERATION. THIS GAVE THE ERRONEOUS IMPRESSION THAT EUROPEAN UNION COULD BE DERIVED ONLY FROM POLITICAL COOPERATION INSTEAD OF FROM A WHOLE SERIES OF ECONOMIC, SOCIAL, TECHNOLOGICAL AND POLITICAL MEASURES WHICH WERE LEADING TOWARDS THE INTEGRATION OF EUROPE. THE INTER-GOVERNMENTAL CONFERENCE (IGC) SHOULD THEREFORE TACKLE POLITICAL COOPERATION QUITE SEPARATELY FROM EUROPEAN UNION. THE WIDER ISSUE OF EUROPEAN UNION SHOULD FEATURE LATE ON THE AGENDA.

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4. LUBBERS'S IDEA FOR HANDLING THE QUESTION OF DECISION-MAKING DIFFERS FROM VAN EEKELLEN'S WHO IS STILL TALKING OF AMENDING THE TREATY, ALBEIT ONLY ABOUT TWO ARTICLES, IN A SHORT AND PRECISELY TARGETTED IGC. THIS IS NOT SURPRISING AS THERE HAS BEEN NO TIME YET FOR THE DUTCH TO COORDINATE THEIR THINKING AFTER MILAN. POSTHUMUS-MEYJES TOLD ME TODAY THAT LUBBERS HAD HAD HIS IDEA ABOUT DECISION-MAKING IN HIS POCKET AT MILAN BUT HAD NOT PRODUCED IT BECAUSE THE MEETING HAD TAKEN A TURN IN THE WRONG DIRECTION. I ASKED IF LUBBERS' IDEA ON THIS AND DE-COUPLING CONSIDERATION OF EUROPEAN UNION FROM POLITICAL COOPERATION WOULD BE PASSED ON TO THE LUXEMBOURGERS. POSTHUMUS-MEYJES REPLIED THAT HE WAS IN VERY CLOSE TOUCH WITH THEM. HE ALSO SAID THAT ALTHOUGH DUTCH IDEAS HAD NOT DEVELOPED VERY FAR ON THE IGC, HE THOUGHT PERSONALLY THAT THERE SHOULD BE A PREPARATORY MEETING AT A 'DOOG LEVEL' FOLLOWED BY A ONE OR TWO DAY IGC OF FOREIGN MINISTERS, WITH THE HEADS OF GOVERNMENT AT LUXEMBOURG CONSTITUTING THEMSELVES INTO AN IGC AT A HIGHER LEVEL.

5. THE DUTCH FEELING OF DISAPPOINTMENT OVER MILAN EXPRESSED EXTENSIVELY IN THE PRESS HAS NOT INCLUDED CRITICISM OF THE UK. LUBBERS HIMSELF WELL UNDERSTANDS OUR POSITION AND CERTAINLY DOES NOT WISH TO SEE US ISOLATED IN THE COMPANY OF DENMARK AND GREECE. THE DANES ARE SEEN AS SUFFERING FROM A POLITICAL SITUATION PECULIAR TO THEMSELVES AND PERHAPS LIKELY TO MOVE WITH THE BRITISH : THE GREEKS AS CYNICAL MEMBERS INTERESTED ONLY IN WHAT THEY CAN EXTRACT FROM COMMUNITY MONEY BAGS. THOSE OF MY COLLEAGUES WHO ARE HAPPY TO PAINT THE BRITISH AS UN-EUROPEAN DERIVE SOME SATISFACTION FROM MILAN , BUT THIS IS NOT A DUTCH POSITION AND OUR RECORD OF PREPARATION FOR MILAN HAS GIVEN ME MUCH AMMUNITION WITH WHICH TO COUNTER SUCH SUGGESTIONS. I HAVE STRESSED IN PARTICULAR THAT IDEAS OF A TWO-SPEED EUROPE (AS PUT FORWARD, FOR EXAMPLE, BY MY GERMAN COLLEAGUE) ARE A RECIPE FOR DISINTEGRATION NOT INTEGRATION.

6. LASTLY, I CAN CONFIRM THAT THE DUTCH KNEW NOTHING OF THE FRANCO-GERMAN EUROPEAN UNION/POLITICAL COOPERATION DRAFT UNTIL THEY RECEIVED A COPY IN GERMAN JUST AS THE PRIME MINISTER'S PARTY WAS ABOUT TO BOARD THE PLANE FOR MILAN. CONCERNING THE DRAFT, MY GERMAN COLLEAGUE COMMENTED TO ME PRIVATELY THAT IT WAS POLITICALLY IMPOSSIBLE FOR GERMANY TO BE SEEN ACCEPTING BRITAIN AS WRESTING THE LEADERSHIP OF EUROPE FROM FRANCE AND GERMANY.

MARGETSON

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FRAME GENERAL

FM BONN 041635Z JUL 85

TO IMMEDIATE FCO

TELEGRAM NUMBER 687 OF 04 JULY

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

MILAN EUROPEAN COUNCIL: KOHL'S PRESS CONFERENCE 4 JULY

SUMMARY

1. KOHL SAID THAT HE EXPECTED TO WORK CLOSELY WITH BRITAIN ON A TREATY ON FOREIGN AND SECURITY POLICY, BUT FOUND CRITICISM OF THE FRANCO-GERMAN INITIATIVE BEFORE MILAN UNHELPFUL. HE DEFENDED HIMSELF AGAINST THE PRIME MINISTER'S CRITICISM OF THE GERMAN AGRICULTURAL VETO. HE ADVOCATED MORE RIGHTS FOR THE PARLIAMENT, AND EVENTUALLY A FEDERAL EUROPE.

2. KOHL CALLED A PRESS CONFERENCE TODAY ON THE MILAN EUROPEAN COUNCIL. IN A PREPARED STATEMENT HE SAID THAT MILAN HAD BROUGHT A WELCOME CLARIFICATION OF THE POLITICAL PERSPECTIVES OF THE COMMUNITY. IT HAD BEEN AN HOUR OF TRUTH. AGREEMENT HAD BEEN REACHED ON THE INTERNAL MARKET AND ON EUREKA ('THE PRODUCT OF CLOSE FRANCO-GERMAN COORDINATION BEFORE MILAN'), AND THAT A TREATY SHOULD BE DRAWN UP ON A COMMON FOREIGN AND SECURITY POLICY.

3. ON THE LATTER KOHL SAID: 'IT IS TIME THAT THE PROCEDURAL DECISION TO CALL AN INTERGOVERNMENTAL CONFERENCE - WHICH WILL NOT ONLY NEGOTIATE THIS TREATY BUT ALSO DEAL WITH THE PROPOSALS FOR INSTITUTIONAL REFORM CURRENTLY ON THE TABLE - WAS TAKEN BY MAJORITY VOTE AND NOT UNANIMITY. BUT I AM CERTAIN THAT WE ARE NOT FAR APART IN THE QUESTION OF A TREATY ON FOREIGN POLICY AND SECURITY COOPERATION. THAT IS ABOVE ALL TRUE FOR GREAT BRITAIN - I SAY THIS EVEN AFTER THE FLURRY WHICH AROSE AFTER THE PRESENTATION OF THE FRANCO-GERMAN DRAFT. OF COURSE WE ARE READY FOR CLOSE COOPERATION IN THIS QUESTION WITH GREAT BRITAIN TOO, AND I CONSIDER CRITICISM AND COUNTERCRITICISM ACROSS THE ENGLISH CHANNEL AS UNHELPFUL. BESIDES I HAD EXPLICITLY WELCOMED THE BRITISH DRAFT IN A LETTER TO MRS THATCHER BEFORE THE MILAN SUMMIT, BUT AT THE SAME TIME SAID THAT WE WERE CONSIDERING HOW WE COULD ENRICH THE BRITISH IDEAS. WITH THE FRANCO-GERMAN DRAFT WE MAPPED THE WAY AHEAD IN A QUESTION WHICH IS FUNDAMENTAL FOR THE IDENTITY OF THE COMMUNITY. SO ANYONE WHO CLAIMS THAT THE JOINT INITIATIVE OF FRANCE AND GERMANY HAS DAMAGED THE COMMUNITY IS QUITE WRONG. WE SHALL REMAIN AT THE LEADING EDGE OF THOSE WHO WANT TO TAKE EUROPE FORWARD. I KNOW THAT I AM AT ONE WITH PRESIDENT MITTERRAND IN THIS.'

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4. KOHL WENT ON TO SAY THAT THE DISCUSSION ON INSTITUTIONAL REFORM WOULD BE HARD, BUT THE COMMUNITY COULD NOT STICK AT THE STATUS QUO. TO PAPANDREOU HE WOULD SAY THAT IT WAS QUITE UNACCEPTABLE FOR THE COMMUNITY TO BE NO MORE THAN A REDISTRIBUTIVE APPARATUS. AND THOSE WHO, LIKE THE GERMANS, WANTED THE RAPID COMPLETION OF THE INTERNAL MARKET SHOULD ASK THEMSELVES IF THEY REALLY BELIEVED THAT THE NECESSARY DECISIONS IN THIS COMPLEX FIELD COULD BE REACHED BY UNANIMITY.

5. IN ANSWER TO QUESTIONS KOHL SAID THAT HE KNEW NOTHING OF BAD RELATIONS WITH BRITAIN. GERMANY AND FRANCE HAD MADE A PROPOSAL. THE HOUR OF TRUTH HAD STRUCK AT MILAN. HE COULD NOT ACCEPT THAT EUROPE SHOULD DEGENERATE INTO AN ELEVATED FREE TRADE ZONE. THE POLITICAL DISCUSSION MUST BE PURSUED. HE HAD OF COURSE NOT EXPECTED BROAD AGREEMENT AT MILAN, AND THE APPROACH OF THE DANES AND THE GREEKS HAD NOT SURPRISED HIM. BUT PUSHING MONEY HERE AND THERE AND FINANCING AGRICULTURAL SURPLUSES WAS NOT HIS IDEA OF THE COMMUNITY. THE PARLIAMENT MUST ALSO HAVE MORE RIGHTS. THAT WAS ONLY POSSIBLE WITH A TREATY AMENDMENT. ASKED WHETHER THE PRIME MINISTER HAD NOT ALSO MADE PROPOSALS, KOHL REPLIED THAT SHE HAD NOT SAID WHAT SHE THOUGHT SHOULD BE DONE TO GIVE THE PARLIAMENT MORE RIGHTS.

6. ASKED IN A FURTHER QUESTION HOW HE REACTED TO THE PRIME MINISTER'S CHARGE OF HYPOCRISY OVER THE PRICE-FIXING, KOHL REPLIED THAT IF SHE HAD INDEED MADE THAT CHARGE, HE REGRETTED THAT SHE HAD NOT MADE IT DIRECTLY IN MILAN. HE COULD NOT UNDERSTAND IT. THE LINE WHICH THE FEDERAL GOVERNMENT HAD TAKEN IN THE AGRICULTURAL COUNCIL WAS NECESSARY FOR THE GERMAN FARMERS. WHAT GERMANY HAD DONE WAS POSSIBLE UNDER EC LAW (LITERALLY 'UNDER THE EC TREATY') AT THE TIME IN QUESTION. IN ANY CASE THE BRITISH HAD AVAILED THEMSELVES OF THE RIGHT OF VETO AS A MATTER OF COURSE IN THE PAST.

7. ASKED ABOUT EUROPEAN UNION, KOHL SAID THAT THE MAJORITY VOTE FOR AN INTERGOVERNMENTAL CONFERENCE OPENED UP A PERSPECTIVE WHICH HAD BEEN ABSENT FOR 20 YEARS. HE AND MITTERRAND WERE THE MOTORS. NO ONE COULD SAY AT PRESENT WHAT EUROPEAN UNION WOULD LOOK LIKE. BUT THE MISSION OF THE FOUNDING FATHERS HAD BEEN SLOWLY TO DISMANTLE NATIONAL SOVEREIGNTY. HE COULD ENVISAGE A FUTURE MODEL ON THE PATTERN OF THE FEDERAL REPUBLIC AND ITS LAENDER. THE DECISION-MAKING MECHANISMS MUST BE DEVELOPED THROUGH A SMALL SECRETARIAT. AT THE END A EUROPEAN FEDERAL STATE COULD ARISE. IF THAT DID NOT HAPPEN DEVELOPMENTS IN EUROPE WOULD OUTGROW THEMSELVES (SIC) IN 20 TO 30 YEARS.

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TO PRIORITY FCO
TELNO 649 OF 3 JUL 85
AND TO SAVING OTHER EC POSTS, MADRID, LISBON.

MILAN COUNCIL: ITALIAN PRESS REACTIONS, 2/3 JULY.

SUMMARY.

1. STRONG EMPHASIS ON 'HISTORIC' FIRST USE OF MAJORITY VOTING AT EUROPEAN COUNCIL AND WIDESPREAD SUPPORT FOR ITALY'S ROLE. PRIME MINISTER'S STATEMENT TO THE HOUSE ON 2 JULY WELL RECEIVED, BUT CRITICISM OF BRITISH LACK OF COMMITMENT TO EUROPEAN UNION.

DETAIL.

2. CONTINUING AND GENERAL SUPPORT FOR WHAT IS SEEN AS ITALY'S HISTORIC BREAKING OF THE 'UNANIMITY RULE' AT THE EUROPEAN COUNCIL. THE DEPUTY SECRETARY OF THE SOCIALIST PARTY, VALDO SPINI, WRITING IN AVANTI, SAYS THE ITALIAN PRESIDENCY WAS FACED WITH TWO OPTIONS FOR MILAN - TO ACCEPT THE SKILFULLY MINIMALIST AND PRAGMATIC PROPOSALS OF THE BRITISH OF USE OF THE MAJORITY VOTE TO OPEN EUROPE TO INSTITUTIONAL REFORMS. 'ALTHOUGHT THE MINORITY CAN STILL BLOCK ACTION AT THE INTER-GOVERNMENTAL CONFERENCE THEY HAVE BEEN TOLD CLEARLY THAT EUROPE CAN NO LONGER MARCH AT THE PACE OF THE SLOWEST'. SPINI ALSO SUGGESTS THAT THE MASSIVE FEDERALIST DEMONSTRATION IN LIAZZA DEL DUOMO CONDITIONED ITALY'S APPROACH. IN AN ARTICLE IN CORRIERE, BADINI, CRAXI'S DIPLOMATIC ADVISER, DEFINES AS HISTORIC ITALY'S FORCING OF A MAJORITY VOTE. HE SAYS CRAXI HAD WARNED AGAINST POSING INSTITUTIONAL REFORM AS AN ALTERNATIVE TO COMPLETING THE EXISTING TREATIES. HE CLAIMS THAT MILAN RESULTED IN 'THE THIRD WAY', AVOIDING THE PARALYSIS OF A 'DO NOTHING' CONCLUSION OR THE CHOICE OF A CONSTITUTIONAL CONFERENCE FOR A NEW TREATY. 'MILAN HAS OPENED THE WAY TO A CONFERENCE WHICH HAS A REAL NEGOTIATING MANDATE CAPABLE OF INVESTIGATING THE OPTIONS WHICH MIGHT IMPLY OR REQUIRE AMENDMENTS TO THE TREATIES'. REGARDING POSSIBLE 'BLOCKING' BY THE THREE, BADINI SAYS 'ZE'LL SEE. ONE THING IS CERTAIN AFTER MILAN, NOTHING WILL BE THE SAME'. IN A SIMILAR ARTICLE IN IL POPOLO, THE PRESIDENT OF THE CHRISTIAN DEMOCRATIC PARTY, PICCOLI, STATED THAT MILAN REPRESENTED AN IMPORTANT STEP AHEAD AND HE STRONGLY SUPPORTED THE HISTORIC NATURE OF THE MILAN DECISION. ONLY THE COMMUNIST UNITA' TAKES A MORE JAUNDICED VIEW, SAYING THAT ITALY CERTAINLY PRESSED FOR A MAJORITY VOTE BUT ON THE BASIS OF GENSCHER'S DRAFT, FORGETTING ABOUT ITS OWN. IT CONCLUDES THAT LITTLE WAS ACHIEVED IN MILAN.

3. LA REPUBBLICA AND CORRIERE BOTH CARRY STATEMENTS FROM SPINELLI. IN THE FORMER HE WELCOMES USE OF MAJORITY VOTING AT MILAN AS A FIRST STEP TOWARDS REINFORCEMENT OF THE COMMUNITY AND FORMATION OF A EUROPEAN UNION BUT REGARDS THE CONCLUSIONS REACHED AS

[This private Secretary! Shall I do a riposte?]

/ CONFUSING

CONFUSING AND CONTRADICTIONARY. HE TALKS OF ITALY, BENELUX AND IRELAND AS FORMING THE EUROPEAN NUCLEUS AND HAS HARSH WORDS ABOUT THE COMMITMENT OF FRANCE AND GERMANY.

4. COMMENTS ON UK. ALL THE PRINCIPAL DAILIES CARRY REPORTS FROM THEIR LONDON CORRESPONDENTS. FILO DELLA TORRE EXPLAINS IN SYMPATHETIC TERMS BRITISH AIMS FOR THE CONFERENCE AND ITS DISAPPOINTMENT AT THE RESULTS. HE EMPHASIZES THAT BRITAIN WILL REMAIN FAITHFUL TO THE ROME TREATY AND WILL NOT ACCEPT SUBSTANTIVE CHANGES. CIANFANELLI IN IL CORRIERE IS RATHER LESS SYMPATHETIC, EMPHASIZING THAT BRITISH DIPLOMACY WAS ON THE POINT OF SUCCEEDING UNTIL A FEW HOURS BEFORE THE END OF THE MEETING BUT CLAIMS THAT THE SPLIT REVEALS THOSE IN FAVOUR OF A UNITED EUROPE AND AND THOSE WHO ARE NOT. HE LIKE FILO DELLA TORRE, SAYS THAT 'TWO SPEED EUROPE' IS BEING TALKED OF IN LONDON. LA STAMPA AND IL SOLE/24 ORE BOTH REPORT POSITIVELY ON THE PRIME MINISTER'S SPEECH TO THE HOUSE EMPHASIZING THAT BRITAIN WILL CONTINUE TO PLAY AN IMPORTANT ROLE IN THE EC. PATRUNO OF LA STAMPA EMPHASIZES THAT BRITAIN WILL NOT GIVE WAY ON ANY OF ITS MAIN EUROPEAN COMMUNITY STANDPOINTS. HE GOES ON 'IT IS IN THE NATIONAL INTEREST IF BRITAIN STAYS IN THE EC BECAUSE LONDON HAS EVERYTHING TO GAIN FROM COMPLETION OF THE INTERNAL MARKET'. SEVERGNINI IN IL GIORNALE REGRETS BRITAIN'S VIEW THAT EUROPEAN UNION AND A STRENGTHENED ROLE FOR THE EUROPEAN PARLIAMENT AND THE COMMISSION ARE A WASTE OF TIME AND SAYS THAT THE PRIME MINISTER IS THE APPROPRIATE REPRESENTATIVE OF A NATION FOR WHOM EUROPE COUNTS LITTLE.

FCO PLEASE PASS SAVING OTHER EC POSTS, MADRID, LISBON.

BRIDGES

REPEATED AS REQUESTED

FRAME GENERAL

ECD(1)

GRS 420

UNCLASSIFIED

FM LUXEMBOURG 031500Z JUL 85

TO PRIORITY F C O

TELEGRAM NUMBER 208 OF 3 JULY

INFO PRIORITY UKREP BRUSSELS, BONN, BRUSSELS, PARIS

INFO ROUTINE ALL OTHER EC POSTS, LISBON, MADRID

FRAME GENERAL

LUXEMBOURG PRIME MINISTER'S PRESS INTERVIEW : AFTER MILAN

SUMMARY

1. SANTER TOLD THE PRESS TODAY THAT LUXEMBOURG WILL BE TAKING SOUNDINGS IN PREPERATION FOR THE IGC, WHICH SHOULD FINISH ITS WORK BY OCTOBER. HE WOULD LIKE TO SEE USE OF THE VETO HAVING TO BE JUSTIFIED TO THE EUROPEAN COUNCIL. LUXEMBOURG WOULD USE ITS VETO ON TAX HARMONISATION.

DETAIL

2. IN AN INTERVIEW WITH THE LUXEMBOURG WORT (CATHOLIC DAILY) PUBLISHED TODAY, THE PRIME MINISTER SAID THAT HE WAS NOT PESSIMISTIC ABOUT THE MILAN SUMMIT. THE DECISION TO USE ARTICLE 236 WAS UNIQUE AND PERHAPS HISTORIC. THE SIX FOUNDER MEMBERS PLUS IRELAND HAD GIVEN AN IMPULSE TOWARDS THE FURTHER DEVELOPMENT OF THE EC INTO A POLITICAL UNION. THIS SUMMIT HAD AVOIDED GETTING INVOLVED IN THE USUAL DETAILED QUESTIONS. IT WAS NOW UP TO THE PRESIDENCY TO TAKE SOUNDINGS FOR A BASIS FOR AGREEMENT AT THE IGC. LUXEMBOURG WOULD TRY TO AVOID A SPLIT AND TO FIND THE WIDEST POSSIBLE CONSENSUS ON THE IMPORTANT QUESTIONS. ALL WERE AGREED THAT THE DECISION MAKING PROCESS MUST BE SIMPLIFIED AND THAT GENERALLY THERE SHOULD BE A RETURN TO MAJORITY DECISIONS. OPINIONS DIFFERED OVER HOW A STATE'S VITAL INTERESTS COULD BE PUT FORWARD. SANTER HIMSELF THOUGHT IT MUST BE POSSIBLE TO FIND A FORMULA WHICH WOULD COMBINE MAJORITY DECISION TAKING WITH THE DEFENCE OF THE LEGITIMATE INTERESTS OF A MINORITY. LUXEMBOURG HAD PROPOSED THAT A VETO SHOULD HAVE TO BE DEFENDED IN THE EUROPEAN COUNCIL.

3. ASKED ON WHICH SUBJECTS LUXEMBOURG WOULD USE ITS VETO, SANTER SAID "IN THE CASE OF HARMONISATION OF TAXES ON EXPENDITURE. WE CANNOT ALLOW OUR FINANCIAL MARKET TO BE DESTROYED".

EUREKA

4. SANTER SAID THAT HE EXPECTED A TECHNOLOGICAL COMMUNITY TO BE ESTABLISHED ON THE BASIS OF THE PROPOSALS TO BE MADE BY THE AD HOC COMMISSION WHICH IS TO CONVENE BEFORE 14 JULY. THERE MUST BE AN EC DIMENSION. THE SMALL STATES, EVEN THOUGH NOT PARTICIPATING DIRECTLY IN PARTICULAR PROJECTS, MUST BE ABLE TO SHARE IN THE RESULTS.

1/AM

AIMS OF THE PRESIDENCY

5. LUXEMBOURG WILL STRIVE TO CARRY OUT THE DECISIONS AND GUIDELINES OF MILAN, IE. COMPLETION OF THE INTERNAL MARKET, INCLUDING THE FREE PASSAGE OF GOODS, A FREE MARKET FOR FINANCIAL SERVICES AND GOODS TRANSPORT, FREEDOM OF ESTABLISHMENTS FOR VARIOUS PROFESSIONS, LIBERALISATION OF TRANSPORT, CREATION OF A CITIZENS' EUROPE, AND THE FURTHER DEVELOPMENT OF THE EMS. THE PRESIDENCY WILL WORK TO ENSURE THAT THE IGC FINISHES ITS WORK BY OCTOBER IF POSSIBLE SO THAT THE LUXEMBOURG COUNCIL CAN TAKE THE NECESSARY DECISIONS. MUCH INTENSIVE BILATERAL AND MULTILATERAL CONTACT WILL BE NEEDED BEFOREHAND. THERE WILL ALSO BE MUCH WORK IN POCO INCLUDING A MEETING IN LUXEMBOURG WITH THE CONTADORA GROUP IN THE AUTUMN.

6. TEXT IN GERMAN FOLLOWS BY BAG TO ECD(1).

MILES

FRAME GENERAL

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THIS TELEGRAM
WAS NOT
ADVANCED

mt

Private Secretary

Charles

We spoke.

Speaking note
OK?

Colin Budd

3/7

FROM: J S Wall
DATE: 3 July 1985

Mr Renwick
PS

cc: PS/Mr Rifkind
Mr Braithwaite
Mr Adam Fergusson
ECD(E)
ESSD
Legal Advisers
Mr Williamson, Cab. Office.

EUROPEAN COUNCIL CONCLUSIONS

Problem

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

Recommendation

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

Background

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

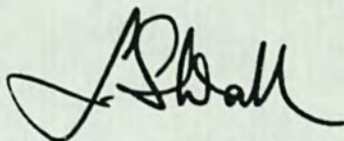
- a) Paragraph 4 of the section on institutional affairs records discussion by the European Council on the convening of a conference to work out . . . "a Treaty on a common foreign and security policy on the basis of the Franco-German and UK drafts". The Danes suggested that discussion should focus on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

B

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

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

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



J S Wall
European Community
Department (Internal)

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

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

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

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

Hubert.
317

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

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

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

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

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TO IMMEDIATE F C O
TELEGRAM NUMBER 2437 OF 1 JULY,
INFO IMMEDIATE BRUSSELS COPENHAGEN THE HAGUE ROME DUBLIN
PARIS BONN LUXEMBOURG ATHENS LISBON MADRID,
PRIORITY WASHINGTON.

EUROPEAN COUNCIL, MILAN, 28-29 JUNE.

FOLLOWING IS TEXT OF CONCLUSIONS DISTRIBUTED BY PRESIDENCY.

INSTITUTIONAL AFFAIRS.

THE EUROPEAN COUNCIL HELD A WIDE-RANGING DISCUSSION ON THE PROPOSALS OF THE AD HOC COMMITTEE FOR INSTITUTIONAL AFFAIRS SET UP AT FONTAINEBLEAU, AND THE DRAFT MANDATE OF THE ITALIAN PRESIDENCY AND IN PARTICULAR ON THE IMPROVEMENT OF THE COUNCIL'S DECISION-MAKING PROCEDURE, THE ENLARGEMENT OF THE EUROPEAN PARLIAMENT'S ROLE, THE COMMISSION'S ADMINISTRATIVE POWERS AND THE STRENGTHENING OF POLITICAL CO-OPERATION IN THE GENERAL CONTEXT OF THE TRANSITION TO EUROPEAN UNION.

IT CONFIRMED THE NEED TO IMPROVE THE OPERATION OF THE COMMUNITY IN ORDER TO GIVE CONCRETE FORM TO THE OBJECTIVES IT HAS SET ITSELF, IN PARTICULAR AS REGARDS THE COMPLETION OF THE INTERNAL MARKET BY 1992 AND MEASURES TO PROMOTE A TECHNOLOGICAL EUROPE.

THE EUROPEAN COUNCIL NOTED THAT THE PRESIDENT OF THE COUNCIL WOULD SUBMIT PROPOSALS FOR THE IMPROVEMENT OF THE COUNCIL'S DECISION-MAKING PROCEDURE, THE EXERCISE OF THE COMMISSION'S ADMINISTRATIVE POWERS AND THE PARLIAMENT'S POWERS WITH A VIEW TO THEIR EARLY ADOPTION.

THE EUROPEAN COUNCIL DISCUSSED IN DETAIL THE CONVENING OF A CONFERENCE TO WORK OUT THE FOLLOWING WITH A VIEW TO ACHIEVING CONCRETE PROGRESS ON EUROPEAN UNION:

- A TREATY ON A COMMON FOREIGN AND SECURITY POLICY ON THE BASIS OF THE FRANCO-GERMAN AND UNITED KINGDOM DRAFTS:
- THE AMENDMENTS TO THE EEC TREATY IN ACCORDANCE WITH ARTICLE 236

OF THAT

OF THAT TREATY, REQUIRED FOR THE IMPLEMENTATION OF THE INSTITUTIONAL CHANGES CONCERNING THE COUNCIL'S DECISION-MAKING PROCEDURE, THE COMMISSION'S EXECUTIVE POWERS AND THE POWERS OF THE EUROPEAN PARLIAMENT AND THE EXTENSION TO NEW SPHERES OF ACTIVITY IN ACCORDANCE WITH THE PROPOSALS OF THE DOOGE COMMITTEE AND THE ADONNINO COMMITTEE, AS SET OUT ELSEWHERE, AND TAKING INTO ACCOUNT CERTAIN ASPECTS OF THE COMMISSION PROPOSAL CONCERNING THE FREEDOM OF MOVEMENT OF PERSONS.

THE PRESIDENT NOTED THAT THE REQUIRED MAJORITY AS LAID DOWN IN ARTICLE 236 OF THE TREATY HAD BEEN OBTAINED FOR THE CONVENING OF SUCH A CONFERENCE. THE PORTUGUESE AND SPANISH GOVERNMENTS WOULD BE INVITED TO TAKE PART IN THAT CONFERENCE. THE BELGIAN, GERMAN, FRENCH, IRISH, ITALIAN, LUXEMBOURG AND NETHERLANDS DELEGATIONS WERE IN FAVOUR OF HOLDING THAT CONFERENCE.

THE PRESIDENCY WOULD CONSEQUENTLY TAKE THE STEPS NECESSARY TO CONVENE THAT CONFERENCE WITH A VIEW TO SUBMITTING THE RESULTS FOR A DECISION BY THE HEADS OF STATE AND OF GOVERNMENTS AT THE EUROPEAN COUNCIL MEETING IN LUXEMBOURG.

A PEOPLE'S EUROPE.

THE EUROPEAN COUNCIL THANKED THE AD HOC COMMITTEE ON A PEOPLE'S EUROPE FOR ITS INITIAL REPORT AND FOR ITS FINAL REPORT SUBMITTED IN MILAN, BOTH OF WHICH CONTAINED NUMEROUS CONCRETE MEASURES AIMED AT INVOLVING THE CITIZENS OF EUROPE MORE DETERMINEDLY IN THE CONSTRUCTION OF THE COMMUNITY.

WITH REGARD TO THE LATTER REPORT, THE EUROPEAN COUNCIL APPROVED THE PROPOSALS WHICH IT CONTAINED. THOSE PROPOSALS CONCERNED INTER ALIA CITIZENS' RIGHTS, CULTURE, YOUTH, EDUCATION AND SPORT. THE EUROPEAN COUNCIL INSTRUCTED THE COMMISSION AND THE MEMBER STATES, ACTING WITHIN THEIR RESPECTIVE POWERS, TO TAKE THE NECESSARY IMPLEMENTING MEASURES, AND INSTRUCTED THE COUNCIL TO REPORT TO IT AT ITS DECEMBER MEETING ON THE PROGRESS ACHIEVED.

THE EUROPEAN COUNCIL ACCEPTED THE SUGGESTIONS ALONG THE SAME LINES CONTAINED IN THE FRENCH MEMORANDUM ON A PEOPLE'S EUROPE AND EMPHASIZED IN PARTICULAR THE SECTIONS OF THAT DOCUMENT CONCERNING YOUNG PEOPLE, CULTURE AND HEALTH. IN THIS CONTEXT, THE EUROPEAN COUNCIL EMPHASIZED THE VALUE OF LAUNCHING A EUROPEAN ACTION PROGRAMME AGAINST CANCER.

WITH REGARD TO THE MEASURES CONTAINED IN THE INITIAL REPORT AND APPROVED BY THE EUROPEAN COUNCIL IN MARCH 1965, THE EUROPEAN COUNCIL EXPRESSED ITS CONCERN AT THE DELAY IN IMPLEMENTING THEM

AND ASKED THE COUNCIL, THE MEMBER STATES AND THE COMMISSION, EACH ACTING WITHIN ITS OWN POWERS, TO TAKE THE NECESSARY DECISIONS TO REMEDY THIS SITUATION AS SOON AS POSSIBLE.

ECONOMIC AND SOCIAL SITUATION.

THE EUROPEAN COUNCIL DISCUSSED THE ECONOMIC AND SOCIAL SITUATION ON THE BASIS OF TWO REPORTS SUBMITTED BY THE PRESIDENCY ON THE FUTURE OF THE E.M.S AND ON THE PROBLEM OF INVESTMENT AND EMPLOYMENT IN THE CONTEXT OF THE IMPLEMENTATION OF THE STRATEGY DEFINED IN DUBLIN IN DECEMBER 1984.

AS REGARDS THE E.M.S THE COMMISSION WAS INVITED TO CONTINUE ITS CONSIDERATION OF ITS DEVELOPMENT, INCLUDING THE ROLE OF THE E.C.U, AT COUNCIL MEETINGS ON ECONOMIC AND FINANCIAL AFFAIRS AND WITH THE GOVERNORS OF THE CENTRAL BANKS.

AS REGARDS SHORT-TERM ECONOMIC POLICY, THE COUNCIL OF MINISTERS FOR ECONOMIC AND FINANCIAL AFFAIRS WAS INVITED TO CONSIDER THE EXTENT TO WHICH THE CONVERGENCE WHICH HAD ALREADY BEEN ACHIEVED BETWEEN THE MEMBER STATES IN THE FIELD OF INFLATION AND IMBALANCES MADE IT POSSIBLE TO INTENSIFY THE BATTLE AGAINST UNEMPLOYMENT.

ON A MORE GENERAL LEVEL, THE EUROPEAN COUNCIL INVITED THE COMMISSION TO SUBMIT TO THE EUROPEAN COUNCIL MEETING IN DECEMBER A DETAILED REPORT ON CURRENT INADEQUACIES AS REGARDS GROWTH AND EMPLOYMENT IN THE EUROPEAN ECONOMY COMPARED TO THAT OF ITS MAJOR COMPETITORS AMONGST THE INDUSTRIALIZED COUNTRIES AND ON THE NEW STRATEGIES THAT COULD BE IMPLEMENTED TO REMEDY THE SITUATION.

COMPLETION OF THE INTERNAL MARKET.

THE COUNCIL WELCOMED THE WHITE PAPER ON COMPLETING THE INTERNAL MARKET, SUBMITTED AT ITS REQUEST BY THE COMMISSION.

IT INSTRUCTED THE COUNCIL TO INITIATE A PRECISE PROGRAMME OF ACTION, BASED ON THE WHITE PAPER AND THE CONDITIONS ON THE BASIS OF WHICH CUSTOMS UNION HAD BEEN BROUGHT ABOUT, WITH A VIEW TO ACHIEVING COMPLETELY AND EFFECTIVELY THE CONDITIONS FOR A SINGLE MARKET IN THE COMMUNITY BY 1992 AT THE LATEST, IN ACCORDANCE WITH STAGES FIXED IN RELATION TO PREVIOUSLY DETERMINED PRIORITIES AND A BINDING TIMETAB

/ PROGRESS

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PROGRESS TOWARDS THIS OBJECTIVE SHOULD BE BOTH GRADUAL AND VISIBLE AND THE EUROPEAN COUNCIL THEREFORE REQUESTED THE COMMISSION TO SUBMIT ITS PROPOSALS SWIFTLY AND THE COUNCIL TO ENSURE THAT THEY WERE ADOPTED WITHIN THE DEADLINES ESTABLISHED IN THE TIMETABLE.

THE FOLLOWING FIELDS AND MEASURES WERE CONSIDERED TO BE OF HIGH PRIORITY:

- THE REMOVAL OF PHYSICAL BARRIERS TO THE FREE MOVEMENT OF GOODS WITHIN THE COMMUNITY:
- THE REMOVAL OF TECHNICAL BARRIERS TO THE FREE MOVEMENT OF GOODS WITHIN THE COMMUNITY (IN PARTICULAR THE ADOPTION OF COMMON OR COMPATIBLE STANDARDS FOR MAJOR NEW TECHNOLOGIES IN ORDER TO OPEN UP PUBLIC PURCHASING AND SATISFY THE NEEDS OF THE ECONOMY):
- THE CREATION OF A FREE MARKET IN THE FINANCIAL SERVICES AND TRANSPORT SECTORS:
- THE CREATION OF FULL FREEDOM OF ESTABLISHMENT FOR THE PROFESSIONS:
- LIBERALIZATION OF CAPITAL MOVEMENTS.

IN DECIDING ON THE ABOVE MEASURES THE COMMUNITY WILL MAKE EVERY EFFORT TO ENSURE THAT THE CREATION OF A SINGLE FREE MARKET CONTRIBUTES TO FURTHERING THE MORE GENERAL OBJECTIVES OF THE TREATY INCLUDING THOSE OF HARMONIOUS DEVELOPMENT AND ECONOMIC CONVERGENCE.

2. AS REGARDS THE METHOD: APPLICATION WHENEVER THE SITUATION PERMITS OF THE PRINCIPLE OF THE GENERAL EQUIVALENCE OF THE MEMBER STATES' LEGISLATIVE OBJECTIVES AND OF ITS COROLLARIES: THE FIXING OF MINIMUM STANDARDS, MUTUAL RECOGNITION AND MONITORING BY THE COUNTRY OF ORIGIN: AN UNDERTAKING IN THE PART OF THE MEMBER STATES NOT TO TAKE MEASURES, THROUGHOUT THE REALIZATION OF THE PROGRAMME, THAT WOULD HAVE THE EFFECT OF DELAYING THE COMMUNITY'S ACHIEVEMENT OF THE ABOVE OBJECTIVE.

3. AS REGARDS THE APPROXIMATION OF VAT AND EXCISE DUTIES, THE EUROPEAN COUNCIL INVITED THE COUNCIL OF MINISTERS FOR FINANCIAL AFFAIRS TO EXAMINE ON THE BASIS OF THE WHITE PAPER ANY MEASURES WHICH MIGHT BE NECESSARY FOR THE ACHIEVEMENT OF THE OBJECTIVE OF A SINGLE MARKET AND THE POSSIBLE TIMETABLE FOR THE APPLICATION OF THOSE MEASURES.

4. THE COUNCIL OF MINISTERS WAS ASKED TO STUDY THE INSTITUTIONAL CONDITIONS IN WHICH THE COMPLETION OF THE INTERNAL MARKETS COULD BE ACHIEVED WITHIN THE DESIRED TIME LIMITS.

TECHNOLOGY.

THE EUROPEAN COUNCIL NOTED THAT A COLLECTIVE EFFORTS TO MASTER NEW TECHNOLOGY WAS A CONDITION FOR MAINTAINING EUROPEAN COMPETITIVENESS. IT THEREFORE DECIDED TO GIVE THE COMMUNITY A NEW TECHNOLOGICAL DIMENSION.

THE EUROPEAN COUNCIL APPROVED AND ENDORSED THE COMMISSION REPORT ON THE STRENGTHENING OF TECHNOLOGICAL CO-OPERATION IN EUROPE.

THE EUROPEAN COUNCIL GAVE ITS SUPPORT TO THE FRENCH EUREKA PROJECT FOR CREATING A TECHNOLOGICAL EUROPE AND TO THE COMMISSION'S CONSTRUCTIVE PROPOSALS IN THE SAME DIRECTION, AND NOTED WITH INTEREST THE AGREEMENTS ALREADY SIGNED BY SEVERAL EUROPEAN COMPANIES.

IT EXPRESSED THE WISH THAT THE EUREKA PROJECT SHOULD BE OPEN TO THOSE NON-COMMUNITY COUNTRIES WHICH HAD ALREADY SHOWN INTEREST IN TAKING PART IN IT. FRANCE, THE ORIGINATOR OF THE PROJECT, WOULD CONTINUE THE STEPS IT WAS TAKING BY CONVENING, IN COLLABORATION WITH THE PRESIDENCY AND THE COMMISSION, AN AD HOC COMMITTEE BEFORE 14 JULY TO HOLD A SESSION ON EUROPEAN TECHNOLOGY. THE COMMITTEE WOULD BRING TOGETHER THE MINISTERS FOR RESEARCH OR OTHER QUALIFIED REPRESENTATIVES OF THE GOVERNMENTS OF COUNTRIES WHICH HAD RESPONDED POSITIVELY TO THE INITIATIVE AND REPRESENTATIVES OF THE COMMISSION.

THE EUROPEAN COUNCIL CONSIDERED THAT THESE STEPS SHOULD EXPLOIT THE COMMUNITY DIMENSION IN ORDER TO:

- ESTABLISH A CLOSE LINK BETWEEN TECHNOLOGICAL DEVELOPMENT AND THE EFFORT TO UNIFY THE INTERNAL MARKET, FOR EXAMPLE BY MEANS OF PRACTICAL INCENTIVE MEASURES SUCH AS THE EUROTYPE PROPOSAL:
- ENSURE THAT THE TECHNOLOGICAL EFFORT WAS CLOSELY TIED IN WITH COMMON POLICIES, IN PARTICULAR TRADE POLICY TOWARDS THE COMMUNITY'S MAIN PARTNERS:
- REDUCE THE RISK OF UNNECESSARY DUPLICATION OF NATIONAL EFFORTS AND ASSEMBLE A CRITICAL MASS OF FINANCIAL AND HUMAN RESOURCES:
- OBTAIN THE MAXIMUM BENEFIT FROM THE IMMEDIATELY AVAILABLE COMMUNITY TECHNICAL AND FINANCIAL INSTRUMENTS, INCLUDING THOSE OF THE E.I.B.

JAPAN.

THE EUROPEAN COUNCIL EXAMINED THE QUESTION OF TRADE RELATIONS WITH JAPAN, IN PARTICULAR IN THE LIGHT OF THE SERIOUS CONCERN WHICH THE COUNCIL HAD EXPRESSED AT ITS MEETING ON 19 JUNE AND WHICH THE EUROPEAN COUNCIL FULLY SHARED.

MORE PARTICULARLY, THE EUROPEAN COUNCIL'S DISCUSSIONS WERE HELD IN THE CONTEXT OF THE RESPONSIBILITIES WHICH JAPAN SHARES WITH ITS WESTERN PARTNERS FOR SAFEGUARDING AND STRENGTHENING THE SYSTEM OF MULTILATERAL TRADE.

THE EUROPEAN COUNCIL ENDORSED THE REQUEST MADE BY THE COUNCIL THAT JAPAN SHOULD UNDERTAKE TO INCREASE SIGNIFICANTLY AND CONTINUOUSLY ITS IMPORTS OF MANUFACTURED PRODUCTS AND PROCESSED AGRICULTURAL PRODUCTS: IT ALSO EMPHASIZED THE IMPORTANCE OF LIBERALIZING JAPANESE FINANCIAL MARKETS AND INTERNATIONALIZING THE YEN.

THE EUROPEAN COUNCIL ASKED THE COMMISSION TO PUT ALL THESE CONCERNS TO THE PRIME MINISTER OF JAPAN DURING HIS FORTHCOMING VISIT TO EUROPE,

FAMINE IN AFRICA.

THE EUROPEAN COUNCIL, AWARE OF THE CRITICAL SITUATION CONFRONTING THOSE AFRICAN COUNTRIES AFFECTED BY DROUGHT, NOTED WITH SATISFACTION THAT THE OBJECTIVES OF THE DUBLIN PLAN HAD BEEN ACHIEVED AND THAT 1.2 MILLION TONNES OF CEREALS OR THEIR EQUIVALENT HAD FINALLY BEEN MOBILIZED BY THE COMMUNITY AND THE MEMBER STATES TO MEET EMERGENCY REQUIREMENTS. IT ALSO WELCOMED THE FACT THAT TWO-THIRDS OF THAT AID HAD ALREADY REACHED THE RECIPIENTS OR WAS EN ROUTE.

IT FELT, HOWEVER, THAT NEW FOOD AID REQUIREMENTS COULD ARISE IF THE RAINS WHICH HAD JUST STARTED ON THE CONTINENT OF AFRICA WERE AGAIN TO BE INSUFFICIENT. IN THAT CONTEXT IT WELCOMED THE COMMISSION PROPOSAL FOR A SPECIAL RESERVE ALLOCATION WHICH WOULD MAKE IT POSSIBLE TO MOBILIZE 500,000 TONNES OF CEREALS EQUIVALENT OVER AND ABOVE THE NORMAL AID PROGRAMME. THE EUROPEAN COUNCIL INSTRUCTED THE COUNCIL MEETING ON DEVELOPMENT TO EXAMINE THAT PROPOSAL AS A MATTER OF URGENCY.

THE COUNCIL WAS AWARE OF THE POSSIBILITY THAT SUCH DISASTERS MIGHT RECUR AND IT CONSIDERED IT NECESSARY FOR THE FUTURE TO SET UP A GENERAL CO-ORDINATED STRATEGY AGAINST SHORT- AND

LONG-TERM DROUGHT, AND IN THAT CONTEXT WELCOMED THE COMMISSION COMMUNICATION.

AS REGARDS THE LONG-TERM, THE COUNCIL CONSIDERED IT NECESSARY ABOVE ALL TO SUPPORT THE AFRICAN COUNTRIES' POLICY REDIRECTION EFFORT IN THE FIELD OF FOOD SECURITY. THE COUNCIL NOTED THAT THAT OBJECTIVE WAS INCLUDED IN LOME III AND EXPRESSED THE HOPE THAT THE MEMBER STATES WOULD ALSO GIVE PRIORITY IN THEIR NATIONAL AID PROGRAMMES TO SUPPORT FOR THAT POLICY SO THAT TOGETHER THEY WOULD ACHIEVE THE INDISPENSABLE CRITICAL FINANCIAL MASS.

IN THE FIELD OF ENVIRONMENTAL PROTECTION, IN PARTICULAR THE BATTLE AGAINST DESERTIFICATION, THE COUNCIL CONSIDERED IT VITAL, IN THE LIGHT OF THE IMPORTANCE OF PRESENT REQUIREMENTS, FOR ALL EUROPEAN AID, COMMUNITY AND BILATERAL, TO GIVE PRIORITY TO THAT TYPE OF ACTION, TO GIVE LONG-TERM COMMITMENTS AND TO ORGANIZE THEIR CONTRIBUTIONS COHERENTLY BY SETTING UP AN APPROPRIATE CO-ORDINATION STRUCTURE.

FCO ADVANCE TO:-

FCO - P.S/S OF S, RENWICK, FAIRWEATHER, SHEPHERD, BRAITHWAITE.
CAB - WILLIAMSON.
MAFF - ANDREWS.

BUTLER

FRAME GENERAL

ECD (I)

(ADVANCED AS REQUESTED)

The Prime Minister: I have no plans to meet President Reagan in the near future but I expect to meet Vice-President Bush during his visit to London tomorrow.

Mr. Latham: While we can rejoice with President Reagan that the American hostages have been freed, will my right hon. Friend recall that one of them was brutally murdered by the terrorists and that many people see this whole affair as a partial victory for terrorists? Will she join with President Reagan in banning Middle Eastern Airlines until Lebanon, and Beirut in particular, ceases to be a haunt of terrorists and killers?

The Prime Minister: I agree that it is intolerable that Beirut airport should be used to launch terrorist attacks outside the Lebanon, and we have not forgotten the United States Marine who was so brutally murdered on that flight. Until the Lebanese Government can guarantee security at Beirut airport it may be necessary for the international community to suspend all services to Beirut. I hope that such action, which we will certainly support, will have the widest international backing. I shall be discussing this matter with Vice-President Bush tomorrow.

Mr. Douglas: How can the international community have any efficacy in the future control of terrorism when it does not observe the conventions that already exist for the control of terrorism? I refer to the Hague convention, the Tokyo convention and the Montreal convention. How can we believe that we can control terrorism through more conventions if we cannot adhere to existing international legislation?

The Prime Minister: As the hon. Gentleman is aware, we adhere to existing international legislation. I think that the hon. Gentleman is referring to the Montreal hijacking agreement, which was originally the Bonn hijacking agreement and was reaffirmed at Montebello. It has sometimes been difficult to get all nations to adhere to that. I agree that it is of vital importance in stopping hijacking that everybody accepts that convention.

Mrs. Clwyd: On a point of order, Mr. Speaker.

Mr. Speaker: Does it arise out of questions?

Mrs. Clwyd: Yes, Mr. Speaker. Is it in order for the Secretary of State for Defence to refuse to answer a serious question on our national sovereignty, something that should concern every hon. Member? That sovereignty has been threatened by a senior military man at SHAPE headquarters and—

Mr. Speaker: Order. I think that the hon. Lady is trying to carry on Defence Question Time, and in particular her question 12. I have no responsibility for ministerial answers.

Mr. Tom Clarke: Further to that point of order, Mr. Speaker. Was it in order for the Secretary of State for Defence to attack hon. Members — including myself incidentally as I was on the delegation—who found that the—

Mr. Speaker: Order. The House knows that we have a busy day ahead of us, and an Opposition day at that. We cannot carry on Question Time. I am not responsible for what the Secretary of State says, and I cannot be responsible for the attacks made across the Chamber. That is what the system is about.

Mr. Boyes rose—

Mr. Speaker: Order. Is this another point of order? If it is an attempt to carry on Question Time, I shall not hear it. If it is a fresh point of order, I will.

Mr. Boyes: I am looking to you for guidance, assistance and help, Mr. Speaker. A senior four-star American general threatened this country—

Mr. Speaker: Order. I think that the hon. Gentleman will have to find other ways to draw attention to this senior four-star general. There will be other opportunities.

Mr. Boyes rose—

Mr. Speaker: Order. I cannot give the hon. Gentleman any guidance. Long ago the House agreed that when we have Question Time we end it at the prescribed moment. We cannot continue afterwards.

European Council (Milan)

3.34 pm

The Prime Minister (Mrs. Margaret Thatcher): With permission Mr. Speaker, I should like to make a statement on the European Council on 28-29 June, which my right hon. and learned Friend the Foreign and Commonwealth Secretary and I attended.

Some time in advance of the European Council, the United Kingdom had circulated specific proposals for the development of the Community, covering completion of the internal market, strengthening political co-operation and improvements in decision making. Texts of these have been placed in the Library of the House together with the proposal we made at the European Council on exploitation in the market of advances in technology.

The meeting offered the opportunity for action over a broad range of these proposals and a number of important decisions were taken. The European Council decided that, in making progress towards achieving the single internal market for goods and services in the Community by 1992, priority should be given to the removal of physical and technical barriers to the movement of goods to a free market in financial services, a free market for transport, the liberation of capital movements and full freedom of establishment for the professions. These are the United Kingdom's own priorities.

On political co-operation, the European Council decided to set in hand the work necessary to reach agreement on the lines proposed by the United Kingdom, taking account also of a subsequent Franco-German text which was very similar. Such an agreement would allow the Community together to wield more influence in world affairs.

On technology, the European Council expressed its determination to use the large Community market so as to strengthen technological co-operation in Europe in the face of the American and Japanese challenge. As an incentive to manufacturers, we proposed that products resulting from collaboration should have a guarantee of genuine access to public purchasing throughout the Community.

By contrast, when it came to procedures for decision making, a majority of the European Council preferred to postpone action and to put the issues to an intergovernmental conference to be convened under article 236 of the Treaty of Rome.

The United Kingdom's view was that some positive improvements in the Community's decision-making could have been decided in Milan and did not require any treaty amendment. We regret this unnecessary delay, but will naturally attend any such conference and shall continue to press for practical steps to improve decision-making which do not impair our ability to safeguard our national interests.

As the House will recall, any changes to the treaty would of course require unanimity and would have to be approved by each sovereign Parliament.

On the economic and social situation, the Commission is preparing a detailed report which will compare the Community's economic structure and performance with other major industrialised countries. It will concentrate on strategies to improve growth and employment.

The Commission also reported on the steps being taken to give effect to the British initiative on deregulation at the last European Council.

The European Council generally endorsed the report of the Committee on the People's Europe, which itself recommends cutting the burden of Community legislation and proposes easier access to medical care abroad.

The European Council agreed on the need for Japan to increase significantly its imports of manufactures and processed food products and to liberalise its financial markets. This unanimous view will be emphasised to the Prime Minister of Japan during his forthcoming visit to Europe.

I raised the need for further measures to combat terrorism and hijacking, with particular emphasis on the security of airports and air travel.

Finally, the European Council discussed famine in Africa. Two thirds of the cereals food aid agreed at Dublin last December has already reached the countries concerned or is en route. We now intend to work out a co-ordinated programme against the effects of drought in the Third world and give priority to helping developing countries themselves to achieve greater security in their food supplies.

By agreeing steps to remove barriers to trade and to strengthen high technology, the Milan European Council contributed to the Community's economic strength and to the creation of wealth and new jobs. It is regrettable, however, that the opportunity available to the Council to strengthen foreign policy co-operation and to improve decision-taking was not taken. These issues will now have to be discussed in a further conference. The United Kingdom will be present and will make a constructive contribution on the basis of practical proposals rather than vague aspirations.

Mr. Neil Kinnock (Islwyn): I listened carefully to the Prime Minister's statement, but try as I might I could not find any adequate explanation of why she got the whole approach to the Milan summit so spectacularly wrong. Ten days ago the Government's position, as expressed to the House, was that they and a substantial number of other member Governments did not see any necessity for an intergovernmental conference such as is proposed. What substantial number of other Governments took the same view as the British Government? What number were the Prime Minister and her Ministers thinking of in view of the fact that in Milan last weekend they were outvoted by seven countries to three?

Is it not the case that as a consequence of the Prime Minister's clumsy failure in Milan and before Milan, we are not in a position to promote the changes in the Common Market that our country needs nor effectively to protect Britain's interests?

Mr. Nicholas Budgen (Wolverhampton, South-West): Tell us what changes.

Mr. Kinnock: She got us into this; she is going to have to get us out of it—[*Interruption.*]

Mr. Speaker: Order.

Mr. Kinnock: The Government have now been sucked into an intergovernmental conference that the Prime Minister said would never take place and which she plainly does not want. I have to ask her whether she will attend that conference herself. Is the "we" to which she referred

regal or national when referring to our country? Is it not important that the British Prime Minister actually does attend such a conference, in view of the plain fact that other countries can make changes in procedure without altering—

Mr. Budgen: What changes?

Mr. Kinnock:—without altering the treaty of Rome—*[Interruption.]* I understand the embarrassment of the Conservative anti-marketeers, but shouting will not cover their tracks. *[AN HON. MEMBER:* “You have got to cover yours.”] I repeat that, in view of the very plain fact that other countries can make changes in procedure at that conference without altering the treaty of Rome, and thereby by a majority vote enable themselves to determine vital future interests of the British people, is it not essential that the Prime Minister goes to that intergovernmental conference?

The communiqué and the Prime Minister's statement referred to the Committee on the People's Europe. Before that enterprise goes any further, will the Prime Minister accept the fact that the people of Britain—and, indeed, the other countries of the Common Market—are not impressed by European flags and stamps and anthems; they want investment and growth and, above all, jobs.

On the latter subject, I note from the statement that there is to be a detailed report comparing the Communities's structure and performance with other industrial countries. Are we supposed to be satisfied by such a statement? Are we supposed to be satisfied that 10 leaders of some of the strongest nations of the world got together over the weekend and all that they can offer to the 15.5 million unemployed in the Common Market is the prospect of yet another study to report in December? Would it not have been fitting for the British Prime Minister, who has the largest number of unemployed, to take the initiative at the summit to try to bring down unemployment?

In the wake of Milan, is it not absolutely plain—*[Interruption.]* I know that Conservative Members do not like it, Mr. Speaker—*[Interruption.]*

Mr. Speaker: Order. I do not need help from either side of the House.

Mr. Kinnock: Thank you, Mr. Speaker. Hooliganism is one thing that the Conservative party could teach Europe.

In the wake of Milan, is it not absolutely plain yet again that six years of bluster from the right hon. Lady has not succeeded in winning one tangible, positive advantage or in protecting British interests or the British people?

Faced with that reality, is it the case that the Prime Minister is vexed, or has she “but one emotion—fury”, as her Mr. Bernard Ingham told us? Is it the case, as he said, that

“The Richter scale ceases to operate when it applies to her. It is not irritation to the Prime Minister. It is total volcanic eruption. Krakatoa has nothing on it.”?

How soon will the right hon. Lady join that extinct volcano?

The Prime Minister: I refer to the right hon. Gentleman's first point, on an intergovernmental conference. I do not think that an intergovernmental conference is necessary. We could have agreed great improvements in decision-making on the matters that were

on the table, and that we had circulated well before the meeting. Some of us wished to; others wanted to go further than that, and they called an intergovernmental conference under article 236. That is a limited one. It must be initiated by proposals to amend the treaty, and the only ones before us on that occasion were article 57(2), which is an amendment on the qualifications and right of establishment, as well as article 100, which requires a unanimous vote for directives, which we happen to think is extremely important. No other article for amendment was suggested to go before that conference save one put up by the Commission, on the harmonisation of tax—article 99—which, fortunately, the Germans knocked down pretty quickly, and which we agreed should not be considered.

The right hon. Gentleman said that the decision can be taken by majority vote. That is not quite right. One can call an intergovernmental conference by majority vote. Any recommendations that it makes to change the treaty would have to be done by unanimous vote and would also have to come before each Parliament. It would have to be by unanimous vote—*[Interruption.]* If the right hon. Gentleman would listen, he might learn a thing or two.

With regard to some of the other things, there is a very large report before us, put up by our own Commissioner, on the internal market. It is absolutely vital that the European Council decides what priorities in that report be pursued first. It is not necessary, in our view, for it to take action on tax harmonisation. That can be put aside and considered by Ecofin, because it would cause difficulties for all of us. Therefore, we set out the priorities. They were set out on the first day. They were the ones that were adopted by that Council and put out in the communiqué.

If the internal market is completed, it will provide more jobs for this country, in both financial services and insurance. At the moment it is disgraceful, so long after the treaty of Rome was signed, that there are still quotas on lorries, to our great disadvantage, and that we still cannot have shipping business from other ports in Europe on the same basis as they can from us. We still do not have a free market in air fares. All those things are extremely important in getting more jobs.

With regard to the report on unemployment, the best report, if the right hon. Gentleman would like to read it, was submitted to the Dublin Council in December. Many of its proposals still hold true. Mr. Delors is proposing to put forward a new report along the lines that I have outlined. With regard to the right hon. Gentleman's final point on bluster and fury, I could not hold a candle to him in the emission of hot air.

Mr. Geoffrey Ripon (Hexham): May I congratulate my right hon. Friend on the consistent effort that she has made to promote European progress on the basis of firm, practical action, while at the same time regrettably that some of our European partners seem correspondingly reluctant to make practical decisions on a day-to-day basis, preferring apparently to kick the ball into the long grass? I welcome the fact that we are to attend the new constitutional conference, but can my right hon. Friend suggest any ways in which we can help to undo the damage that was done to the cause of European unity in Milan by some of our European partners?

The Prime Minister: That intergovernmental conference, as my right hon. and learned Friend knows, is normally General Affairs Council of Foreign Ministers. I

[The Prime Minister]

doubt whether it would take long because there appear to be only those two matters before it. It would then have to report back to the European Council. As I have said, if it were to propose any changes in the Treaty, that could be taken through only by unanimous support. I saw nothing before us that would require an amendment to the treaty. We should not be too depressed. We have had setbacks in the Community before. Nevertheless we have been able to carry out enlargement and make decisions on own resources, which mean that we shall pay less now than we would have paid otherwise. I think it is a temporary setback which I hope will be fully redeemed at Luxembourg, and all our efforts will be bent in that direction.

Mr. Roy Jenkins (Glasgow, Hillhead): Can the right hon. Lady explain why she was apparently so incensed that the Franco-German paper took over so many of the ideas of the British Government? Surely if one wants to make progress in a negotiation, it is generally highly desirable that other parties should put forward one's own ideas, believing them to be theirs?

The Prime Minister: It seems strange, since they are on the table already, to duplicate them.

Mr. Julian Amery (Brighton, Pavilion): Is my right hon. Friend aware that most of us on this side of the House, and I suspect on the other side and in the country, strongly support her pragmatic approach to the European co-operation? Is she also aware that it is very difficult to proceed by gentleman's agreement unless one is dealing with gentlemen? Is she further aware that she was absolutely right in the context of the Milan meeting to agree that we should participate in the October meeting? If we are to make progress with Lord Cockfield's proposals for the internal markets and with my right hon. Friend's own proposals for foreign policy, counter-terrorism and other matters, we may have to embark on a system of rather tighter regulation than we would have preferred. Let us be in on it this time and not out of it, as we were when the Messina agreement was approved.

The Prime Minister: I do not believe that the internal market matters will be dealt with without that intergovernmental conference, although it would be relevant in the sense that the large number of directives that would need to be issued to complete that internal market would now have to be decided upon by unanimity. One of those proposed treaty amendments at the intergovernmental conference would change the unanimity rule, and I think most of us—I certainly—would wish to keep the unanimity rule on directives which could be quite vital to many of our industries. That is a matter that will be dealt with at the intergovernmental conference and I thought that our proposals, which would not have required treaty amendment, would be better. It is important that the internal market be completed, but I think it can be completed keeping the unanimity rule.

Mr. Nigel Spearing (Newham, South): Can the Prime Minister be a little more specific about the timetable for the proposals under article 236 that she mentioned? Can she assure the House that any proposals emanating from the Council of the EEC will be published and will be debated in this House under the usual arrangements before the actual conference takes place?

The Prime Minister: There are at present, as I said, only two proposals for treaty amendment and the hon. Gentleman, who is very familiar with the articles of the treaty, knows that that article has to be invoked first by a particular proposal for an amendment. European Assembly opinion on it has to be obtained and then the European Council has to decide what course to recommend. If, of course, it were to recommend any amendments in the treaty, then of course we should have to have a full debate in this Parliament, if the European Council itself decided to go ahead with those recommendations, but first the European Council, which will meet at Luxembourg at the beginning of December, would, I believe, decide whether it wished to go ahead with any recommendations from that previous conference.

Mr. Teddy Taylor (Southend, East): In welcoming very much my right hon. Friend's firm refusal to support the proposals for European union, may I ask her whether she will not close her mind to the desirability, in the event of the breakdown of the next conference, of allowing the original Six to go ahead with a European union treaty for themselves, if they wish? In regard to what she has said about harmonisation, may we have a firm assurance that there is no question of Her Majesty's Government agreeing to the Commission's plans for the internal market if that involves harmonising VAT and charging VAT on food, electricity and gas?

The Prime Minister: My hon. Friend asked about European union. It is a term that is used very loosely. It causes great confusion. Its meaning is not precise. It means something different here from what it means in the Community. We had two proposals before us in Milan, one from ourselves for a treaty on political co-operation and a Franco-German proposal that was almost identical save in regard to three minor points, entitled "A Treaty on European Union". It was not that at all but an agreement on political co-operation. I usually ask my colleagues not to use this phrase because it causes confusion here.

With regard to harmonisation of taxation, I do not believe that is necessary for completion of the internal market. Of course, we should resist it with all the power and strength at our command.

Mr. Tom Clarke (Monklands, West): In view of the right hon. Lady's reference to jobs, can she confirm that she took the opportunity to inform the Community that we in Britain have made enough concessions on steel? Will she therefore confirm today a corporate plan that ensures that we shall have five major plants in Britain, including Llanwern and Ravenscraig?

The Prime Minister: I have no statement to make today about the steel corporate plan. We will let the House know as soon as a decision has been taken.

Mr. Dennis Walters (Westbury): Was my right hon. Friend able to discuss with her colleagues King Hussein's peace initiatives in the middle east and to ensure that every possible support will be given to him to make some progress in that area?

The Prime Minister: Heads of Government had only a brief discussion about the middle east. As my hon. Friend is aware, we warmly support King Hussein's peace initiative and hope that it will succeed and result in direct

negotiations between King Hussein's delegation and Israel. I believe that is the view held by a number of other countries in the Community.

Mr. Eric Deakins (Walthamstow): Will the right hon. Lady oppose at the inter-governmental conference any amendments to the Treaty of Rome?

The Prime Minister: We must go to that inter-governmental conference and consider what is put before us. The statement I made at the European Council was on the matters before us. I saw no reason for amendment of the treaty.

Sir Anthony Kershaw (Stroud): Is it not obvious that insisting on constitutional reform before practical changes may risk those practical changes becoming either more difficult or even impossible? Is it not a pity that at this time we should hear from the Leader of the Opposition nothing but wind, bluster and ignorance?

The Prime Minister: I agree with my hon. Friend. We needed practical changes and we have done a great deal at previous European Councils to make fundamental decisions without changes in the treaty. I thought that the *South German News* put it rather well this morning when it said that Milan showed the gulf in the Community between wishful thinking and reality. We were on the side of reality.

Mr. John David Taylor (Strangford): In view of the unanimity requirement of the inter-governmental conference and the advance notice given by several member nations that they are opposed to the items on the agenda, what decisions does the Prime Minister anticipate from that conference that were not already available at Milan, if the opportunity had been taken?

The Prime Minister: I believe that the decisions were available at Milan. They should and could have been taken there. I believe that they will have to come back to Luxembourg to be reconsidered.

Mr. George Walden (Buckingham): Will my right hon. Friend welcome the remarks by the Leader of the Opposition in so far as they seem to imply that we should work for improvement of the Community from within and that this at least is progress since until recently he did not seem to know whether we should be in or out?

The Prime Minister: In so far as my hon. Friend concluded that that was the import of the right hon. Gentleman's statement, I accept that it is welcome.

Mr. Ron Leighton (Newham, North-East): May I commiserate with the Prime Minister on her humiliating treatment in Milan? Does she accept that the foolish headlines in the press last week about Britain taking over the leadership of the Common Market were just another illusory product of the European dream factory? Is not the Common Market largely a Franco-German benefit society in which our role is to soak up surplus manufactures and dear food? In view of that should we not draw the appropriate and realistic conclusions?

The Prime Minister: If the hon. Gentleman looks at the documents that are available, he will find that the proposals on the internal market, and the priorities which the European Council decided upon, were those that we put forward to the European Council and which it accepted. He will find that the proposals for closer

political co-operation are proposals that we put forward and circulated. Those are the proposals which, together with minor modifications by France and Germany, are likely to be accepted. That is really not a bad start. With regard to what else he said about Milan, I do not need to feel humiliated at all. I noticed that *Le Monde* this morning said:

"The stubbornness of the federalist plan has left a divided Community. They have chosen the very moment when Britain feels itself more European to block her."

Mr. Tony Marlow (Northampton, North): Does my right hon. Friend agree that while the Germans and the Italians were federating in the last century, some of the smaller nations of Europe were looking towards setting up a federal Europe. We in Britain are not. Will she confirm that on no account during her premiership will we surrender the British right to the veto?

The Prime Minister: We have fought for the British right to a veto. Where we have unanimity in the treaty, it is inbuilt in the unanimity rules. Otherwise, we still fight for the Luxembourg compromise with one modification only: that when it is used the reason for which it is used, the right of vital national interests, should be clearly expressed. I agree wholly with my hon. Friend that there is no question of a federal Europe.

Mr. Michael J. Martin (Glasgow, Springburn): The right hon. Lady will be aware that in my constituency 1,400 jobs are to go in the railway workshops. I can go to streets in my constituency where people have not had a decent job in years. Many of my constituents are living in damp houses. Will the right hon. Lady explain how the European Community will help constituencies such as mine?

The Prime Minister: The hon. Gentleman is aware that there has had to be rationalisation of the railway workshops because the carriages in use are of a different design, last very much longer and do not require the same maintenance. As the hon. Gentleman is aware, there is unemployment throughout the European Community, and in parts of it, it is higher than here. Elsewhere it is lower, although they have factors such as conscription which help their young people considerably. There will be a full report upon that. We are in the middle of technological changes which in themselves cause dislocation in society, and we have to do everything we can to mitigate the effect of those changes on the people who have to endure them.

Sir Anthony Meyer (Clwyd, North-West): Is it not now clear to my right hon. Friend that the anti-Europeans want a European union from which Britain is absent, and they are not prepared to pay any price to achieve a common market? Were they to achieve their objectives, would that not bring about the twin political and economic disasters which successive Governments have sought to avoid for 20 years.

The Prime Minister: As my hon. Friend is aware, I believe it is in Britain's interest to be in the Common Market to secure the full working of the treaty, particularly with regard to the internal market and the free movement of transport. It will be to Britain's advantage, not only on the trading side. It will also enhance the influence of Europe throughout the world. I work for both of those things.

Mrs. Anne Clwyd (Cynon Valley): Did the Prime Minister have the opportunity to investigate the loss of £76

[Mrs. Anne Clwyd]

million from the regional and social funds, money which could have been spent on roads, industrial development and jobs? Her answer will be of particular interest to Brecon and Radnor because the county in which it is situated receives not one penny from the social fund. Is it because of bureaucratic bungling in Whitehall or in Brussels?

The Prime Minister: The hon. Lady is aware that I have already written about the social fund and some of the applications that have been made from the areas of Wales which she mentions to support those applications.

Mr. Anthony Beaumont-Dark (Birmingham, Selly Oak): Does my right hon. Friend agree that if it were not for the strangeness of a by-election on Thursday, the Opposition, who were castigating the Prime Minister today, would be praising her for defending Britain's national integrity and our right to put our country first? Is it not a fact that my right hon. Friend suggested only that we would carry out practical and sensible changes to the working of the Community instead of wasting aeons of time, money and talk on changing the treaty of Rome in a way that we all know will never come about because we will not be federalist? There will not be a change in the veto.

The Prime Minister: I agree with my hon. Friend. The Opposition's temporary conversion to the cause of Europe might be affected because they know the amount of inward investment into Wales by virtue of Britain being a member of the Common Market.

Mr. Bryan Gould (Dagenham): Even though she voted against it, does the Prime Minister propose to attend the conference?

The Prime Minister: It is not a conference of Heads of Government as I am sure the hon. Gentleman realises. It is a conference of the General Affairs Council which would normally consist of Foreign Ministers. Only at the European Council are there Heads of Government.

Sir John Biggs-Davison (Epping Forest): Despite the proposals for a treaty of union, is it not clear that no major Community country is prepared to relinquish its national sovereignty to a federation? Therefore, is it not the case that much Continental criticism of my right hon. Friend and the United Kingdom is hypocritical? Is my right hon. Friend aware of the very great support she has in this country for the practical proposals she has put forward and for her steady advocacy of British and, indeed, European interests?

The Prime Minister: I thank my hon. Friend. Sometimes a lot of the rhetoric spoken about Europe gets in the way of practical proposals. It does not matter which country is involved, when things come up in Europe in which a vital national interest is affected, all countries, in practice, act in the same way as did Germany recently over the price of cereals.

Sir Russell Johnston (Inverness, Nairn and Lochaber): Is the Prime Minister aware that her references to a majority of the European Council postponing a decision on decision-making actions is really doublespeak? Will she not accept that the recommendations of the Dooge committee, to which we entered so unnecessary a

reservation, were not about doing away with the veto but about confining its use to genuinely vital national interests? That is not something like cereal prices. Difficult job as it is, the best way of achieving this is through an inter-governmental conference as my right hon. Friends urged her to do in an early-day motion in April. How can she assure us that she will go to the conference in a constructive frame of mind when she has already said on BBC radio that it will fail? If it fails, it will be because she has made it fail. We shall be further isolated and will not achieve either budgetary discipline or the reform of the internal market. To say that only the Danes, the Greeks and ourselves understand reality is absurd.

The Prime Minister: The Luxembourg compromise is not part of the treaty and never has been. We were proposing changes in the Luxembourg compromise, not in its veto power, but that if that veto power were used the reasons should be set out clearly. The Luxembourg compromise has never been a part of the treaty and we do not need an inter-governmental conference to modify, to keep or to change it. The hon. Gentleman has got it quite right.

Mr. Hugh Dykes (Harrow, East): Does my right hon. Friend agree that she has substantial support in other member states for her approach of practical steps? Despite the difficulties, this is a developing and robust community with social, political and economic objectives, and we should play our full part in that and resist the temptation to isolate ourselves as we have always done in the postwar years. We should make sure that we join in fully and avoid the dangers and risks now after the very exhausting struggle over the United Kingdom budget contribution. We should avoid yet another debilitating struggle between "us and them" on taking the Community further forward on structural developments.

The Prime Minister: I agree that we need a step-by-step approach, but if my hon. Friend looks at the documents, he will find that that is exactly what we had. We also had a balanced approach. We made proposals on completion of the internal market. We got the priorities right. That was the economic side, and that will help with jobs. We made proposals on political co-operation. That is a modest description, but it was political co-operation. That got a good deal of support, and it was a pity that we did not go through those proposals clause by clause and complete them. They do not require a change in the treaty, and they do not need to go to an intergovernmental conference. We also made proposals on how to make decisions better without changing the treaty. Therefore, we have the economic side, the political side and the institutional side. It was a very balanced package, and many people regret that it was not fully accepted.

Mr. Dennis Skinner (Bolsover): Does the right hon. Lady accept that ever since she became Prime Minister she has preached to the House and the nation about the need to save money? At the weekend when she was interviewed on television and radio, and when it was said that she was in a fury, she said that the intergovernmental conference was a complete waste of time. Does she accept that if local councillors went to a conference which, beforehand, had been announced as a complete and utter waste of time, they would be wasting ratepayers' money? If this intergovernmental conference is a waste of time—to use

her words—why is she sending someone? Who will foot the bill? Surely it is time that the Prime Minister added up the total of all these conferences. Four years ago she said that coal production in the Common Market would be doubled, but ever since pits have been shut in nearly every country. Surely to God it is time that the right hon. Lady reckoned up the total cost of this Common Market catastrophe? Instead of wittering on, should not we be coming out altogether?

The Prime Minister: I am afraid that fury is the only emotion that I am allowed by the press. It is rarely true, and I should be utterly exhausted if it was heard half as often as they say. We were disappointed, but that is hardly fury. I do think that the intergovernmental conference is not necessary. After all, that is exactly what I have said the whole time. We could have reached decisions at Milan, and the hon. Gentleman should address his remarks not to me but to my colleagues.

Mr. Ivan Lawrence (Burton): While the imminent possibility of a visit to this country by a joint Jordanian-Palestinian delegation will be most welcome to all of us who care about peace between Israel and its Arab neighbours, will my right hon. Friend make sure that it does not include any representatives of the Palestine Liberation Organisation, otherwise the impression might get about that, for us, terrorism is respectable and can sometimes be rewarded?

The Prime Minister: My hon. Friend knows my views on terrorism. He will also be aware that at present on the West Bank there are people who, although members of the PLO, have roundly and strongly condemned terrorism. For example, several of the mayors of some of those cities have strongly condemned terrorism, and we must try to strengthen the hand of those people.

Mr. Andrew Faulds (Warley, East): Instead of having a tiny tantrum after her failure in Milan, as the Prime Minister appears to have done, would not it be better for Britain if the Government were to commit this country to a European future by attending the intergovernmental conference at the highest level and by accepting whatever amendments to the treaty may be necessary to get European agreement? Otherwise does not the right hon. Lady understand that Britain will become increasingly insignificant in Europe and will end up as a minor country in the second or third tier rank of the Community?

The Prime Minister: No. I would have thought that the hon. Gentleman would have had more regard than that for Britain's interests. There are 10 partners in the Community and there will shortly be 12. To get on best together in the Community as a whole, we must each respect the interests of others and go forward by trying to blend those interests together rather than disregarding them.

Mr. William Cash (Stafford): I congratulate my right hon. Friend on her pragmatic and balanced approach to the Milan conference. Lest the voters of Brecon and Radnor have not taken note of it, does she accept that the alliance is indeed in significant disarray over the use of the veto in Europe in that the right hon. Member for Plymouth, Devonport (Dr. Owen) insists upon the use of the veto even to the point of amendments to the treaty, whereas the leader of the Liberal party is pressing continuously for a federal Europe?

The Prime Minister: They always seem to be in disarray and say what suits their needs at the time.

Mr. Clive Soley (Hammersmith): Did the Prime Minister raise the question of the extradition of the Italian terrorists? If not, what will she do about it? Did not she get into difficulties in Europe because she wanted some economic integration whereas the others wanted political unity? Is she trying to pretend that economic integration does not ultimately lead to political federation?

The Prime Minister: No, the extradition of Italians did not come up in a Community context. I have made it perfectly clear that I am absolutely against a federal Europe, and so, I believe, are the overwhelming majority of our partners in Europe. There is no question of it.

Mr. Nigel Forman (Carshalton and Wallington): As it is likely to be 35 years after the signing of the treaty of Rome before the Community eventually achieves the objective of a fully free and internal market, does my right hon. Friend recognise that there are powerful arguments for putting our maximum weight behind the initiative of Lord Cockfield and others? In that context, will she consider moving towards full British participation in the European monetary system?

The Prime Minister: It is important to get the internal market complete. We have quite a programme and have set a date of 1992. I do not believe that it would be advisable for this country to join the exchange rate mechanism of the European monetary system at present, but we belong to the European monetary system.

Dr. Norman A. Godman (Greenock and Port Glasgow): What role will be assigned to Spain and Portugal at this conference? If they are to participate passively or actively, what is the likelihood of the Gibraltar issue being raised informally with the right hon. Lady?

The Prime Minister: I see no reason why the Gibraltar issue should be raised in that context at all, and I do not believe that it will be. If the hon. Gentleman looks at the article under which the intergovernmental conference is called, he will see that it will consider only the specific amendments to the treaty that have been proposed. As I have said, only two have been proposed, and they were proposed by the Commission. The position of Spain and Portugal is for the presidency during the coming six months, but it was indicated that Spain and Portugal would attend that intergovernmental conference, as any recommendations that came out would affect them. They will probably be at the next European Council, as they were present at this one, as observers.

Mr. Eric Forth (Mid-Worcestershire): In adding my support to those who have welcomed the Prime Minister's vote against this unnecessary conference, may I ask my right hon. Friend, nevertheless, to say whether the terms of reference of the conference are those set out in the Dooze report, which was the main vehicle in recommending the conference—in other words, that the mere holding of such a conference would in itself be the first step towards so-called European union?

The Prime Minister: No. We spent a long time on the amendments that were to go to an intergovernmental conference. Only two amendments have been proposed, one on equivalence of qualifications and the other relating

[The Prime Minister]

to the unanimity rule on directives. Germany disagreed that a third commission proposal on tax harmonisation should even go to the conference, and had Germany not disagreed, we would have raised the matter as well. Therefore, this conference will have a very limited agenda. I am not sure whether the presidency, which for the next six months is held by Luxembourg, will then admit proposed amendments from either member Governments or the European Assembly. That will be a matter for the presidency.

Mr. Robert Maclennan (Caithness and Sutherland): If the Prime Minister put forward her proposals for improvement of decision-making in the belief that they were practical rather than vague aspirations, will she take the same view about them if they are proposed as treaty amendments and not merely resist, because other countries would prefer to see these practical proposals embodied in a revision to the treaty?

The Prime Minister: They do not need or require an amendment of the treaty. There would be a considerable advance in practice, which would mean considerable progress in the Community. None of them needs an amendment of the treaty.

Mr. Harry Greenway (Ealing, North): Does my right hon. Friend accept that the announcement that there is to be intergovernmental co-operation against terrorism is unanimously welcomed? Can she say how soon the new measures will be in place and, if possible, what they are likely to be and whether Greece will accept them?

The Prime Minister: Co-operation against terrorism goes far wider than the Community. It includes the economic summit nations but goes wider than that, and includes the Council of Europe. We did not discuss widely what those measures are. However, I can assure my hon. Friend that we co-operate and that we are trying to step up the safeguards, particularly at airports, for aircraft in flight and at the airports where those aircraft call. It is best to say no more than that.

Mr. John Stokes (Halesowen and Stourbridge): Is my right hon. Friend aware that although in recent months I have increasingly had serious doubts about the European Community, I differ from those of my hon. Friends who criticise the European Community because I am bound to ask myself whether I should do any better in my right hon. Friend's seat, or whether they would do any better, or whether any other hon. Member would do better. I think not. [HON. MEMBERS: "Hear, hear."]

The Prime Minister indicated assent.

Mr. Tim Yeo (Suffolk, South): Can my right hon. Friend say whether, during the weekend in Milan, any of her European counterparts sought her advice about those policies that have led to Britain enjoying a faster rate of economic growth than any other member of the Community?

The Prime Minister: I cannot say that we spent a very long time discussing that matter. Nevertheless, one of the reasons for completing the internal market and technological co-operation is that it can lead to increased growth, an increased standard of living and an increase in the number of jobs. That is a matter that affects greatly all Community states.

Mr. Henry Bellingham (Norfolk, North-West): When my right hon. Friend was in Milan did she have an opportunity to ask about the European Commission proposal that payments should be made to certain officials to take early retirement because of the accession of Spain and Portugal to the Community? Is she aware that those payments might cost more than £70 million a year? Why should the British taxpayer pamper these spoiled Eurocrats?

The Prime Minister: The proposals are still under consideration. My hon. Friend will not be surprised if I say that we wish to keep these payments as low as possible.

Mr. Jonathan Aitken (Thanet, South): Now that my right hon. Friend has faced the reality in Milan of her European partners' disappointing response to the British initiative, does she not think that the time has come for this country to adopt for the first time a constructive approach to President Mitterrand's proposals for a two-speed Europe? Quite apart from the practical advantage of looking at the options of such a policy, has my right hon. Friend considered that at Brecon and Radnor and in many other contests the slogan "Going Slower in Europe" might be popular?

The Prime Minister: I am afraid that I must disagree with my hon. Friend. I do not believe that there should be a two-speed Europe, nor do I believe a great deal of the rhetoric that sometimes emerges from these meetings. The reason is that when we look at specific examples and specific cases most countries take into account their own interests and their accountability to their sovereign Parliaments. In reality I do not think that there is anything like so much difference between us as sometimes appears at the end of these meetings. I pointed out to some of my colleagues in the Council that this country's record in obeying the laws of Europe before the European Court is one of the best. For example, in the European Court Italy faced six times as many actions for infringing the law as the United Kingdom, that is 76 actions. France faced about four times as many infraction proceedings as the United Kingdom, 45. Belgium faced three times as many, 37. Only Denmark faced fewer cases than the United Kingdom. Denmark and the United Kingdom have been best, and Denmark and the United Kingdom stuck together at Milan.

Mr. Nicholas Budgen (Wolverhampton, South-West): Is not the extension of the practice of majority voting at least a small step towards a federal Europe?

The Prime Minister: No, Sir. As my hon. Friend is aware, majority voting is already provided for in the treaty. There are occasions when that suits us, and obviously there are occasions when it does not, but we have not suggested a change in the treaty.

Mr. Neil Hamilton (Tatton): Has the Prime Minister noticed that the right hon. Member for Islwyn (Mr. Kinnoch) failed to come up to his usual standard in his question this afternoon? Is that because his minder, the hon. Member for Livingston (Mr. Cook), is not here to tell him what to say? In view of my right hon. Friend's welcome commitment to oppose moves towards European federalism, what does she have to say about the statement on page 33 of the Dooge report, that "a conference of heads of state or Government to negotiate a draft European treaty would represent the initial act of European union"?

The Prime Minister: That was the majority view of the Dooge committee, not ours. Once again it comes down to the use of the phrase "European union", which to this country means European federation; but it does not mean that in Europe. They are as much against a federal Europe as we are. I wish that we could drop the phrase "European union".

Mr. Richard Hickmet (Glanford and Scunthorpe): Does my right hon. Friend agree that one of the most serious international trading issues facing the European Community is the current trade imbalance with Japan, which is running, I believe, at £10 billion this year? What discussions did she have with her colleagues at the summit? Is there any prospect of action being taken to reduce the imbalance in bilateral trade between Europe and Japan to deal with Japan's international trading tactics? If the representations to Mr. Nakasone are ignored yet again, what will be done?

The Prime Minister: Mr. Nakasone is making a visit to Europe and also to the European Commission. It was suggested at the European Council that Japan should adopt a specific target for imports to ensure that there is some means of examining how well she is doing in practice in making reductions in her balance of trade surplus and should revalue the yen so that it alters her competitive position with other countries. We shall have to consider whether to put up barriers to Japanese goods if she is not prepared to open her market to our goods, as we are prepared to open our markets to hers.

WELSH AFFAIRS

Ordered,

That the matter of Education and Training in Wales, being a matter relating exclusively to Wales, be referred to the Welsh Grand Committee for their consideration.—[*Mr. Neubert.*]

STATUTORY INSTRUMENTS, &C.

Ordered,

That the Fish Producers' Organisation (Formation Grants) (Amendment) Scheme 1985, be referred to a Standing Committee on Statutory Instruments, &c.—[*Mr. Neubert.*]

Heathrow (Jokes)

4.27 pm

Mr. Ian Lloyd (Havant): On a point of order, Mr. Speaker. I seek your guidance. Nobody will be more aware than you, of this House's jealous regard for its prerogative and privilege to consider, pass and monitor the administration of the laws of the United Kingdom. Therefore, it was a matter of the gravest concern to many hon. Members to discover that a comparatively minor official could apparently make a statement over the weekend declaring it to be an offence and a crime in the United Kingdom to make a joke at Heathrow and that within 24 hours two courts, one at Aberdeen and the other at Uxbridge, could impose fines of £1,500 and £150. Is not this a matter that the House should consider at once?

Mr. Speaker: Order. It is not a matter for me. In this country, we live under the rule of law.

Education (Cost of School Transport)

4.28 pm

Mr. Patrick Nicholls (Teignbridge): I beg to move,

That leave be given to bring in a Bill to require a local authority to meet the travel costs of a child attending a school where the parents have nominated a school other than that chosen by the authority providing the necessary criteria are met as regards the age of the child and the distance to be travelled and subject to certain limitations on distance.

The Bill would make certain provisions for local education authorities to provide free school transport for those children whose parents had exercised their right under section 6 of the Education Act 1980 to nominate a school of their preference. This would be subject to two conditions being met. First, the present criteria of the age of the child and the distance of the child's home from the school would have to be satisfied. Secondly, the school chosen by the parents would have to be within the area of either their own or an adjacent local education authority.

The law relating to the provision of school transport is far from clear. For some time past there has been considerable speculation about precisely what is the obligation of local education authorities towards school transport.

The commonly accepted position is that the combined effect of section 56(1) and (2) and section 39 of the Education Act 1944 is that a local education authority is under a duty to provide free school transport for children who live beyond walking distance to attend the nearest suitable school. "Suitable" in that context is taken to mean suitable in terms of age, aptitude and, where appropriate, sex and religious denomination. Walking distance for a child of eight or under is two miles and, for a child above that age, three miles.

The significance of free transport can be readily seen in the context of Devon, the third largest shire in England. Third only to north Yorkshire and Cumbria, it covers about 2,500 square miles and has about 8,125 miles of roads, twice the mileage of any other county.

Before the passing of the Education Act 1980, disputes in Devon about the circumstances in which free transport should be available could have presented themselves only where the parents were of a specific religious denomination. The passing of the Education Act 1980 changed all that. Section 6 gave parents the right, subject to some safeguards, to have their children educated at a state school of their choice. The question that immediately arises is whether, when all the other conditions are met, the local authority can be compelled to meet the cost of school transport for those who exercise their rights under the Act.

There is an argument in logic, though not in reality, that the state should not have to provide free school transport. Although a parent has a choice about where he wishes to live, this country has had compulsory state education for well over a century, and no reasonable person would seriously question the state's obligation to provide free school transport in appropriate cases. A citizen's ability to exercise his right is therefore dependent upon his having the financial resources to do so, and that cannot be right.

The problem was not unforeseen. In one of their proposals for what eventually became the Education Act 1980 the Government tried to change the law to provide what in their view would have been a fairer system. Under those proposals the local authorities would have been able

[Mr. Patrick Nicholls]

to arrange school transport and charge for it at a flat rate, while offering it free where there was genuine financial hardship. It is a matter of history now that those proposals were defeated in another place. I doubt whether the ramifications of what was done would have been fully appreciated at the time.

In a statement of guidance issued on 15 December 1981, the Department of Education and Science pointed out that the law relating to the provision of school transport and the payment of travel expenses had not been changed, although the Secretary of State asked LEAs to consider offering free or concessionary transport, or to pay travelling expenses for children whose parents succeeded in obtaining a place for them in a school not considered to be the nearest appropriate one to their home, provided that the distance requirements were satisfied. In so far as one can generalise, LEAs were apparently appalled by that suggestion.

The present position can no longer be tolerated. Section 55(1) of the Education Act 1944 imposed a duty on LEAs to make such arrangements for the provision of transport "as they consider necessary". Are we now to have two classes of school — those considered by the local authority to be necessary and those chosen by parents in the exercise of their statutory rights under section 6, which are in some way considered to be unnecessary? To put it another way, LEAs are under an obligation to provide transport to the nearest appropriate school, and normally, that would mean that the LEA had arranged for the student to attend what it would regard as being the nearest appropriate school. Are we now saying that if a parent is successful at first instance or on appeal in nominating a school under section 6, that is not to be considered as appropriate? That is the way in which the law is being interpreted at present. Devon county council regards the appropriate school as being the one that it chooses, and that position has been echoed by other LEAs.

A number of LEAs have emphasised that a lack of free transport to other than the nearest appropriate school — as decided by them — was a factor that should weigh heavily with parents when stating their preferences.

Inevitably, in a completely unsatisfactory position anomalies abound. It would be possible for a parent to choose a school that was nearer than that chosen by the

authority, so that at first sight the local authority would make a saving, only to find that the local authority would make a far bigger saving because it would not contribute. It would be equally possible for a parent, who lives just inside the border of his own LEA, to choose a school that was just the other side of the border, still sufficiently far away, apparently, to qualify for free transport, and to find that it would, nevertheless, be nearer than the nearest appropriate school within his own LEA area.

Hon. Members will be aware that the case of *Rogers v. the Essex county council* is presently under appeal. That case is of course sub judice. In any event, it deals with a far narrower point — the considerations that may be taken into account in deciding the length of the route to the appropriate school. The Bill, while modest in its intentions, is more radical than that. It would ensure that in a matter of fundamental interest to us all no child is deprived of his rights merely because his parents cannot afford to exercise them.

I have no pride in authorship. There will be matters that hon. Members will wish to consider in Committee. Hon. Members might want to qualify the reference to an adjacent LEAs by reference to a prescribed distance within that LEA. Important though that is, it would be a point of detail.

I have presented a measure that commands support from the two principal Opposition parties. It is a Bill that would remedy an injustice which, if not widespread, is significant. For that reason, I ask that I be given leave to introduce my Bill today.

Question put and agreed to.

Bill ordered to be brought in by Mr. Patrick Nicholls, Mr. Roger Gale, Mr. Richard Hickmet, Mr. Gerald Bermingham, Mr. Alex Carlile and Mr. Tony Speller.

EDUCATION (COST OF SCHOOL TRANSPORT)

MR. PATRICK NICHOLLS accordingly presented a Bill to require a local authority to meet the travel costs of a child attending a school where the parents have nominated a school other than that chosen by the authority providing the necessary criteria are met as regards the age of the child and the distance to be travelled and subject to certain limitations on distance; And the same was read the First time: and ordered to be read a Second time upon Friday 5 July and to be printed. [Bill 178.]

E. R.

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Study

SPLACU

STATEMENT BY THE PRIME MINISTER

ON THE

EUROPEAN COUNCIL, MILAN

28-29 JUNE

With permission, Mr Speaker, I should like to make a

Statement on the European Council on 28-29

June at which my Rt. Hon. and Learned Friend

the Foreign and Commonwealth Secretary and I

~~represented the United Kingdom.~~ *attended*

~~I have arranged for the conclusions of the~~

~~Council to be placed in the Library of the~~

~~House.~~

*Someone in
Some ~~department~~ ~~to~~ ~~advance~~ ✓*

~~The United Kingdom put forward before the European~~

the U.K. had considered
Council (specific proposals for the

development of the Community, covering:-

- ~~the~~ completion of the *internal* ~~Common~~ Market,

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

Texts of these have ~~also~~ been placed in the

Library of the House, *together with a proposal*

we made at the European Council on exploitation
of through the Common market of advances in

We therefore went to the European Council hoping for *technology*

The Council ~~had~~ *offered us opportunity for decisions*

~~decisions which would have allowed the~~
over the broad range of these proposals.

~~Community to take practical steps forward.~~

A number of important decisions were taken

~~Some of those decisions were taken.~~

The European Council decided that in making

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

to:

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

*Standards
non-law
banks.*

These are the United Kingdom's own priorities.

On political co-operation the European Council decided

to set in hand the work necessary to ^{reach} ~~finalise~~

a ^{an} ~~formal and binding~~ agreement on the lines

proposed by the United Kingdom, taking

account also of a subsequent Franco-German

text which is ^{very similar} ~~almost identical in its main~~

~~provisions.~~

Such an agreement would allow the Community

to play a more significant and influential

part in world affairs.

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

As an incentive to do manufacturing
~~I proposed that in order to encourage~~
 collaboration between companies ^{*we proposed*} (there should

Le type be a guarantee that markets, including public purchasing, in Community countries would be genuinely open to the products of such collaboration.

~~There will be a meeting of a high-level~~

~~Committee before 14 July in order to progress~~

~~*As per the program*~~

E. R.

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

By contrast, on the ^{procedures} ~~same~~ ^{for} ~~matter~~ ^A ~~primary~~ ^{decision}
 On decision making, however, a majority of the European

Council preferred to postpone action by ^{and}
~~referring various proposals for amending the~~
~~Treaty to an inter-governmental conference.~~
^{setting up}

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

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

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

Any changes to the Treaty would of course require unanimity, *and would have to be ratified by the Parliament of each country.*

The European Council discussed the economic and social situation in the Community and, in particular, growth and employment.

The Commission was invited to prepare a detailed report comparing performance with other major industrialised countries and concentrating on strategies which could contribute to improving growth and

employment.

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

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

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

The European Council unanimously agreed on the need for

a significant increase in Japanese imports of manufactures and processed food products.

It also called on Japan to liberalise its financial markets and give an international role to the yen.

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

We also discussed the serious problems of terrorism

and hijacking.

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

Finally, the European Council discussed famine in

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

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

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

Mr Speaker, by agreeing steps to remove the remaining
barriers to trade in goods and services
within the Community and to strengthen the
competitiveness of our high technology firms,
the Milan European Council contributed to the
Community's economic strength and to the
creation of wealth and new jobs.
But this was a lost opportunity to take
action here and now to strengthen foreign
policy cooperation and to improve decision
taking.
These issues will now be discussed in a

further conference.

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

cc NO

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CD
2/7

W0522

MR WILLIAMSON

2 July 1985

- c Mr Renwick
- Mr Braithwaite - FCO
- Miss Lackey
- Mr Oakley
- Mr Roith - DTI
- Mr Lavelle - HMT

PP's

MEETING ON EUROPEAN TECHNOLOGY.

As we discussed yesterday, we need to make urgent preparations for handling the European Council follow-up meeting on European Technology to be held on 17 July. My proposals are as follows:

- i. the line to take and the briefing be discussed and agreed at meetings under your Chairmanship; either EQS or a continuation of your ad hoc Eureka group would seem appropriate
 - ii. the briefing should be coordinated by the FCO with inputs from DTI, Treasury, the Cabinet Office and others as appropriate.
2. I imagine that we will wish to be guided by the final version of the Prime Minister's speaking note at the European Council as to the breadth of coverage which we will be aiming for at the 17 July meeting. This means that we will need to prepare material not only on potential projects but also on the other areas mentioned by the Prime Minister such as the internal market and Eurotype. I believe we should consider submitting a discussion paper to the 17 July conference on non-R & D aspects of Eureka which could include these topics and perhaps some of the ideas which Rob Wilmot has been putting forward.
3. There is some urgency in considering our strategy for 17 July and you may wish to call a meeting to discuss this tomorrow or Thursday.

4. The Prime Minister has made her views on UK representation at the 17 July meeting fairly clear but I propose to minute her on the subject later today when we have some indication of likely French and German representation.

5. I am copying this minute to those who attended your Eureka meetings and to Brian Unwin, Christopher Mallaby, Charles Powell and Richard Hatfield.

RN

ROBIN NICHOLSON

Mr Flesher



10 DOWNING STREET

From the Press Secretary

2 July 1985

Dear Mr. Heath,

Your remark on the radio this morning that I would have been better advised to keep my mouth shut in Milan may have been based on inaccurate reporting in the Times of what I actually said.

My letter of yesterday to the Editor of the Times, who has not so far published it, and a cutting from today's Mirror (both enclosed) put the matter in perspective.

Yours sincerely

Bernard Ingham

BERNARD INGHAM

The Right Honourable
Edward Heath MP

WRONG AGAIN, TIMES

THE Times, once a distinguished journal of record, has once again got it so dreadfully wrong that they have received a stinging letter of rebuke from Downing Street.

Reporting Mrs Thatcher's reaction to her EEC setback, The Times quoted her spokesman, Bernard Ingham as saying: "She has but one emotion — fury. The Richter scale ceases to operate when it applies to her. It is not irritation to the Prime Minister. It is total volcanic eruption. Krakatoa has nothing on it." Totally wrong. What Mr Ingham had said was: "I know what you will say. What you will say is ..." And he proceeded, with heavy irony, to give a parody of a press report — which the poor old Blunderer promptly printed.

Worse still. This was an unattributable briefing, so The Times also broke all the rules to get their story wrong.

Now Mr Ingham has written to Times editor Charles Douglas-Home. This time, we are reliably informed, it's a real volcanic eruption.



PM/85/63

PRIME MINISTER

Prime Minister

COP

2/7

ms

Milan: European Council

1. I have been reflecting on the events in Milan and the consequences for our approach to the inter-governmental conference.
2. In the period before the European Council we put forward positive proposals which offered a practical alternative to the fundamentally impractical course of large scale Treaty amendment. The Germans and French made a ludicrous attempt to take over our proposals on political cooperation. By entitling their document "European Union" they brought out the worst in the Benelux, who were made the more determined to press for Treaty amendment. The key role was played by the Italian Presidency who worked throughout for disagreement rather than agreement. But this they were able to do so only because Kohl in the end gave them strong backing. Having been obliged to give way to us on the budget, Kohl and Mitterrand were determined to show themselves ready to go further than us; and not to have themselves portrayed once again as having been obliged to fall in with our plans.
3. The Italians, having achieved the procedural outcome they wanted - a conference - have saddled the Luxembourg Presidency with an impossible task in trying to bring it to a successful conclusion. The Luxembourgers may try to work towards a formal agreement on political cooperation based largely on our text, which everyone except the Greeks could accept, and propose modest partial changes to Articles 57(2) and 100 related to progress on the internal market. But the original Six may try to go for more

/ambitious



ambitious proposals which they know have no chance of being accepted, including the extension of Community competence to new areas; and, when this is not agreed, aim to sign a treaty among themselves on those matters, though that of course could not affect the operation of the existing treaties.

4. Our position, under the Treaty of Rome, is fully protected by the fact that treaty amendment requires unanimity. We shall carry out our obligations under Article 236. Having put forward positive proposals, we should stick to them. We should oblige others to come up with precise proposals of their own which have some chance of being agreed. We should point out the impossibility, for instance, of reconciling the Danish and Italian positions on the Parliament. We should participate fully in the proceedings and use them to draw attention to the many areas in which the performance of others, and of the Community generally, is so far from matching the existing provisions of the Treaty - insurance, transport, banking, shipping, etc. We may need to consider some proposals of our own which would be difficult for others to accept, eg on the free movement of capital. We should suggest that since there is to be discussion of changing the rules of the Community, there should also be discussion of their observance: those member states who have an above average number of infraction proceedings should be asked to state why and what they are doing about them.

5. Discussions on the political cooperation agreement will be carried forward between Foreign Ministers. This should not formally be part of the Article 236 process, as treaty amendment is not required.

6. In this process we must avoid being identified with the Greeks, whose motives are very different from ours. On the question of Treaty amendment, we should be wise to avoid saying an absolute never. In our manifesto for the European elections what we insisted on was maintenance of the Luxembourg compromise; /and we



and we argued against attempts to force the pace of institutional reform in ways which would not command the necessary degree of common agreement (I attach the relevant extract from the manifesto). We should concentrate, as we have done so far, in pointing out that what is required is not for the Treaties to be changed, but for them to be implemented; and on the extreme improbability of all twelve governments and national parliaments being able to agree on changes. That was the rationale for our original proposals.

7. Any reasonable German government should see that it is in their interests to go for things to which we can agree. One's faith that the Germans may have any clear perception of their interests and the damage to their relations with us cannot be great after their performance in Milan. I think, however, that the Luxembourgers will want to try to play a more constructive role than the Italians. It remains to be seen whether it will be possible to re-build some common ground. But I am sure that it is in our interests that the Luxembourg European Council should take place against a background of a continued presentation by us of rational and sensible proposals for the development of the Community which could be generally agreed. We should, I am sure, continue to take the line, as you did in your press conference, that we were looking for positive decisions to be taken by the heads of government themselves. It is a pity that others were not ready to do so and that, in consequence, decisions were deferred. We shall of course participate fully and put forward our own ideas in the further discussions which will now take place, though what is required in our view is not another round of talks but decisions on changes that would make a practical difference to the functioning of the Community and enable it to achieve the goals set out in the Treaties - many of which were restated at Milan itself.



8. I am sending a copy of this minute to Sir Robert Armstrong.

*Approved by the Foreign Secretary
and signed in his absence.*

Lv Appleyard.

(GEOFFREY HOWE)

Foreign and Commonwealth Office

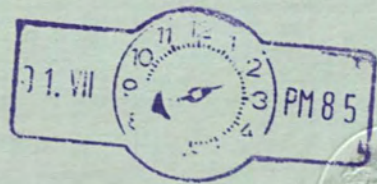
1 July 1985



EXTRACT FROM THE CONSERVATIVE MANIFESTO FOR THE EUROPEAN
ELECTIONS, 14 JUNE 1984

"Conservatives have insisted that member states should retain the right to protect their vital national interests in the Council of Ministers by being able to invoke, where necessary, the principle of unanimity. However, we recognise that if the Council is to be an effective decision-making body, a member state's right to block a decision should be used only as a last resort. It is not in our interest that other member states should, without proper justification, veto agreement on measures which would benefit the United Kingdom.

We welcome practical reforms in the workings of the Community institutions. But we do not support attempts to force the pace of institutional reform, especially in ways which might jeopardise the defence of genuinely vital national interests or which would not command the necessary degree of common agreement and public support." (Page 24)



RESTRICTED



SPARE

10 DOWNING STREET

From the Private Secretary

1 July 1985

Dear Sir,

EUROPEAN COUNCIL

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

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

Yours sincerely,

(CHARLES POWELL)

C R Budd Esq
Foreign and Commonwealth Office

RESTRICTED

SPLACU

STATEMENT BY THE PRIME MINISTER

ON THE

EUROPEAN COUNCIL, MILAN

28-29 JUNE

With permission, Mr Speaker, I should like to make a

Statement on the European Council on 28-29

June at which my Rt. Hon. and Learned Friend

the Foreign and Commonwealth Secretary and I

represented the United Kingdom.

I have arranged for the conclusions of the

Council to be placed in the Library of the

House.

The United Kingdom put forward before the European

Council specific proposals for the

development of the Community, covering:-

- the completion of the Common Market,

- strengthened political co-operation,

- improvements in decision-making

- and the better exploitation in the market
of advances in high technology.

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

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

Some of those decisions were taken.

The European Council decided that in making

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

to:

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

These are the United Kingdom's own priorities.

On political co-operation the European Council decided

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

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

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

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

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

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

On decision making, however, a majority of the European

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

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

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

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

Any changes to the Treaty would of course require unanimity.

The European Council discussed the economic and social situation in the Community and, in particular, growth and employment.

The Commission was invited to prepare a detailed report comparing performance with other major industrialised countries and concentrating on strategies which could contribute to improving growth and

employment.

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

The European Council broadly endorsed the second report of the Committee on People's Europe.

I emphasised the importance of the recommendations on cutting the burden of Community legislation and in particular, making easier the availability of medical care for British citizens when abroad.

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

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

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

We also discussed the serious problems of terrorism

and hijacking.

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

Finally, the European Council discussed famine in

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

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

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

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

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

These issues will now be discussed in a

further conference.

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



10 DOWNING STREET

From the Press Secretary

1 July 1985

Dear Charles,

I do not often complain about reports - great though the provocation sometimes is. But Ian Murray's report of the European Council this morning contains a disgraceful inaccuracy.

I did NOT, repeat not, say of the Prime Minister: "She has but one emotion, fury. The Richter scale ceases to operate when applied to her. It is not irritation to the Prime Minister. It is total volcanic eruption. Krakatoa has nothing on it."

What I said - and of course this is much less dramatic - was that the Prime Minister was irritated by the goings on in the Council. But having admitted she was irritated, I knew how she would then be portrayed by the media. The media allow her but one emotion - fury. The Richter scale then ceases to operate. She is not permitted to be irritated. Irritation becomes a volcanic eruption. Krakatoa has nothing on it.

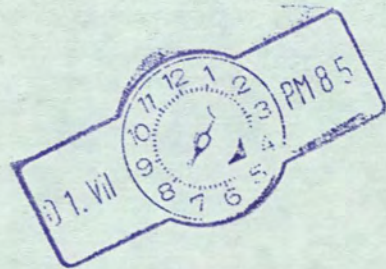
In short, I was taking the mickey out of the media.

I should add that the unattributable guidance terms on which we give our briefings are - and were in Milan - clearly stated. Your reporter does not seem capable of getting much right.

John Smeeth
Bernard Ingham

BERNARD INGHAM

Charles Douglas-Home Esq
Editor
The Times





Mr Powell

- you may find this a useful
attempt to bring order into
the documents!

Qz.04530

NOTE FOR THE RECORD

PC Helg.
Cm

EUROPEAN COUNCIL, 28-29 JUNE

I attach the various working documents which were distributed or played a role in the preparation and final decisions on the conclusions of the European Council on 28-29 June:-

- (1) the French memorandum;
- (2) the Franco/German version (draft Treaty on European Union) of the United Kingdom's proposal for an agreement on political cooperation;
- (3) a position paper of the Benelux countries which was distributed to Heads of Government;
- (4) the United Kingdom draft conclusions on decision taking. This was distributed;
- (5) the United Kingdom draft conclusions on the role of the European Parliament. This was distributed;
- (6) the United Kingdom draft conclusions on the completion of the common market;
- (7) the German text on conclusions on the common market;
- (8) the German amendments to the United Kingdom text on completion of the common market;
- (9) a first version of the Presidency's conclusions on decision making and institutional matters. This was not circulated;
- (10) the second version of the Presidency's text on decision making and institutional matters. This was circulated;
- (11) the Presidency text on People's Europe;
- (12) the Greek proposal for an addition to the text on the completion of the internal market;

/(13)



- (13) the United Kingdom text of possible conclusions on decision making and institutional matters. This took close account of discussions with the French and at one stage appeared likely to be acceptable;
- (14) a delegation note for the Prime Minister on the Italian Presidency text, in case it were not possible to concentrate attention on the United Kingdom draft;
- (15) a consolidated version of the Presidency's proposed conclusions with manuscript United Kingdom amendments;
- (16) United Kingdom amendments to the Presidency text in the form in which they were circulated;
- (17) Danish amendments to the draft conclusions;
- (18) Belgian amendments to the draft conclusions;
- (19) final text in French of the conclusions.

D F Williamson

D F WILLIAMSON

1 July 1985

cc: Sir Robin Nicholson
Mr Stapleton
Mr Jay

Mr Powell (10 Downing Street)

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'appêtent à la soutenir. Des industriels y travaillent.

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

- No
- 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.

No

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 débattrà 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...)

*à verser
fr*

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.

*To be
examined*

- 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 ou le 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.

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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 ~~pr~~ 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

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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.

3 | 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.

DRAFT TREATY OF EUROPEAN UNION

Preamble

The signatory states

- Wishing to pursue the work undertaken on the basis of the treaties establishing the European Communities and to transform without further delay the body of relations between their states into a European Union,
- Conscious of the responsibility incumbent on Europe to speak as often as possible with one voice and cohesively so as to protect more effectively its common interests, better safeguard peace and liberty and to underline the particular validity of the principles of democracy and respect for the law to which they are attached,
- Convinced that the progressive unification of Europe, as decided in the Stuttgart Solemn Declaration, in liberty and diversity will contribute to the affirmation of its independence and to the maintenance of the major balances of the world,
- Resolved to implement European Union, of which this treaty constitutes a new milestone, starting from, on the one hand the Communities functioning according to their own rules, and on the other hand from Political Cooperation amongst the signatory states, and to give it its necessary means of action,
- Having decided to name, with effect from its next meeting, the European Council, as Council of European Union, and to create for it a secretary general,

Have agreed on the following;

Article 1

The signatory states establish for their objective the progressive

implementation of a European foreign policy.

Article 2

1. The signatory states undertake:

- to consult and mutually inform one another in a regular fashion on all important questions on foreign policy of interest to them all

- to achieve a substantial identity of points of view amongst themselves and to harmonise their positions with a view to joint action in international relations.

2. Such consultations will take place before the signatory states adopt final positions.

3. The establishment of joint positions will constitute a reference point for their policy. In order to enlarge this area of action they will continue progressively to identify the principles, interests and objectives which they share.

Article 3

The work of Political Cooperation is placed under the general guidance of the Council of European Union. The Ministers of Foreign Affairs will meet at least four times annually. They will also consult on questions of external policy on the same occasion as the Council of Ministers of the Community.

Article 4

The signatory states will ensure the maximum possible degree of coherence between the foreign policy of the European Communities and the policies agreed in Political Cooperation. To this end the Commission will participate in all Political Cooperation meetings. In order to guarantee this coherence the Presidency will ensure

that the interaction between Community matters and those of Political Cooperation will be translated into multiple joint actions.

Article 5

1. In international organisations and during important international conferences in which all the signatory states participate they shall work to arrive at joint positions in conformity with article 2 of this treaty.

2. The signatory states will work to achieve common positions in the same way in international organisations and important international conferences where they are not all represented. Those who are represented in such bodies will take full account of positions already agreed in European Political Cooperation.

Article 6

The signatory states will harmonise, each time that they judge it appropriate, their contacts with third countries and regional groupings.

Article 7

1. The signatory states through mutual assistance and information will work to intensify cooperation amongst their overseas representations accredited to third countries and to international organisations.

2. The member states will examine the possibility, where it is not yet the case, of a common representation to international economic organisations.

Article 8

1. The member states agree that closer cooperation on the

questions of European security would contribute in an essential way to the development of a European foreign policy identity. They reaffirm that they are ready to coordinate more closely their positions on the political and economic aspects of security.

2. Those of the signatory states which wish to cooperate more closely on security matters will do this in the Western European Union, respecting the role of the Alliance, their situation, and their specific strategy within the latter.

3. The signatory states consider this cooperation as an element in the process of European unification and believe that this concertation can go beyond the present composition and framework of the Western European Union.

4. The signatory states are determined to maintain the technological and industrial conditions necessary for their security. They will work both individually and, as appropriate, through their common institutions for cooperation to this end.

Article 9

The signatory states emphasise the importance of the association of the European Parliament with Political Cooperation. They undertake to apply fully and, as far as possible, to develop the arrangements on relations with the European Parliament foreseen in the London Report and the Solemn Declaration on European Union. Special meetings for information on the activities of European Political Cooperation could in particular be organised by the Presidency in case of need.

Article 10

1. The Presidency of Political Cooperation will be assumed by the signatory state which exercises the Presidency of the Communities. It will be assisted by a secretariat general of the Council of European Union permanently established in the principal place of

work of the Community.

2. The secretariat general will be placed under the direction of a Secretary General of the European Union who will be charged with Political Cooperation and will be designated by the Council of European Union for a period of four years.

3. The other members of the secretariat general will be named for a period of two years by the Foreign Ministers of the signatory states.

4. The principal task of this secretariat general will be to assist the Presidency in maintaining the continuity of Political Cooperation among the signatory states and its coherence with the positions of the Community.

Article 11

The Secretary General will enjoy the privileges and immunities set out in the Vienna Convention. The status of the other members of the secretariat will be governed by the arrangements applicable to officials of the European institutions.

Signature and Entry into Force

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

POSITION COMMUNE BENELUX

1. Les Etats membres du Benelux se déclarent résolus à faire progresser l'intégration européenne de façon significative.
2. Le moment présent offre une occasion à saisir car la Communauté européenne a su donner une solution à plusieurs problèmes internes et a mené à bien les négociations d'adhésion avec l'Espagne et le Portugal mais le moment présent interpelle aussi les Etats membres de la Communauté, tous confrontés à des degrés divers au grave problème du chômage et à ceux que posent la trop faible croissance économique et la compétitivité déclinante de l'Europe.
3. Les trois pays membres du Benelux, la Belgique, le Luxembourg et les Pays-Bas soutiennent résolument les efforts déployés par la Présidence italienne pour que le Conseil européen de Milan prenne les décisions qui s'imposent depuis longtemps.

Ils considèrent le projet de mandat établi par la Présidence comme un compromis acceptable.

4. Ils donnent la priorité à l'amélioration substantielle de la prise de décision au sein du Conseil.

Pour le Benelux, ceci signifie que :

- le Conseil doit recourir au vote dans tous les cas prévus par les Traités et qu'au besoin la Présidence devra être contrainte à le faire après l'écoulement d'un délai raisonnable.;
- les cas de recours à l'unanimité actuellement prévus par les Traités doivent être sévèrement réduits.

Sans cette amélioration, les Etats membres du Benelux considèrent qu'il sera impossible de mettre sur pied le marché unique ou la Communauté de la technologie.

5. Une autre priorité passe par une extension des pouvoirs du Parlement Européen, élu au suffrage universel mais disposant de pouvoirs trop réduits que pour être en mesure d'exercer au niveau européen le contrôle démocratique auquel tous les Etats membres de la Communauté sont attachés.

Cette extension de pouvoirs sera à rechercher dans les domaines législatif, budgétaire et du contrôle sur le Conseil et la Commission.

6. Sur le plan du fonctionnement des institutions, les Etats du Benelux estiment indispensables de :

- renforcer l'autorité et les pouvoirs de la Commission ;
- de doter la Communauté Européenne de ressources propres suffisantes pour lui permettre de mener à bien les tâches qui lui sont assignées.

7. Le Conseil Européen de Milan devrait aussi prendre des décisions relatives au marché unique et à la technologie. Les Etats membres du Benelux estiment que les coûts de la non-Europe ont trop longtemps handicapé leurs économies.

Ils accueillent donc favorablement les propositions faites par la Commission et se déclarent prêts à consentir les efforts nécessaires pour respecter l'échéance de 1992 pour la mise sur pied d'un véritable marché interne sans frontières physiques, techniques ou fiscales.

Ils souhaitent que le potentiel technologique européen soit rapidement mobilisé et que disparaissent les cloisonnements qui ont empêché l'Europe de bénéficier pleinement des ressources considérables que chacun de ses Etats membres affecte isolément à la recherche et au développement.

Aux yeux du Benelux, le cadre le plus approprié pour effectuer cette mobilisation est celui de la Communauté Européenne qui devra agir avec la célérité et la souplesse requises.

Ils estiment enfin qu'il faudra s'attacher à renforcer et à développer le système monétaire européen. Ceci ne pourra se faire que moyennant une plus grande convergence des politiques économiques et l'acceptation de contraintes communes.

8. Les trois Etats du Benelux sont convaincus que la relance économique de l'Europe, la réduction du chômage et l'amélioration de sa compétitivité passent par les mesures préconisées ci-dessus et rappellent qu'il est illusoire de penser qu'on pourra progresser sans amélioration du processus de prise de décision.

DECISION-TAKING

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

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.

2000 hrs v.
28/6/85

UK draft

UK text

COMPLETION OF THE COMMON MARKET

Draft Conclusions

The Heads of State and of Government had an exchange of views on the massive programme of work in the Commission's White Paper on the completion of the internal market.

They concluded that completion of the Common Market in goods and services and freedom of movement for labour and capital by 1992 should remain the Community's highest priority.

They instructed the Internal Market Council and the Transport Council to give urgent consideration to the proposals in the Commission's document; and ECOFIN to consider the matters falling within its competence.

They agreed that the European Council itself will review progress at each of its future meetings and agree on the objectives to be attained by the Council in the period immediately ahead.

The European Council notes that a large number of measures are necessary in the different sectors to reach this objective. These measures must liberate the movement of goods, labour, rights of establishment and services, as well as the circulation of capital, from all the obstacles which still remain.

The European Council emphasised the importance which must be given to the opening without restriction of public purchasing for the completion of the internal market. For

European companies the public sector market has the highest importance for a large number of products so that without the liberalisation of public purchasing it will not be possible to complete the internal market. The European Council asked the Commission to submit proposals on this subject.

The European Council regards the free market in services as an integral part of the internal market. The Council must devote particular attention to this sector.

The European Council accords importance to the rapid liberalisation of all capital movements within the European Community. The European Council considers that pursuit of the free circulation of capital will contribute powerfully to the convergence of economic policies; and also considers it as a step on the basis of which further progress could be made in the strengthening of the European Monetary System.

German text

1930 HAS
28.6.85

Marché intérieur

GERMAN TEXT

*2nd question on
new paper*
Eléments pour les conclusions

Le Conseil européen confirme sa décision visant à l'achèvement du marché intérieur de la C.E. d'ici à 1992. Il invite le Conseil à prendre en temps utile toutes les décisions nécessaires, ~~sur la base du Livre Blanc de la Commission et des propositions que celle-ci avait annoncées.~~

Le Conseil européen estime que ~~conformément au Livre Blanc de la Commission~~, un grand nombre de mesures sont nécessaires dans les différents domaines pour parvenir à cet objectif. Ces mesures doivent dégager au même titre la circulation des marchandises, ~~la libre circulation des personnes~~, le droit d'établissement et la circulation des services ainsi que la circulation des capitaux de toutes les entraves encore existantes.

Le Conseil européen souligne l'importance qu'il faut accorder à une ouverture effective et sans restrictions des marchés publics pour l'achèvement du marché intérieur. Pour les entreprises, le marché public d'approvisionnement revêt une éminente importance pour un grand nombre de produits, de sorte que sans une ouverture de ces marchés, on ne pourra parvenir à l'achèvement du marché intérieur. Il prie la Commission de lui soumettre toutes les propositions appropriées à ce sujet.

Le Conseil européen voit dans le marché des services une partie intégrante du marché intérieur de la C.E. Il convie donc le Conseil à consacrer une attention particulière à ce secteur.

Le Conseil européen accorde une importance à une rapide libéralisation de l'ensemble de la circulation des capitaux à l'intérieur de la C.E. Le Conseil européen estime qu'une poursuite de la libéralisation de la circulation des capitaux contribuera puissamment à la convergence des politiques économiques, et il la considère en même temps comme un pas sur la base duquel pourront être réalisés d'autres progrès dans le renforcement du S.M.E.

Le Conseil devrait commencer par prendre toutes les mesures d'harmonisation des structures fiscales dans les Etats membres relatives à la taxe sur la valeur ajoutée ~~comme~~ aux taxes de consommation.

Remarks from the German delegation

Mr. Rohlf: 21/11/75

(We would have liked a discussion with you)

COMPLETION OF THE COMMON MARKET

Draft Conclusions

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They concluded that completion of the Common Market in goods and services and freedom of movement for labour and capital by 1992 should remain the Community's highest priority.

<From page 2>

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European companies the public sector market has the highest importance for a large number of products so that without the liberalisation of public purchasing it will not be possible to complete the internal market. *P. 1 ←* <The European Council asked the Commission to submit proposals on this subject.>

~~The European Council regards the free market in services as an integral part of the internal market. The Council must devote particular attention to this sector.~~ ①

particular
The European Council accords importance to the rapid liberalisation of all capital movements within the European Community. The European Council considers that pursuit of the free circulation of capital will contribute powerfully to the convergence of economic policies; and also considers it as a step on the basis of which further progress could be made in the strengthening of the European Monetary System.

The structure of the VAT and the excises should be harmonised at an early stage.

① services are already mentioned on page 1 two times.

14.7.80

QUESTIONS INSTITUTIONNELLES

Le Conseil européen a tenu un large débat sur les propositions du Comité ad hoc pour les questions institutionnelles, créé à Fontainebleau, et en particulier sur l'amélioration du processus de décision du Conseil, sur l'accroissement du rôle du Parlement européen, sur les pouvoirs de gestion de la Commission et sur le renforcement de la Coopération politique dans le cadre global du passage à l'Union européenne.

Il confirme la nécessité d'améliorer le fonctionnement de la Communauté afin de concrétiser les objectifs qu'il s'est fixés, notamment en ce qui concerne l'achèvement du marché intérieur et les mesures destinées :

*+
a) favoriser l'Europe de la technologie.*

1. Le Conseil européen est convenu que les dispositions suivantes s'appliqueront dès à présent à la procédure des décisions du Conseil, l'exercice des compétences de gestion de la Commission et des pouvoirs du Parlement.

1) La pratique du vote majoritaire doit être renforcée. A cette fin :

a) Le Conseil européen a décidé que serait modifié le règlement intérieur du Conseil des Ministres qui procèdera dorénavant au vote soit à l'initiative de son Président, soit à la demande d'une majorité des ses membres [ou de la Commission.]

[] 6) Les Etats-Membres s'engagent à recourir à l'abstention, conformément aux dispositions de l'article 148 § 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 ^{à titre temporaire} les Etats qui se sont abstenus des droits et obligations résultant de ces décisions.

2

50) Dans la mesure où certains Etats-Membres n'envisagent pas de renoncer dans l'immédiat aux dispositions de l'arrangement du 29 janvier 1966, dit "compromis de Luxembourg", le Conseil Européen prend note de ce que, dans le cas où ils invoqueraient "un intérêt très important", ces Etats-Membres devraient le justifier devant le Conseil des Ministres des Affaires Etrangères, voire devant le Conseil Européen.

2) Les compétences de la Commission pour l'exercice de ses attributions de gestion et d'exécution doivent être renforcées.

3) La participation du Parlement Européen au processus de décision doit être renforcée. [Cette participation doit s'étendre avant tout aux secteurs du marché intérieur, de l'harmonisation des législations, ainsi qu'aux actes essentiels des politiques communes.]

II. En outre, le Conseil Européen a donné mandat au Conseil des Ministres d'étudier ^{d'une part} les propositions de modifications du Traité destinées à améliorer plus encore la procédure de décision au sein du Conseil, et notamment la possibilité de recourir au vote majoritaire pour les articles 57 § 2 et 100 CEE. ^{et d'autre part les différentes propositions relatives au renforcement des pouvoirs du Parlement.}

III. Une conférence intergouvernementale sera convoquée par la Présidence pour élaborer ce qui suit, en vue de faire progresser concrètement l'Union européenne.

- Un traité sur une politique étrangère et de sécurité commune selon les projets des gouvernements franco-allemand et britannique;

~~et~~ - les modifications du traité CEE, conformément à l'article 236 du Traité, nécessaires à la mise en oeuvre des adaptations institutionnelles.

Ces projets seront soumis à la décision des Chefs d'Etat et de Gouvernement au Sommet de Luxembourg.

Les Chefs d'Etat et de Gouvernement constatent que ces décisions marquent l'avènement de l'Union européenne.

Presidency 1600
29/vi

QUESTIONS INSTITUTIONNELLES

Le Conseil européen a tenu un large débat sur les propositions du Comité ad hoc pour les questions institutionnelles, créé à Fontainebleau et sur le projet de mandat de la Présidence italienne et en particulier sur l'amélioration du processus de décision du Conseil, sur l'accroissement du rôle du Parlement européen, sur les pouvoirs de gestion de la Commission et sur le renforcement de la Coopération politique dans le cadre global du passage à l'Union européenne.

Il confirme la nécessité d'améliorer le fonctionnement de la Communauté afin de concrétiser les objectifs qu'il s'est fixés, notamment en ce qui concerne l'achèvement du marché intérieur d'ici 1992 et les mesures destinées à favoriser l'Europe de la technologie.

I. Le Conseil européen est convenu que les dispositions suivantes s'appliqueront dès à présent à la procédure des décisions du Conseil, l'exercice des compétences de gestion de la Commission et des pouvoirs du Parlement.

1) La pratique du vote majoritaire doit être renforcée.

A cette fin:

a) Le Conseil européen a décidé, sans préjudice du point 1 c) ci-après, que serait modifié le règlement intérieur du Conseil des Ministres qui procédera dorénavant au vote soit à l'initiative de son Président, soit à la demande d'une majorité de ses membres ou de la Commission.

b) Les Etats-Membres s'engagent à recourir à l'abstention, conformément aux dispositions de l'article 148 § 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 à titre temporaire, les Etats qui se sont abstenus des droits et obligations résultant de ces décisions.

et dans le respect des obligations
du Traité [Belgique].../...

- c) Dans la mesure où certains Etats membres n'envisagent pas de renoncer dans l'immédiat aux dispositions de l'arrangement du 29 janvier 1966, dit "compromis de Luxembourg", le Conseil européen prend note de ce que, dans le cas où ils invoqueraient "un intérêt très important", ces Etats membres devraient le justifier devant le Conseil des Ministres des Affaires étrangères, voire devant le Conseil européen.
2. Les compétences de la Commission pour l'exercice de ses attributions de gestion et d'exécution doivent être renforcées.
3. La participation du Parlement européen au processus de décision doit être renforcée. Cette participation doit s'étendre avant tout aux secteurs du marché intérieur, de l'harmonisation des législations, ainsi qu'aux actes essentiels des politiques communes.

.../...

II. En outre, le Conseil européen a donné mandat au Conseil des Ministres d'étudier d'une part les propositions de modifications du Traité destinées à améliorer plus encore la procédure de décision au sein du Conseil, et notamment la possibilité de recourir au vote majoritaire pour les articles 57 § 2 et 100 CEE et d'autre part les différentes propositions relatives au renforcement des pouvoirs du Parlement.

III. Le Conseil européen a eu un débat approfondi sur la convocation d'une Conférence pour élaborer ce qui suit, en vue de faire progresser concrètement l'Union européenne.

- Un traité sur une politique étrangère et de sécurité commune selon les projets franco-allemand et britannique ;

- les modifications du traité CEE, conformément à l'article 236 du Traité, nécessaires à la mise en oeuvre des adaptations institutionnelles en ce qui concerne le processus de décision du Conseil et les pouvoirs du Parlement européen ainsi que l'extension à de nouveaux champs d'activité selon les propositions faites par le Comité Dooge, le Comité Adonnino et compte tenu de certains aspects de la proposition de la Commission concernant la libre-circulation des personnes.

Le Président a constaté que la majorité nécessaire au sens de l'article 236 du Traité était réunie pour la convocation d'une telle Conférence.

En conséquence, la Présidence prendra les dispositions nécessaires pour la convocation de cette Conférence en vue de soumettre le résultat pour décision des Chefs d'Etat et de Gouvernement au Conseil européen de Luxembourg.

Prisoleuze
29/6/85
ou 17

EUROPE DES CITOYENS

Le Conseil européen a remercié le Comité ad hoc sur l'Europe des citoyens aussi bien pour son rapport initial que pour le rapport final présenté à Milan qui contiennent de nombreuses mesures concrètes visant à assurer une adhésion toujours plus convaincue des citoyens européens à la construction communautaire.

En ce qui concerne ce dernier rapport, le Conseil européen a approuvé les propositions qui y sont contenues. Ces propositions concernent entre autres le droit des citoyens, la culture, la jeunesse, l'éducation, le sport. Le Conseil européen a chargé la Commission, pour ce qui est de sa compétence, de présenter les propositions nécessaires pour la mise en oeuvre et le Conseil de lui faire rapport, pour sa session du mois de décembre, sur l'état d'avancement des travaux.

Le Conseil européen a noté que les suggestions contenues dans le mémorandum français sur l'Europe des citoyens se placent dans la même optique et a souligné en particulier les parties de ce document concernant la jeunesse, la culture et la santé. A ce sujet le Conseil européen a souligné l'intérêt de lancer un programme d'action européen contre le cancer.

En ce qui concerne les mesures contenues dans le rapport initial et approuvées par le Conseil européen en mars dernier, le Conseil européen a marqué ses préoccupations sur le retard intervenu dans leur mise en oeuvre et il invite le Conseil, les Etats membres et la Commission, chacun pour ce qui relève de ses compétences, à prendre les décisions nécessaires pour remédier à cette situation dans les plus brefs délais.

MARCHE INTERIEUR

" A la fin de la première page, ajouter la phrase suivante :

En adoptant une décision en ce qui concerne les mesures ci-dessus, la Communauté mettra tout en oeuvre pour que la création d'un marché libre unique ~~(n'entraîne pas une déstabilisation des économies des Etats membres mais)~~ contribue à promouvoir la réalisation des objectifs plus généraux du traité, notamment le développement harmonieux et la convergence des économies."

Institutional Questions

1. The European Council has held a wide-ranging debate on the proposals of the Ad Hoc Committee on Institutional Questions which was created at Fontainebleau and in particular on the improvement in the decision-making procedure of the Council, on strengthening the role of the European Parliament, on the management powers of the Commission and on the reinforcement of political cooperation in the global framework of passage to European union.

2. The Council confirms the need to improve the functioning of the Community in order to achieve the objectives it has fixed, particularly the completion of the internal market and measures destined to make possible a technological Europe.

~~2.~~ **1.** The European Council agreed that the following dispositions will apply from now on to the decision-making procedure of the Council, the exercise of the management powers of the Commission and of the powers of the Parliament.

The practice of majority voting should be reinforced. To this end:

a. the European Council has decided that the Rules of Procedure of the Council of Ministers will be modified, and that it will proceed to a vote either on the initiative of its President or on the demand of a majority of its members;

b. the Member States commit themselves to have recourse to abstention, wherever possible, in conformity with the dispositions of Article 148(3) of the Treaty in order not to obstruct the adoption of decisions which demand unanimity in the Council. The Council could if necessary give a temporary dispensation to the Member States who have abstained from the rights and obligations which result from its decisions.

c) To the extent that some member states do not envisage renouncing in the immediate future the provisions of the arrangements of 29 January 1966, the so called "Luxembourg compromise", The European Council notes that, in case they should invoke "a very important national interest", these member states should justify it in the Council of Ministers of Foreign Affairs or in the European Council.

The competence of the Commission for its management and execution should be reinforced.

The participation of the European Parliament in the process of decision should be reinforced, taking into account the importance of the sectors of the internal market, the harmonisation of legislation, as well as acts necessary for common policies.

II. In addition, the European Council instructed the Council of Ministers to study on the one hand proposals to modify the Treaty designed to improve still further the decision-making procedure of the Council and in particular the possibility of having recourse to majority voting for Article 57(2) and Article 100 of the EC Treaty, and on the other hand the various proposals relative to strengthening the powers of the Parliament. If, in accordance with Article 236, the Council delivers an opinion in favour of calling a Conference of Representatives of the Governments of the Member States, the Conference shall be convened by the President of the Council for the purpose of determining by common accord the amendments to be made to this Treaty.

III. At the same time work will be set in hand to finalise a draft treaty on foreign policy and security in accordance with the Franco-German and British proposals.

IV. The resulting proposals will be submitted for decision by the Heads of State and Government at the Luxembourg European Council.

UK Commentary on Italian text

Page 1, line 25: Delete "ou de la Commission"

Page 2, point 3: Amend to read
"reinforced, taking into account the
importance of the sectors of the
internal market ..."

Page 3: Replace by UK page 3

/NB 1st sentence is the same 7

If others insist on working on the basis of the Italian text
then

1. Amend the beginning of point III to
"The European Council had a debate in depth on the
following elements
 - / first indent unchanged 7
 - modifications of the Treaty, in particular the
possibility of having recourse to majority voting
for Article 57(2) and Article 100.

2. Replace last two paragraphs by UK text beginning
"If, in accordance with Article 236"

0800

29/vi

TEXT WITH UK SUGGESTED
AMENDMENTS

EUROPEAN COUNCIL

MILAN, 28-29 June 1985

DRAFT

CONCLUSIONS

INSTITUTIONAL AFFAIRS

✓ The European Council discussed in detail the proposals of the ad hoc Committee for Institutional Affairs set up at Fontainebleau and in particular those on the improvement of the Council's decision-making procedure, the enlargement of the European Parliament's rôle and the strengthening of political co-operation in the general context of the transition to European union.

see below

The European Council reached broad agreement on the need to improve the Community's operation in order to enable it to achieve the major objectives that it has set itself, in particular the completion of the internal market by 1992 and the construction of technological Europe. These improvements must make the Council's decision-making procedure more efficient [so that the Council must act by a majority whenever necessary for the implementation of guidelines agreed on in the European Council], lead to closer participation by the European Parliament in the decision-making procedure, give support to the Commission in the exercise of its right of initiative and develop its rôle of administration and execution. The European Council also reached broad agreement on the strengthening of political co-operation and its extension to the political and economic aspects of security.

see below

The European Council examined the various proposals submitted to it for the achievement of these results: the amendment of the Treaties, as requested by several delegations and the Commission, who declared their intention of submitting formal proposals to that end in accordance with the procedure laid down in Article 236 of the EEC Treaty; or a pragmatic procedure based on undertakings to be given in the context of the European Council [the conclusion of a treaty on political co-operation as proposed by several delegations]

The European Council instructed the Ministers for Foreign Affairs to examine these various possibilities in detail so that it could take a decision at its next meeting. It will in effect be for the Council to decide on the convocation of the European Council in inter-governmental conference on the basis of Article 236 of the EEC Treaty.

In order to accelerate procedures the European Council has ~~already~~ decided to amend the rules of procedure of the Council of Ministers which will henceforth vote either on the initiative of its President or at the request of a majority of its members [or of the Commission]

Replace with a paragraph on decisions
attached

The European Council decided

DECISION-TAKING

- (1) ^{K.V.} ~~3~~ In the enlarged Community more use ^{would} ~~will~~ need to be made of the majority voting provisions of the Treaties.
- (11) ^{K.V.} ~~2~~ Member states ^{would} 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.
- (11) ^{K.V.} ~~2~~ 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 ^{would} ~~will~~ aim not to impede progress by invoking the unanimity rule in relation to the measures necessary for its implementation.
- (11) ^{K.V.} ~~2~~ 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 his government considers very important interests in fact to be at stake.

⁽³⁾ ~~Heads of State and Government~~ ⁽⁴⁾ agreed to conclude a formal and binding agreement on political co-operation of the type proposed by the United Kingdom, France and the Federal Republic. They instructed Political Directors, under the guidance of Foreign Ministers, to complete work on the text to enable it to be signed by the Heads of State and Government before the end of the year.

A PEOPLE'S EUROPE

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

The European Council reached political agreement on the whole of the latter report, which deals inter alia with citizens' rights, culture, youth, education and sport. It instructed the Commission to prepare the proposals ^{On matters with- its} ~~necessary~~ ^{completion} for its implementation and an appropriate timetable for its meeting in December 1985.

In the same spirit, on a proposal from Mr LUBBERS, Prime Minister of the Netherlands, and the Italian Presidency, the European Council ^{more the visible} ~~accepted the~~ suggestions contained in the French memorandum on a People's Europe with particular emphasis on the sections of that document concerning young people, culture and health ^{and called for their examination in the appropriate forum.} In this context, the European Council emphasized the value of launching a European action programme against cancer.

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

.../...

COMPLETION OF THE INTERNAL MARKET

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

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

- the removal of physical barriers to the free movement of goods within the Community;
- the removal of technical barriers to the free movement of goods within the Community (in particular the adoption of common or compatible standards for major new technologies in order to open up public purchasing and satisfy major user requirements);
- the creation of a free market in the financial services and transport sections;
- the creation of full freedom of establishment for the professions;

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

3. As regards the approximation of VAT and excise duties, the European Council invited the Council of Ministers for Financial Affairs to examine on the basis of the white paper ^{which} ~~the~~ ^{might be} measures necessary for the achievement of the objective of a single market and the possible timetable for the application of those measures.

[4. Institutional aspects For the record]

TECHNOLOGY

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

The European Council gave its support to the French EUREKA project for creating a technological Europe, ~~and to the Commission~~ ^{has also put forward} constructive proposals in the same direction, and noted with interest the agreements already signed by several European companies.

It expressed the wish that the EUREKA project would be open to those ~~non-Community~~ ^{other Western European} countries which ~~had already shown~~ ^{express} interest in taking part in it. France, the originator of the project, would continue the steps it was taking by convening, in collaboration with the Presidency and the Commission, an ad hoc committee before 14 July to hold a session on European technology. The committee would bring together the ~~Ministers for Research~~ ^{personal representatives of heads of government} of countries which had responded positively to the initiative and representatives of the Commission.

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

- establish ^{better} a link between technological development and the effort to unify the internal market, ^{for example with particular initiatives such as the Eureka proposal.}
- ensure that the technological effort was closely tied in with common policies [in particular trade policy towards the Community's main partners]
- reduce the risk of unnecessary duplication of national efforts and assemble a critical mass of financial and human resources;
- obtain the maximum benefit from the immediately available Community technical and financial instruments. .../...

JAPAN

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

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

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

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

ECONOMIC AND SOCIAL SITUATION

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

The European Council agreed to return to these matters and discuss them in detail at its next meeting on the basis of subsequent proceedings.

As regards the EMS,^{ECB as the Governor of the Central Bank, ...} the Commission was invited to continue its consideration of its development, including the role of the ECU, ~~at Council meetings~~ on economic and financial affairs and with the governors of the Central Banks.

As regards short-term economic policy, the Council of Ministers for economic and financial affairs was invited to consider the extent to which the convergence which had already been achieved between the Member States' economies made it possible to intensify the battle against unemployment.

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

HAMINE IN AFRICA

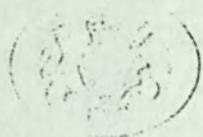
The European Council, aware of the critical situation confronting those African countries affected by drought, noted with satisfaction that the objectives of the Dublin plan had been achieved and that 1.2 million tonnes of cereals or their equivalent had finally been mobilized by the Community and the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

It felt, however, that new food aid requirements could arise if the rains which had just started on the continent of Africa were again to be insufficient. [In that context it welcomed the Commission proposal for a special reserve allocation which would make it possible to mobilize 500,000 tonnes of cereals equivalent over and above the normal aid programme]

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

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

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



EUROPEAN COUNCIL DRAFT CONCLUSIONS: SUGGESTED AMENDMENTS
BY THE UNITED KINGDOM

1. Institutional Affairs:

Revised text annexed.

2. A People's Europe:

Paragraph 2; After "proposals" insert "on matters within its competence".

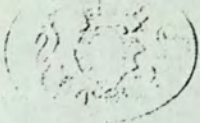
Paragraph 3: Lines 3-6: Amend to
"The European Council noted the valuable suggestions contained in the French Memorandum on a People's Europe with particular emphasis on the sections of that document concerning young people, culture and health and called for their examination in the appropriate fora".

3. Completion of the Internal Market

Paragraph 3: Line 4: Amend "the measures" to "which measures might be"

4. Technology:

Paragraph 2, Lines 3-5: Amend to "and noted with interest the agreements already signed by several European companies. The Commission has also put forward constructive proposals in the same direction".



Paragraph 3, line 2: Amend to "open to those other Western European countries which express..."

Paragraph 3, line 8: Amend "Ministers for Research" to "Personal Representatives of Heads of Government"

Paragraph 4, first indent: Amend to "establish better links between technological development and the effort to unify the internal market, for example, with practical incentives such as the Eurotype proposal"

Paragraph 4, second indent: Delete the words after "policies"

5. Economic and Social Situation:

Paragraph 3, amend:

"As regards the EMS, the ECOFIN and the Governors of the Central Banks, with the involvement of the Commission, were invited to continue their consideration of its development, including the role of the ECU"

Paragraph 5: Line 6: Delete "new"



6. Famine in Africa

Paragraph 2: delete second sentence

Paragraph 3: At end insert:

"which would need to be studied by Development
Ministers"

INSTITUTIONAL AFFAIRS

The European Council discussed in detail the proposals of the ad hoc Committee for Institutional Affairs set up at Fontainebleau and in particular those on the improvement of the Council's decision-making procedure, the enlargement of the European Parliament's role and the strengthening of political co-operation in the general context of the transition to European union.

The European Council reached broad agreement on the need to improve the Community's operation in order to enable it to achieve the major objectives that it has set itself, in particular the completion of the internal market by 1992 and the construction of technological Europe. These improvements must make the Council's decision-making procedure more efficient, lead to closer participation by the European Parliament in the decision-making procedure, give support to the Commission in the exercise of its right of initiative and develop its role of administration and execution. The European Council also reached broad agreement on the strengthening of political co-operation and its extension to the political and economic aspects of security.

The European Council examined the various proposals submitted to it for the achievement of these results: the amendment of the Treaties, as requested by several delegations and the Commission, who declared their intention of submitting formal proposals to that end in accordance with the procedure laid down in Article 236 of the EEC Treaty; or a pragmatic procedure based on undertakings to be given in the context of the European Council.

The European Council decided

1. that in the enlarged Community more use would need to be made of the majority voting provisions of the Treaties.
2. that Member States would 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.
3. that, 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 would aim not to impede progress by invoking the unanimity rule in relation to the measures necessary for its implementation.

4. that, 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 his Government considered very important interests in fact to be at stake.

5. to conclude a formal and binding agreement on political co-operation of the type proposed by the United Kingdom, France and the Federal Republic. They instructed Political Directors, under the guidance of Foreign Ministers, to complete work on the text to enable it to be signed by the Heads of State and Government before the end of the year.

In order to accelerate procedures the European Council has decided to amend the rules of procedure of the Council of Ministers which will henceforth vote either on the initiative of its President or at the request of a majority of its Members.

1200
29/4

Danish amendments to draft conclusion

I. Institutional Affairs

A. Second paragraph. Delete the sentence "the Council must act by a majority whenever necessary for the implementation of guidelines agreed on in the European Council".

B. Third paragraph penultimate line. Delete the word treaty and insert "agreement" or better delete the sentence as this is covered by the UK amendments.

C. On page 2. Denmark supports the UK amendment.

D. The last paragraph on page 2 is not acceptable and will have to be deleted in its entirety.

II. People's Europe

A. Second paragraph fourth line. Insert after Commission "within its powers".

B. Third paragraph third line. Replace the word accepted by "took note of".

III. Internal market

Third paragraph. Replace the 3½ lines after examine with the following: "this question with the objective of the completion of the internal market".

29 juin 1985

17h00

SN 2740/85 AMD 10

DELEGATION BELGE

PROPOSITIONS DE MODIFICATION

- Page 1 (a) : enlever "sans préjudice du point 1 c) ci-après"

- Page 1 (b) : Le Conseil pourrait, si nécessaire et dans le respect des obligations du Traité, dispenser à titre temporaire..." etc...

- Page 1 2e paragraphe :

Au lieu de "...les mesures destinées à favoriser l'Europe de la technologie" lire "...les mesures destinées à favoriser la création d'une communauté européenne de la technologie"

- Page 2 - paragraphe c) à remplacer complètement par le texte suivant :

Les Etats membres qui n'envisagent pas de renoncer dans l'immédiat aux dispositions du constat de désaccord du 29 janvier 1966, dit "Compromis de Luxembourg" ont déclaré que dans les cas où ils invoqueraient un intérêt très important", ils le justifieraient devant le Conseil des Ministres des Affaires Etrangères, voire devant le Conseil Européen.

CONSEIL EUROPEEN

MILAN, les 28/29 juin 1985

C O N C L U S I O N S

QUESTIONS INSTITUTIONNELLES

Le Conseil européen a tenu un large débat sur les propositions du Comité ad hoc pour les questions institutionnelles, créé à Fontainebleau et sur le projet de mandat de la Présidence italienne et en particulier sur l'amélioration du processus de décision du Conseil, sur l'accroissement du rôle du Parlement européen, sur les pouvoirs de gestion de la Commission et sur le renforcement de la Coopération politique dans le cadre global du passage à l'Union européenne.

Il confirme la nécessité d'améliorer le fonctionnement de la Communauté afin de concrétiser les objectifs qu'il s'est fixés, notamment en ce qui concerne l'achèvement du marché intérieur d'ici 1992 et les mesures destinées à favoriser l'Europe de la technologie.

Le Conseil européen a pris note que le Président du Conseil soumettra des propositions pour améliorer la procédure des décisions du Conseil, l'exercice des compétences de gestion de la Commission et des pouvoirs du Parlement en vue de leur adoption dans les meilleurs délais.

Le Conseil européen a eu un débat approfondi sur la convocation d'une Conférence pour élaborer ce qui suit, en vue de faire progresser concrètement l'Union européenne:

- un traité sur une politique étrangère et de sécurité commune sur la base des projets franco-allemand et britannique;

- les modifications du traité CEE, conformément à l'article 236 du Traité, nécessaires à la mise en oeuvre des adaptations institutionnelles en ce qui concerne le processus de décision du Conseil, le pouvoir d'exécution de la Commission et les pouvoirs du Parlement européen ainsi que l'extension à de nouveaux champs d'activité selon les propositions faites par le Comité Dooge et le Comité Adonnino, ainsi qu'il est dit par ailleurs, et compte tenu de certains aspects de la proposition de la Commission concernant la libre-circulation des personnes.

Le Président a constaté que la majorité nécessaire au sens de l'article 236 du Traité était réunie pour la convocation d'une telle Conférence. Les gouvernements espagnol et portugais seront invités à participer à cette Conférence. Les gouvernements belge, allemand, français, irlandais, italien, luxembourgeois et néerlandais se sont prononcés en faveur de la tenue de celle-ci.

En conséquence, la Présidence prendra les dispositions nécessaires pour la convocation de cette Conférence en vue de soumettre le résultat pour décision des Chefs d'Etat et de Gouvernement au Conseil européen de Luxembourg.

EUROPE DES CITOYENS

Le Conseil européen a remercié le Comité ad hoc sur l'Europe des citoyens aussi bien pour son rapport initial que pour le rapport final présenté à Milan qui contiennent de nombreuses mesures concrètes visant à assurer une adhésion toujours plus convaincue des citoyens européens à la construction communautaire.

En ce qui concerne ce dernier rapport, le Conseil européen a approuvé les propositions qui y sont contenues. Ces propositions concernent entre autres le droit des citoyens, la culture, la jeunesse, l'éducation, le sport. Le Conseil européen a chargé la Commission et les Etats membres, pour ce qui est de leur compétence, de prendre les dispositions nécessaires pour la mise en oeuvre et le Conseil de lui faire rapport, pour sa session du mois de décembre, sur l'état d'avancement des travaux.

Le Conseil européen a retenu les suggestions contenues dans le mémorandum français sur l'Europe des citoyens qui se placent dans la même optique et a souligné en particulier les parties de ce document concernant la jeunesse, la culture et la santé. A ce sujet le Conseil européen a souligné l'intérêt de lancer un programme d'action européen contre le cancer.

En ce qui concerne les mesures contenues dans le rapport initial et approuvées par le Conseil européen en mars dernier, le Conseil européen a marqué ses préoccupations sur le retard intervenu dans leur mise en oeuvre et il invite le Conseil, les Etats membres et la Commission, chacun pour ce qui relève de ses compétences, à prendre les décisions nécessaires pour remédier à cette situation dans les plus brefs délais.

.../...

SITUATION ECONOMIQUE ET SOCIALE

Le Conseil européen a eu un débat sur la situation économique et sociale sur la base de deux rapports présentés par la Présidence concernant d'une part l'avenir du SME et d'autre part le problème de l'investissement et de l'emploi dans le cadre de la mise en oeuvre de la stratégie définie à Dublin en décembre 1984.

En ce qui concerne le SME, la Commission a été invitée à poursuivre ses réflexions au sein du Conseil ECO/FIN et avec les gouverneurs des Banques centrales sur le développement du SME, y compris le rôle de l'ECU.

En ce qui concerne la politique économique à court terme, le Conseil ECO/FIN a été invité à examiner dans quelle mesure la convergence qui a déjà été réalisée entre les Etats membres dans le domaine de l'inflation et des déséquilibres, ouvre la possibilité d'accentuer la lutte contre le chômage.

Sur un plan plus général, le Conseil européen a demandé à la Commission de présenter au Conseil européen de décembre un rapport détaillé sur les insuffisances actuelles en matière de croissance et d'emploi de l'économie européenne par rapport à celles des grands pays industrialisés concurrents et sur les nouvelles stratégies qui pourraient être mises en oeuvre pour remédier à cette situation.

ACHEVEMENT DU MARCHE INTERIEUR

Le Conseil accueille favorablement le livre blanc sur l'achèvement du marché intérieur présenté à sa demande par la Commission.

Il charge le Conseil, sur la base de ce livre blanc et en s'inspirant des conditions dans lesquelles a été menée à bien l'Union douanière, de mettre sur pied un programme d'action précis en vue d'atteindre la réalisation complète et effective des conditions d'un marché unique dans la Communauté au plus tard en 1992, selon des étapes fixes correspondant à des priorités préalablement déterminées et un calendrier contraignant.

Les progrès vers cet objectif devant être à la fois graduels et visibles, le Conseil européen invite la Commission à présenter rapidement ses propositions et le Conseil à assurer leur adoption dans les délais établis par le calendrier.

Ont été considérés comme prioritaires les domaines et les actions suivants :

- la suppression des entraves physiques à la libre circulation des marchandises à l'intérieur de la Communauté ;
- la suppression des entraves techniques à la libre circulation des marchandises à l'intérieur de la Communauté (notamment l'adoption dans le cas des nouvelles technologies importantes de normes communes ou compatibles en vue de l'ouverture des marchés publics et afin de satisfaire aux besoins de l'économie) ;
- la création d'un marché libre dans le secteur des services financiers et des transports ;
- la création de la liberté complète d'établissement pour les professions ;
- la libération des mouvements de capitaux.

En adoptant une décision en ce qui concerne les mesures ci-dessus, la Communauté mettra tout en oeuvre pour que la création d'un marché libre unique contribue à promouvoir la réalisation des objectifs plus généraux du traité, notamment le développement harmonieux et la convergence des économies.

2. En ce qui concerne la méthode : application chaque fois que la situation le permet, du principe de l'équivalence globale des objectifs législatifs des Etats membres avec ses corollaires : fixation de normes minimales, reconnaissance mutuelle, contrôle par le pays d'origine ; engagement des Etats membres pendant toute la durée de la réalisation du programme de ne pas prendre de mesures qui auraient pour effet d'éloigner la Communauté de l'objectif précité.

3. En ce qui concerne le rapprochement de la TVA et des droits d'accise, le Conseil européen a demandé au Conseil des Ministres (Finances) d'examiner, sur la base du livre blanc, quelles mesures pourraient être nécessaires pour atteindre l'objectif du marché unique et le calendrier possible pour l'application de ces mesures.

4. Le Conseil des Ministres est chargé d'étudier les conditions institutionnelles dans lesquelles l'achèvement du marché intérieur pourrait être réalisé dans les délais voulus.

TECHNOLOGIE

Le Conseil européen constate qu'un effort collectif de maîtrise des technologies nouvelles est la condition pour le maintien de la compétitivité européenne. Il a en conséquence décidé d'ajouter à la Communauté une nouvelle dimension technologique.

Le Conseil européen approuve et fait sien le rapport de la Commission relatif au renforcement de la coopération technologique en Europe.

Le Conseil européen a apporté son soutien au projet français EUREKA visant à créer une Europe de la technologie, ainsi qu'aux propositions constructives de la Commission qui vont dans le même sens et a pris connaissance avec intérêt des accords déjà signés par plusieurs sociétés européennes.

Il a souhaité que le projet EUREKA soit ouvert à ceux des pays extérieurs à la Communauté qui ont déjà manifesté leur volonté d'y participer. La France, inspirateur du projet, poursuivra ses démarches en convoquant, en liaison avec la Présidence et la Commission, avant le 14 juillet, un comité ad hoc pour tenir les assises de la technologie européenne. Ce comité devrait regrouper les ministres responsables de la recherche ou d'autres représentants qualifiés des gouvernements des pays qui ont répondu positivement à l'initiative ainsi que les représentants de la Commission.

Le Conseil européen considère que ces démarches devront exploiter la dimension communautaire pour :

.../...

- établir un lien étroit entre le développement technologique et l'effort d'unification du marché intérieur, par exemple au moyen de mesures pratiques d'encouragement telles que la proposition "Eurotype" ;
- assurer l'articulation entre l'effort technologique et les politiques communes, notamment la politique commerciale vis-à-vis des principaux partenaires ;
- réduire les risques de doubles emplois inutiles dans les efforts nationaux et rassembler une masse critique de ressources financières et humaines ;
- valoriser les instruments communautaires techniques et financiers, y compris les instruments de la R.E.I., qui sont immédiatement disponibles.

JAPON

Le Conseil européen a examiné la question des relations commerciales avec le Japon, notamment à la lumière des fortes préoccupations exprimées par le Conseil lors de sa session du 19 juin, préoccupations qu'il a pleinement partagées.

Il a plus particulièrement placé ses discussions dans le contexte des responsabilités que le Japon partage avec ses partenaires occidentaux pour sauvegarder et renforcer le système des échanges multilatéraux.

Le Conseil européen a fait sienne la demande adressée par le Conseil au Japon qu'il s'engage à augmenter sensiblement et de façon continue ses importations de produits manufacturés et de produits agricoles transformés; il a également souligné l'importance qui s'attache à la libéralisation des marchés financiers japonais et à l'internationalisation du yen.

Le Conseil européen a demandé à la Commission de saisir le Premier Ministre japonais de l'ensemble de ses préoccupations à l'occasion de sa prochaine visite en Europe.

FAMINE EN AFRIQUE

Le Conseil européen, conscient de la situation critique que connaissent les pays africains affectés par la sécheresse, prend note avec satisfaction que les objectifs du plan de Dublin ont été atteints, et que 1,2 Mio tonnes de céréales ou leur équivalent ont été finalement mobilisés par la Communauté et les Etats membres pour faire face aux besoins d'urgence. Il se félicite, en outre, en constatant que les deux tiers de cette aide sont parvenus aux destinataires ou sont en cours de route.

Il estime cependant que de nouveaux besoins d'aide alimentaire pourraient se manifester au cas où les pluies à peine commencées sur le Continent africain se révéleraient à nouveau insuffisantes. Dans ce cadre, il accueille favorablement la proposition de la Commission d'une allocation spéciale de réserve qui permettrait de mobiliser en plus du programme normal d'aide, un volume de 500.000 T d'équivalent céréales. Le Conseil européen charge le Conseil (développement) d'examiner cette proposition d'urgence.

Conscient de la possibilité de répétition de telles catastrophes, le Conseil estime nécessaire de mettre en place pour l'avenir une stratégie globale et coordonnée contre la sécheresse à court et à long termes, et dans ce contexte accueille favorablement la Communication de la Commission.

En ce qui concerne le long terme, le Conseil estime avant tout nécessaire d'appuyer l'effort de réorientation des politiques des pays africains en matière de sécurité alimentaire. Le Conseil constate que cet objectif est inséré dans la Convention de Lomé III, et manifeste le souhait que les Etats membres accordent également une priorité à l'appui de cette politique dans leurs programmes nationaux d'aide afin d'atteindre ensemble la masse critique financière indispensable.

En matière de protection de l'environnement, et notamment de lutte contre la désertification, le Conseil en raison de l'importance des besoins estime indispensable que l'ensemble des aides européennes, communautaires et bilatérales accordent une priorité à ce type d'intervention, s'y engagent pour une longue période et organisent leurs interventions de façon cohérente en se dotant d'une structure de coordination appropriée.



Qz.04533

MR POWELL

PARLIAMENTARY STATEMENT

I still prefer my draft of paragraph 4 on decision making. I have, however, based myself on your revised draft and I attach:-

- (i) revised paragraph on decision making;
- (ii) revised paragraph on the economic and social situation and revised conclusion (replacing your last three sentences).

DF Williamson

D F WILLIAMSON

1 July 1985

C.D.P.

PRIME MINISTER

cc Mr Butler

Mr Flesher

EUROPEAN COUNCIL AT MILAN: STATEMENT TO THE HOUSE

I attach a first draft of a Statement to the House on the Milan European Council, together with the conclusions (available only in French so far). Supplementaries will follow tomorrow.

edp

C D POWELL

30 June 1985

Transcript by
JAMES LEE of:

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

Ladies and Gentlemen,

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

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

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

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

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

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

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

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

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

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

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

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Europe more prosperous, to make Europe more important
technologically, to make Europe have a higher standard of
living and create more jobs.

Ladies and Gentlemen, your questions!

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JOHN DICKIE ("DAILY MAIL")

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

PRIME MINISTER

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

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

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

QUESTION

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

QUESTION (CONTD.)

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

PRIME MINISTER

I do not share that view!

QUESTION (SAME MAN)

What is your view?

PRIME MINISTER

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

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

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and wanted really to make progress.

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

QUESTION

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

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

PRIME MINISTER

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

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

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

QUESTION

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

PRIME MINISTER

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

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

DEREK BROWN ("THE GUARDIAN")

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

PRIME MINISTER

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

QUESTION

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

PRIME MINISTER

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

QUESTION

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

PRIME MINISTER

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

ANN MORRIS ("KANGEROO NEWS")

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

PRIME MINISTER

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

QUESTION

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

PRIME MINISTER

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

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

QUESTION (GIBRALTAR BROADCASTING CORPORATION)

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

PRIME MINISTER

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

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Gibraltar unless the people of Gibraltar wish it.

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

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

QUESTION

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

PRIME MINISTER

No, no, no, no!

QUESTION

Well according to the Italian text it will!

PRIME MINISTER

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

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

QUESTION (SAME MAN)

So this conference will not discuss that issue?

PRIME MINISTER

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

QUESTION

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

PRIME MINISTER

Then don't!

QUESTION (SAME MAN)

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

PRIME MINISTER

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

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

QUESTION

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

PRIME MINISTER

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

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to do everything possible to defeat them.

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

QUESTION

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

PRIME MINISTER

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

QUESTION (SAME LADY)

Why was this opportunity lost?

PRIME MINISTER

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

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

QUESTION

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

PRIME MINISTER

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

QUESTION

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

PRIME MINISTER

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

QUESTION (SAME MAN)

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

PRIME MINISTER

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

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Transcript by
JAMES LEE of:

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

INTERVIEWER: PAUL REYNOLDS, BBC

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INTERVIEWER

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

PRIME MINISTER

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

INTERVIEWER

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

PRIME MINISTER

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

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

QUESTION

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

PRIME MINISTER

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

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

QUESTION

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

PRIME MINISTER

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

INTERVIEWER

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

PRIME MINISTER

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

INTERVIEWER

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

PRIME MINISTER

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

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

QUESTION

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

PRIME MINISTER

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

QUESTION

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

PRIME MINISTER

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

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Transcript by
JAMES LEE of:

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

INTERVIEWER: JOHN SIMSON, BBC TV.

=====

INTERVIEWER

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

PRIME MINISTER

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

INTERVIEWER

Will there be any progress at this big conference then?

PRIME MINISTER

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

INTERVIEWER

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

PRIME MINISTER

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

INTERVIEWER

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

PRIME MINISTER

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

QUESTION

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

PRIME MINISTER

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

=====

Transcript by
JAMES LEE of:

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

INTERVIEWER: MICHAEL BRUNSON, ITN

=====

INTERVIEWER

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

PRIME MINISTER

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

INTERVIEWER

Will that conference be a waste of time?

PRIME MINISTER

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

INTERVIEWER

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

PRIME MINISTER

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

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

INTERVIEWER

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

PRIME MINISTER

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

INTERVIEWER

Why would they not agree to that?

PRIME MINISTER

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

PRIME MINISTER (CONTD.)

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

INTERVIEWER

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

PRIME MINISTER

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

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Transcript by
JAMES LEE of:

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

INTERVIEWER: ANTONIA HIGGS, IRN
=====

INTERVIEWER

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

PRIME MINISTER

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

INTERVIEWER

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

PRIME MINISTER

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

INTERVIEWER

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

PRIME MINISTER

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

INTERVIEWER

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

PRIME MINISTER

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

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

PRIME MINISTER (CONTD.)

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

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

INTERVIEWER

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

PRIME MINISTER

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

PRIME MINISTER (CONTD.)

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

INTERVIEWER

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

PRIME MINISTER

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

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TELEGRAM NUMBER 5 OF 29 JUNE 1985

AND TO PRIORITY EC POSTS WASHINGTON TOKYO UKMIS NEW YORK

FROM UKREP BRUSSELS

EUROPEAN COUNCIL: MILAN: 28/9 JUNE

M I P T : UK TEXT AS FOLLOWS.

INSTITUTIONAL QUESTIONS

1. THE EUROPEAN COUNCIL HAS HELD A WIDE-RANGING DEBATE ON THE PROPOSALS OF THE AD HOC COMMITTEE ON INSTITUTIONAL QUESTIONS WHICH WAS CREATED AT FONTAINEBLEAU AND IN PARTICULAR ON THE IMPROVEMENT IN THE DECISION-MAKING PROCEDURE OF THE COUNCIL, ON STRENGTHENING THE ROLE OF THE EUROPEAN PARLIAMENT, ON THE MANAGEMENT POWERS OF THE COMMISSION AND ON THE REINFORCEMENT OF POLITICAL COOPERATION IN THE GLOBAL FRAMEWORK OF PASSAGE TO EUROPEAN UNION.

2. THE COUNCIL CONFIRMS THE NEED TO IMPROVE THE FUNCTIONING OF THE COMMUNITY IN ORDER TO ACHIEVE THE OBJECTIVES IT HAS FIXED, PARTICULARLY THE COMPLETION OF THE INTERNAL MARKET AND MEASURES DESTINED TO MAKE POSSIBLE A TECHNOLOGICAL EUROPE.

1. THE EUROPEAN COUNCIL AGREED THAT THE FOLLOWING DISPOSITIONS WILL APPLY FROM NOW ON TO THE DECISION-MAKING PROCEDURE OF THE COUNCIL, THE EXERCISE OF THE MANAGEMENT POWERS OF THE COMMISSION AND OF THE POWERS OF THE PARLIAMENT.

THE PRACTICE OF MAJORITY VOTING SHOULD BE REINFORCED. TO THIS END:

A. THE EUROPEAN COUNCIL HAS DECIDED THAT THE RULES OF PROCEDURE OF THE COUNCIL OF MINISTERS WILL BE MODIFIED, AND THAT IT WILL PROCEED TO A VOTE EITHER ON THE INITIATIVE OF ITS PRESIDENT OR ON THE DEMAND OF A MAJORITY OF ITS MEMBERS:

B. THE MEMBER STATES COMMIT THEMSELVES TO HAVE RECOURSE TO ABSTENTION, WHEREVER POSSIBLE, IN CONFORMITY WITH THE DISPOSITIONS OF ARTICLE 148(3) OF THE TREATY IN ORDER NOT TO OBSTRUCT THE ADOPTION OF DECISIONS WHICH DEMAND UNANIMITY IN THE COUNCIL. THE COUNCIL COULD IF NECESSARY GIVE A TEMPORARY DISPENSATION TO THE MEMBER STATES WHO HAVE ABSTAINED FROM THE RIGHTS AND OBLIGATIONS WHICH RESULT FROM ITS DECISIONS.

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C. TO THE EXTENT THAT SOME MEMBER STATES DO NOT ENVISAGE RENOUNCING IN THE IMMEDIATE FUTURE THE PROVISIONS OF THE ARRANGEMENTS OF 29 JANUARY 1966, THE SO CALLED QUOTE LUXEMBOURG COMPROMISE UNQUOTE, THE EUROPEAN COUNCIL NOTES THAT, IN CASE THEY SHOULD INVOKE QUOTE A VERY IMPORTANT NATIONAL INTEREST UNQUOTE, THESE MEMBER STATES SHOULD JUSTIFY IT IN THE COUNCIL OF MINISTERS OF FOREIGN AFFAIRS OR IN THE EUROPEAN COUNCIL.

THE COMPETENCE OF THE COMMISSION FOR ITS MANAGEMENT AND EXECUTION SHOULD BE REINFORCED.

THE PARTICIPATION OF THE EUROPEAN PARLIAMENT IN THE PROCESS OF DECISION SHOULD BE REINFORCED, TAKING INTO ACCOUNT THE IMPORTANCE OF THE SECTORS OF THE INTERNAL MARKET, THE HARMONISATION OF LEGISLATION, AS WELL AS ACTS NECESSARY FOR COMMON POLICIES.

II. IN ADDITION, THE EUROPEAN COUNCIL INSTRUCTED THE COUNCIL OF MINISTERS TO STUDY ON THE ONE HAND PROPOSALS TO MODIFY THE TREATY DESIGNED TO IMPROVE STILL FURTHER THE DECISION-MAKING PROCEDURE OF THE COUNCIL AND IN PARTICULAR THE POSSIBILITY OF HAVING RECOURSE TO MAJORITY VOTING FOR ARTICLE 57(2) AND ARTICLE 100 OF THE EC TREATY, AND ON THE OTHER HAND THE VARIOUS PROPOSALS RELATIVE TO STRENGTHENING THE POWERS OF THE PARLIAMENT. IF, IN ACCORDANCE WITH ARTICLE 236, THE COUNCIL DELIVERS AN OPINION IN FAVOUR OF CALLING A CONFERENCE OF REPRESENTATIVES OF THE GOVERNMENTS OF THE MEMBER STATES, THE CONFERENCE SHALL BE CONVENED BY THE PRESIDENT OF THE COUNCIL FOR THE PURPOSE OF DETERMINING BY COMMON ACCORD THE AMENDMENTS TO BE MADE TO THIS TREATY.

III. AT THE SAME TIME WORK WILL BE SET IN HAND TO FINALISE A DRAFT TREATY ON FOREIGN POLICY AND SECURITY IN ACCORDANCE WITH THE FRANCO-GERMAN AND BRITISH PROPOSALS.

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/ IV.

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IV. THE RESULTING PROPOSALS WILL BE SUBMITTED FOR DECISION BY THE HEADS OF STATE AND GOVERNMENT AT THE LUXEMBOURG EUROPEAN COUNCIL.

HOWE

FCO ADVANCE TO:-

FCO : PS, PS/MR RIFKIND, BRAITHWAITE, RENWICK, FAIRWEATHER,
SHEPHERD
CAB : WILLIAMSON, JAY, NICHOLSON
DOT : LACKEY
MAFF : ANDREWS
TSY : UNWIN, FITCHEW

(ADVANCED AS REQUESTED)

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3

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The Prime Minister, Mrs. Thatcher, and the Taoiseach, Dr FitzGerald, today met for ⁶⁰ minutes in Milan immediately before the European Council resumed.

The meeting was part of the continuing contacts between the two Prime Ministers. They ^{reviewed} ~~revealed~~ the progress being made in the talks between the two countries under the aegis of the Anglo-Irish Intergovernmental Council.

They hope to hold a further Summit when those discussions have been completed.

The two Prime Ministers reaffirmed their condemnation of all forms of terrorism and their determination to do everything possible to defeat it.

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MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1A 2HB
Telephone 01-~~961111~~ 218 2111/3

MO 26/11/9

28th June 1985

Dear Charles,

EUROPEAN FIGHTER AIRCRAFT

Following further advice from our Embassy in Bonn received here yesterday afternoon, the Defence Secretary revised the suggested line to take for the Prime Minister with Chancellor Kohl and I attach an expanded second page of this part of the brief. You have already received this informally but I am now circulating it for the record.

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

Yours ever,

Richard Mottram

(R C MOTTRAM)

C Powell Esq
No 10 Downing Street

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(MOY)

(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.

d. Should our one last effort to reach agreement on a five nation EFA prove unsuccessful, we can understand the political difficulty for any German Chancellor, especially one who has devoted so much effort to consolidating the German relationship with Paris, to contemplate parting company with France on a matter of such magnitude. But the technical 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 were to 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.

Sent to
Aulon 17.10
28/6.

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file



cc: Mr Williamson
Mr. Renswick

10 DOWNING STREET

CE Master

From the Private Secretary

28 June 1985

Dear Len,

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

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

EC/US Relations

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

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

/ Future

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Future of the European Community

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

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

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

/ Terrorism

Terrorism and Hijacking

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

Internal Market

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

Technological Co-operation

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

Football Disaster

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

/ action

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

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

yes Sirrah.
Charles Powell

Charles Powell

Len Appleyard, Esq.,
Foreign and Commonwealth Office.

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10 DOWNING STREET

From the Private Secretary

28 June 1985

I should just record that at the beginning of the European Council Mr. Papandreou came up to the Prime Minister and said that he wished to offer a sincere apology for the misunderstanding which had occurred over remarks he had made during his election campaign. These had not been well expressed and he could understand why they had given offence. This had not been his intention. He hoped that he and the Prime Minister could work together in the future. The Prime Minister thanked Mr. Papandreou and said that of course she would look forward to a good working relationship.

Charles Powell

Len Appleyard, Esq.,
Foreign and Commonwealth Office.

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NOTE FOR THE RECORD

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EC

cc BT

Chancellor Kohl and the Foreign Secretary had a brief discussion in the margins of the European Council this afternoon. Chancellor Kohl said that he understood that our assessment was that Britain, France and Germany could all agree here and now at Milan on a new agreement on political cooperation, based on the two texts which had been circulated. Was this correct? He was prepared to agree to this. There would have to be some further work done in a short a timescale as possible followed by signature of the agreement. The Foreign Secretary confirmed that the Prime Minister shared this goal. A realistic target for signature would be the European Council at Luxembourg in December. Chancellor Kohl said that the Milan Council might agree to remit the two texts (the British and the Franco-German text) to Foreign Ministers to work on. The Foreign Secretary suggested that it would be more appropriate for political directors to undertake this. Chancellor Kohl seemed attached to Foreign Ministers being given the task, in name at least.

Chancellor Kohl went on to ask whether we could envisage at least some Treaty amendments on a limited number of points. The Foreign Secretary explained that we could not accept this and did not think it necessary. But there were a number of points on which we believed the Community's practice could be changed and improved. President Mitterrand had also identified a number of points. Chancellor Kohl asked whether, in that case, it would be possible to agree at Milan on a list of such points which again would be the subject of further work over the next few months and formally agreed at Luxembourg. The Foreign Secretary agreed that this was a good way to proceed.

Chancellor Kohl asked whether the Prime Minister would be prepared to put forward proposals on these two points. The Foreign Secretary said that he understood it was her intention to do so later in the afternoon although she would no doubt be equally content for the Chancellor to take the initiative. Chancellor Kohl appeared happy to leave it to the Prime Minister.

C.D.P.

28 June 1985



CSP
This arrived while we were in Milan. did you see? Martin.

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
TELEPHONE DIRECT LINE 01-215 5422
SWITCHBOARD 01-215 7877

DW107

Secretary of State for Trade and Industry

28 June 1985

Too late!

Charles Powell Esq
Private Secretary to the
Prime Minister
10 Downing Street
London
SW1

CSP 37-

Dear Charles,

My Secretary of State has seen Chancellor Kohl's letter to the Prime Minister attached to your letter of 20 June to Colin Budd. He understands that the Foreign and Commonwealth Office will be providing a short draft reply which will not refer to the several points the Chancellor makes which are unacceptable to us.

2. However, he hopes that no indication will be given in the reply that we can go along with the Chancellor's assertion that harmonisation of national legislation on public health and consumer protection is in any way necessary in order to create a well-functioning internal market.

3. I am sending copies to the recipients of your letter.

*Yours sincerely,
Maureen Dodsworth.*

MAUREEN DODSWORTH
Private Secretary

020
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

D F WILLIAMSON

27 June 1985

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~~ 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'appêtent 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.

High level groups could look at it.

Peter Brook - 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 ^{6.ème} 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.

How.

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 cœur 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 ;

No
- d'aménager la consultation systématique des partenaires sociaux;

- de préparer la concertation qui débattrait 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 concurrentement 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 ^{adoptées} arrêtées ^{pour} 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 ou le 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

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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.

Conclut

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.



Foreign and Commonwealth Office

London SW1A 2AH

27 June 1985

Dear Charles,

European Council: Milan: Scene-setting message from Signor Craxi

I sent you earlier today a revised draft opening speaking note for the Prime Minister on decision-taking, taking account of Signor Craxi's intention to open with a round table discussion of the Dooge Committee's conclusions. I now enclose a copy in convenient form of the Dooge Report. A note summarising its main features will follow.

Craxi in his letter refers again to Andreotti's draft mandate for an inter-governmental conference. I enclose a copy, together with a suggested Dutch revision which was circulated before Stresa.

We shall obviously want to avoid letting the Italian mandate get back on to the table. This will mean emphasising the need for decisions by Heads of Government with follow up in working groups. The only inter-governmental conference should be that of Heads of Government themselves in December.

Other issues mentioned by Craxi are already covered in the briefing (flagged copy attached) as follows:

- Red Flag A: Committee on a People's Europe (Brief 2E)
- " " B: Implementation of the Internal Market (Brief 2D)
- " " C Technology (Brief 3B)

At a meeting in Paris yesterday, GEC, Thomson, Philips and Siemens announced an agreement to collaborate in various areas which are likely to include production of advanced micro processors, integrated circuits, etc as a EUREKA-type project. This has been woven into the revised speaking note for the Prime Minister (submitted separately by David Williamson).

Red Flag D: Economic and Social Situation (Brief 3A)

/Craxi



Craxi also refers to examining the ECOFIN report on growth and employment, the ECOFIN document on the EMS and the conclusions reached by the group of Ten in Tokyo. The Treasury are providing additional material.

Red Flag E: Famine in Africa (Brief 3G)
A speaking note is now enclosed

" " F: EC/Comecon Relations (Brief 4F)
A revised brief is being prepared

" " G: Middle East (Brief 4C)
Additional material on terrorism is being prepared in the light of developments.

Craxi also refers to an initiative by President Mitterrand for a European Movement against cancer. David Williamson will be letting you have a separate note on this.

We have now received the French paper on the development of the Community, including President Mitterrand's ideas on science and culture. Cooperation in new areas (including culture) is already covered in Section 3 of the Steering Brief (see Flag H). We will let you have a summary and analysis of the French paper shortly.

*Yours ever,
Colin Budd*

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street



CCMS
CDP
R

P1 JLP

DOOGE REPORT: SUMMARY

1. The report considers proposals for the development of the Community under the following headings:

Chapter II: Priority Objectives (P14-23)

- (a) A homogeneous internal economic area through completion of the Treaty, increased competitiveness of the European economy, promotion of economic convergence, creation of a technological Community and strengthening of the European Monetary System.
- (b) Promotion of the common values of civilisation.
- (c) The search for an external identity, dealing with external policy including the improvement of political cooperation.

Chapter III: Efficient and Democratic Institutions
(P25-31)

dealing with:

- (a) Decision-taking in the Council. Page 27 sets out the majority (France, Italy, Benelux and Germany) and minority (UK, Denmark, Greece, Ireland) views on voting.



(b) The Commission; P.29 suggests that Commissioners be proposed by the President elect for appointment by the European Council (UK reserve) and includes a German reserve on the idea of a Commission of 12 after enlargement.

(c) The European Parliament; Page 30 contains the suggestion of co-decision taking with the Council (UK reservation).

(d) The Court of Justice; practical proposals for improving the functioning of the court (P31).

Chapter IV: The Method (P32): a proposal for the convening of an intergovernmental conference.

Reservations/Footnotes

2. Out of 36 footnotes/reservations in the report the UK has 3 reservations (selection of commissioners (p29) and EP (p30) and intergovernmental conference (p32)).

3. Following is line-up of reservations (excluding positions on decision taking):



Denmark - statement of overall reservation at Annex A.

10 reservations on:

- the notion of "union" (p12)
- security (p13)
- CAP (p15)
- financing of new policies (p18)
- external policy (p21)
- institutions (p25-31)

Greece - Statement of overall reservation at Annex B.

13 reservations on:

- political entity (p13)
- internal market/technology (p14/15/17)
- political cooperation and external policy
(p21-23)
- selection of commissioners (p29)
- EP (p30)
- intergovernmental conference (p32)

Germany - 3 reservations on:

- economic convergence (p15)
- use of the ECU (p18)
- size of the Commission after enlargement
(p29)



Belgium - 2 reservations:

- economic convergence (p16)
- decision taking (p27)

Italy - 1 reservation on minority cultures (p21)

Ireland - 1 reservations on defence security (p23)

Netherlands and Luxembourg had no reservations.

Foreign and Commonwealth Office

27 June 1985

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Please keep them
on policy have a
ret- files copy
OK

MR POWELL

EUROPEAN COUNCIL, 28-29 JUNE

--- As instructed at Cabinet this morning, I attach a note on some clear cases where the actions of other member states do not match their words.

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

D F Williamson

D F WILLIAMSON

27 June 1985

EUROPEAN COUNCIL: STILETTOS, MARK 2

1. Infraction proceedings

There is a marked contrast between Community rhetoric and actual infraction proceedings for breaches of the Treaty and Community law. A very recent Commission report (COM(85) 149 of 6 May 1985) shows that for the period 1979-1984 -

(i) the three countries against which most proceedings were started were Italy (567), France (481) and Belgium (333). The three countries against which the least number of proceedings were opened were the United Kingdom, the Netherlands and Denmark;

(ii) in the European Court Italy (76) faced six times as many infraction proceedings as the United Kingdom, France (45) faced about four times as many infraction proceedings as the United Kingdom and Belgium (37) faced three times as many. Only Denmark had less cases than the United Kingdom;

(iii) on failure to implement Directives (or no notification of action taken) the record of Italy was six times worse than that of the United Kingdom. The worst offenders were Italy (77 Directives not implemented or notified), France (58) and Belgium (47). By far the best performance was that of the United Kingdom and Denmark.

2. Trade Barriers

A recent survey by the Federation of Danish industries on barriers to industrial exports in 1984 showed that the worst barriers were in France and Japan, each being about three times as obstructive as the average. United Kingdom barriers to trade were lower than those of any other of /Denmark's

Denmark's 15 largest trading partners, which include 7 Community countries (France, Italy, Germany, Belgium, Netherlands, UK). Graph annexed.

3. Lorry quotas

France, Germany and Italy have been the principal opponents of lifting the quotas on lorries. As a result the European Court of Justice has now found that "the Council has abstained, in violation of the Treaty, to assure the free provision of services in the matter of international transport and to fix the conditions of admission for non-resident carriers to national transport in a member state". The key Treaty articles are articles 59 and 75. Article 59 states ". . . restrictions on freedom to provide services within the Community shall be progressively abolished during the transitional period in respect of nationals of Member States who are established in a state of the Community other than that of the person for whom the services are intended".

The judgement of the European Court of Justice in relation to article 75 states:

"The Council was required to extend the freedom to provide services to transport before the expiry of the transitional period, in accordance with Article 75, paragraph 1 letters a and b, and 2, insofar as that extension concerned international transport carried out from or to the territory of a Member State or crossing the territories of one or more Member States, as well as to fix within the framework for the freedom to provide services in this sector, in accordance with Article 75, paragraph 1 a and b, and 2, the conditions of admission of non-resident carriers to national transport in a Member State. It is agreed that the measures necessary for that purpose have not yet been taken. We must therefore find that the Council is in default on this point, the Council having failed to take the measures which it ought to have done . . .".

4. Shipping (cabotage)

The United Kingdom opens its ports to cabotage trade by other member states. Only the Netherlands, Belgium and the Republic of Ireland reciprocate. Denmark and Germany have agreed to do so on a bilateral basis. Italy, France and Greece refuse to open cabotage routes. This is in clear breach of article 59 of the Treaty (quoted above).

5. Air fares

The United Kingdom, Netherlands and Luxembourg have taken action to reduce air fares. Italy, France and Greece are all opposed to Community-wide action under article 87 of the Treaty to lift restrictions on air fares.

[NB: the legal position is not so clear-cut as in the case of road transport]

6. Introduction of VAT

The own resources system did not become fully operational until 1980 because of delays by certain member states, especially Germany, in introducing full VAT arrangements. The United Kingdom was one of only two members which introduced such arrangements by the original target date of January 1978, despite having to start from scratch.

7. European Foundation

Nothing could be more European than the European Foundation! We were the first to ratify the agreement. Germany, the Netherlands and Belgium have still not done so (Belgium proposed the idea in the first place).

8. Agriculture (wine and cereals)

In the package of necessary reforms of the wine regime, Germany blocked the proposal for a reduction or elimination of the addition of sugar to wine, although this practice clearly adds to the volume of production and the cost.

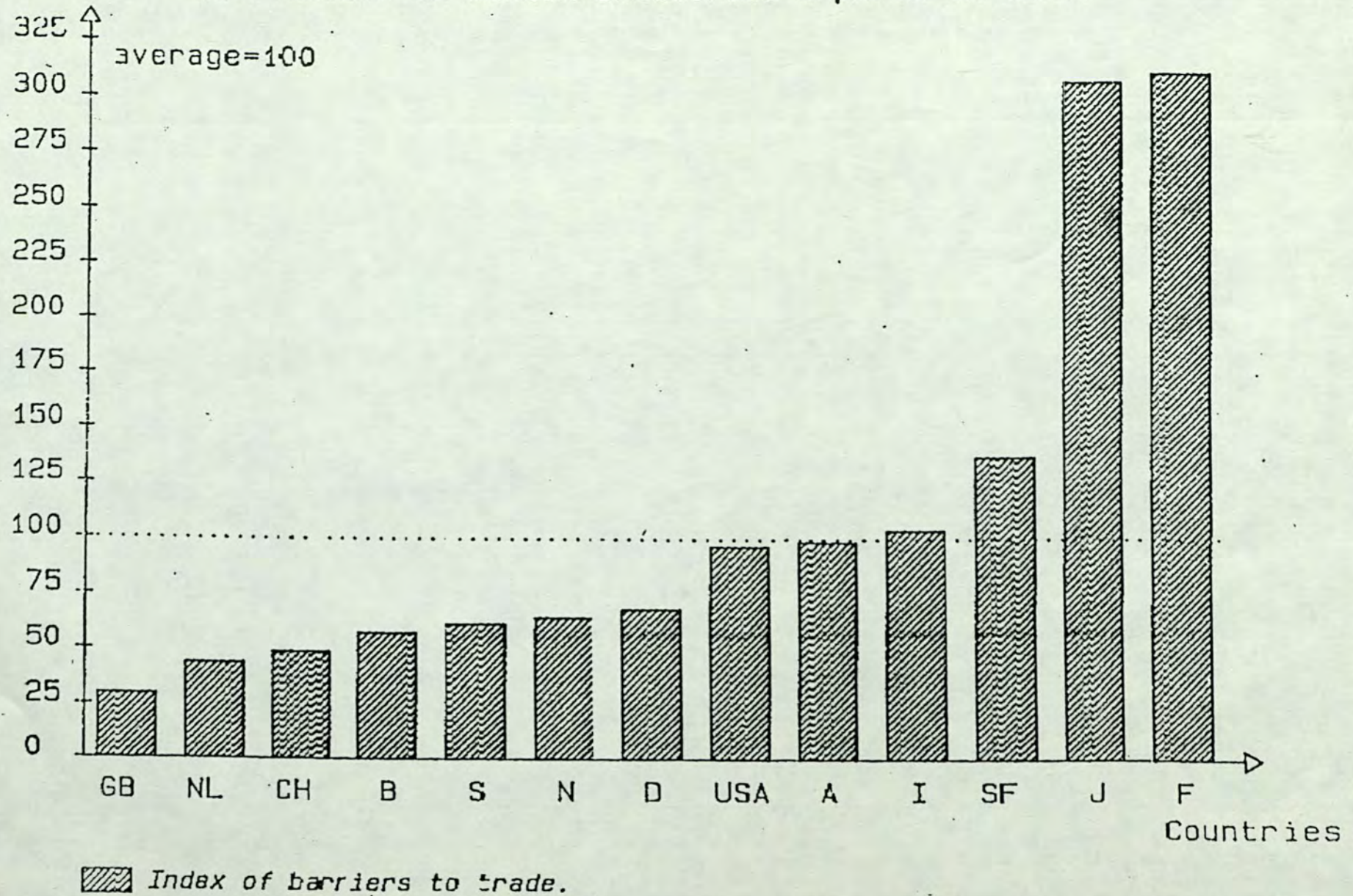
/Similarly

Similarly, Germany blocked the proposed settlement on prices and related measures for cereals and rapeseed for 1985/86, although only about 9 per cent of German farmers' income comes from cereals and the question at issue was less than 2 per cent of the support price.

There are very many other instances of such national resistance to improvements in the common agricultural policy.

NATIONAL BARRIERS TO TRADE

in relation to Danish industrial exports in 1984.



Source: Federation of Danish Industries.

ENCLOSURE

The graph "Number of complaints about barriers to trade in relation to Danish industrial exports in 1984" is based on the table "Trade barriers according to types and countries".

The total number of barriers in the 13 largest export markets (which all account for more than 1 per cent of Danish industrial exports) is set out in the table below.

Complaints as a percentage of the total number of complaints as shown in column 2.

If trading with all countries was equally difficult one would expect that the distribution of the number of complaints would correspond approximately to the distribution by countries of industrial exports as shown in column 3.

This is obviously not the case.

Therefore, the column showing the percentage share of complaints is related to (divided by) the share of exports and multiplied by 100. This is how the trade barriers index in column 4 was constructed.

	1.	2.	3.	4.
	Total Complaints	%-Share of Complaints	%-Share of Industrial Exports	Trade Barriers Index
	-----	-----	-----	-----
B Belgium	10	1.0	1.7	44
D FRG	111	10.7	15.2	70
F France	142	13.7	4.4	311
I Italy	23	2.2	2.1	105
NL Holland	18	1.7	3.8	45
GB UK	36	3.5	11.3	31
S Sweden	92	8.9	14.1	63
N Norway	61	5.9	8.9	66
SF Finland	37	3.6	2.6	138
CH Switzerland	10	1.0	2.0	50
A Austria	11	1.0	1.0	100
US USA	84	8.1	8.3	98
J Japan	45	4.3	1.4	307



CPC

DEPARTMENT OF TRANSPORT
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Peter Ricketts Esq
Private Secretary to the
Secretary of State for Foreign and
Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
LONDON SW1

27 June 1985

Dear Peter

EUROPEAN COUNCIL: MILAN 28/29: TRANSPORT ISSUES

We spoke. My Secretary of State is taking to the Prime Minister's briefing meeting this afternoon the briefs she requested during Cabinet this morning on shipping, Anglo/French road haulage liberalisation (and its relationship to the Channel Fixed Link) and the ECJ Judgement against the Council of Ministers.

We have already circulated a brief on the ECJ Judgement. My Secretary of State will have copies of the briefs on the other two subjects to distribute at the meeting, but we agreed / it would be helpful if I sent copies direct to you. I accordingly attach them.

/ I am sending a copy of this letter and attachments to Charles Powell at No.10.

Yours sincerely,

Henry Derwent

H C S DERWENT
Private Secretary

EUROPEAN COUNCIL IN MILAN 28/29 JUNE

BRIEF FOR PRIME MINISTER'S USE IN BILATERAL WITH PRESIDENT MITTERAND

CHANNEL FIXED LINK AND ROAD HAULAGE LIBERALISATION

Objective

1. To persuade French to abolish all quotas on lorry traffic between UK and France by the time Link comes into operation.

Line to take

2. Disappointed that talks between Transport Ministries on this are not making much progress. Large proportion (perhaps 50%) of UK trade will flow through Link when it is completed. Unacceptable for French to impose any restrictions on lorry traffic carrying this trade.

3. Does not make sense to retain artificial restraints which reduce traffic when we are making a huge investment to facilitate traffic. We want to maximise revenue.

4. if necessary Do not accept that UK must first accept 40 tonne lorry weights. Whereas lorry quotas are purely an administrative measure which can be lifted overnight, strengthening UK bridges to take heavier lorries will take many years and massive investment.

5. if necessary Question of French high speed trains (TGV) running to London is one for the two railway administrations to deal with. We will not stand in the way of agreement between the two railways on this subject so long as any British Rail investment is on a commercial basis.

Background

6. UK/France bilateral road haulage agreement currently imposes a mutual quota of 65,500 return trips by accompanied vehicles per annum. Although small increases in quota numbers are usually negotiated with the French each year, demand in UK for quota permits still outstrips supply. Since permits are required for journeys both terminating and transiting France and since our need to transit France is greater

than their need to transit UK, quota arrangement gives French road haulage industry unfair advantage. If Channel Fixed Link is built, even more traffic is likely to go by road and this unfair advantage will be increased.

7. The Secretary of State for Transport therefore pressed French Transport Minister Auroux at a meeting on 3 June to agree to abolition of quota system before or by the time Link is opened. Auroux resisted, but agreed to discussions at official level. So far, these have made virtually no progress, apart from French offer of minor concession on liberalising transit traffic - ie UK lorries transiting France to third countries. French have insisted that they cannot liberalise quotas for bilateral journeys until UK accepts harmonised community lorry and axle weights (one French suggestion is that we might open a limited network of routes to heavier lorries, as a gesture to help them with genuine political problems they have with their domestic road haulage lobby). They are also pressing us to agree that French high speed train should - if Link contains a rail element - be able to run through to London. Negotiations on this are proceeding between the two railways. Costs of facilitating French high speed operation on this side of the Channel would, however, be enormous, possibly hundreds of millions, given need for different electrification and loading gauge systems.

8. Within the Community, French have also been obstructive on liberalising road haulage, insisting that this must be accompanied by harmonisation of conditions of competition (eg lorry weights, vehicle taxation).

EUROPEAN COUNCIL

SHIPPING IN THE COMMUNITY

CABOTAGE

All Member States except the UK, Belgium, Holland, Denmark and Ireland reserve coastal traffic to their own carriers. This is not contrary to the Treaty of Rome, but the freedom to provide shipping services is an obvious element in any EC shipping policy, and forms part of the programme of completing the internal market.

We are negotiating bilaterally with Germany; France and Greece seems prepared to contemplate eventual liberalisation; Italy is still very resistant.

EXTERNAL SERVICES

France reserves government cargoes and some oil and coal imports to its own vessels. Traffic between France and North Africa is reserved to vessels of the respective countries.

Italy and Belgium have negotiated bilateral agreements with some developing countries which limit other EC members' opportunities to carry cargoes in those trades. This is contrary to OECD obligations as well as the spirit of the Rome Treaty.

STATE AIDS

France has a large national line which it has kept afloat with loan finance.

In Belgium and Netherlands government assistance to ports has helped them to attract traffic away from UK ports (though our own inefficiencies are the more important factor).

AN EC POLICY

Discussions are just beginning on an excellent set of proposals from the Commission for remedying all these problems (except state aids) as well as setting up mechanisms for dealing with protectionism on the part of third countries, and regulating competition in the liner trades.

The UK, Netherlands and Denmark want to see very early implementation. Italy, France and Belgium are dragging their heels on parts of the programme but there is something in it for everyone.

The French and the Italians will be the most difficult and we have to convince them that it is in their own interests to get a unified EC policy towards the rest of the world (the COMECON, the ldc's and the USA all present their own problems) as rapidly as possible. We must try to settle something before the entry of the thoroughly protectionist Spaniards complicates matters.

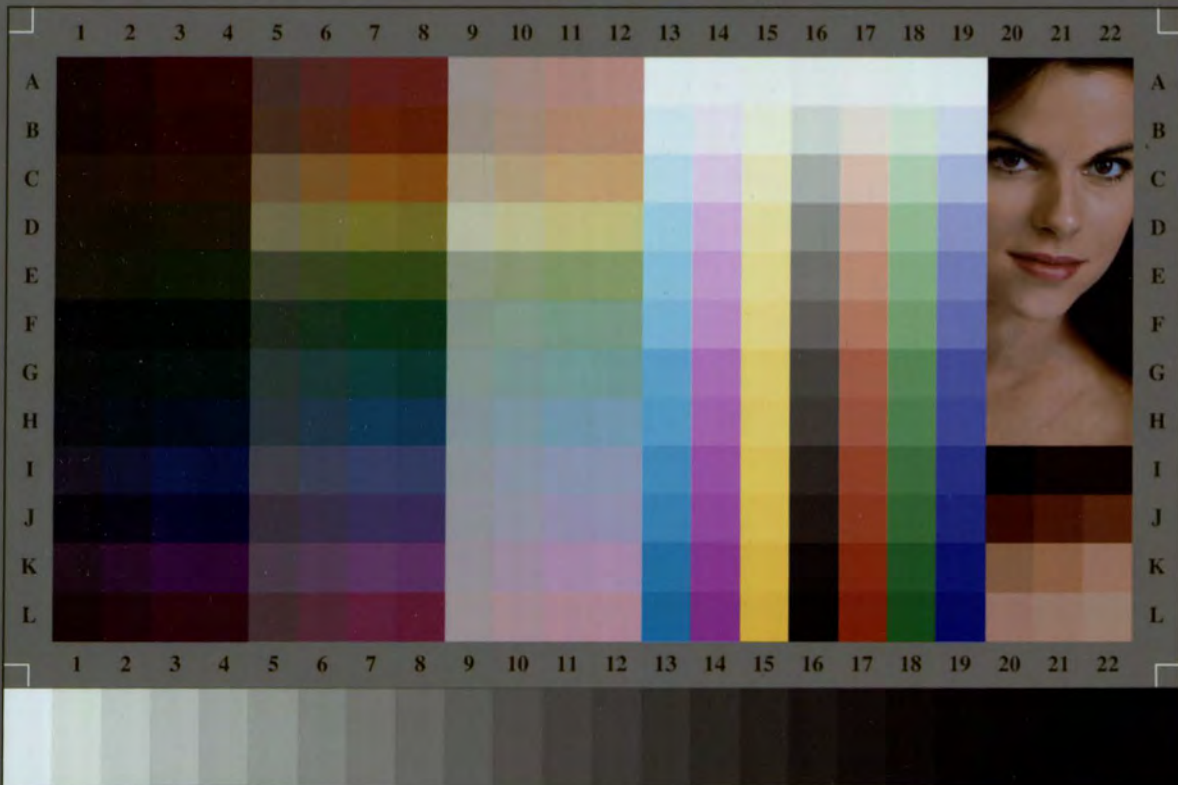
Department of Transport
Shipping Policy Directorate
27 June 1985

PART 21 ends:-

Williamson to CAP 27/6/85
(93.04520)

PART 22 begins:-

D. Trip to FCO 27/6/85



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