

Confidential Filing

European Council Meeting
in London 5-6 December 1986

EUROPEAN
POLICY

Part 1: Oct. 1979

Part 23: July 1985

In attached Folder: 4 Commission papers
for Council (Left by M. Delors).

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
1.1.86		23.11.86					
4.2.86		24.11.86					
24.2.86		26.11.86					
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PART 23
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PART PART 23 ends:-

Williamson to CP 28.11.86

PART 23A begins:-

CR to CP 1.12.86

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MR POWELL (10 Downing Street)

European Council: Prime Minister's briefing meeting, 4 pm,
Wednesday 3 December

I recommend that you invite the following to the Prime Minister's briefing meeting for the European Council:

- ✓ Foreign and Commonwealth Secretary plus 2 officials (Mr Thomas and Mr Renwick)
- CST ✓ Chancellor of the Exchequer
- ✗ Home Secretary
- ✓ Secretary of State for Trade and Industry
- ✗ Minister of Agriculture, Fisheries and Food *Brussels*
- ~~Mr R. Dawe~~ ✓ Paymaster General
- ✓ Minister for Health
- ✓ Sir David Hannay and myself.

I suggest that if each Minister were accompanied by one official it would be helpful, if possible, if the Home Secretary were accompanied by Mr Partridge, the Secretary of State for Trade and Industry by Mr Mogg and the Paymaster General by Mr Lewis as these officials will be on call for the European Council.

I am sending a copy to Trevor Woolley.

✓ D F Williamson

D F WILLIAMSON

28 November 1986

PRIME MINISTEREUROPEAN COUNCIL

I attach the briefs for the European Council, which you may like to start on this weekend.

They are not yet in quite the form you want them. We will attend to that early next week.

For each major subject you have:

- a note setting out our objectives.
- an introductory statement.
- a summing up, which would be consistent with the conclusions which we propose.
- notes for supplementaries.
- the conclusions which we want.

You are already familiar with the main subjects. On Political Cooperation, the main theme will be East/West and you will want to lead with your visit to Washington. You will also want to let those who have recently visited Moscow - Schluter and Lubbers - have their say. The aim will be to get maximum support for the Camp David points. You will want to ensure that everyone is content to put out a statement on Afghanistan. Several of your colleagues will probably want to discuss US/Iran but you will want to avoid conclusions on this. The Dutch, Danes, Irish and Italians may try to reopen the question of measures against South Africa, renewing the proposal for action against coal imports or proposing restrictions on fruit and vegetables. You will want to sit on this. The Spaniards may want to talk about Latin America.

C.D.P.

CHARLES POWELL

28 November 1986



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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

28 November 1986

I enclose a copy of a letter to the Prime Minister from the European Trade Union Confederation about the forthcoming European Council. I think that we need two draft replies: an immediate one, to remind them that they were offered an appointment with the Foreign Secretary and the Employment Secretary, and a response to their substantive points after the European Council. I should be grateful for a draft of the first reply as rapidly as possible.

I am copying this letter and enclosure to John Turner (Department of Employment).

C D POWELL

Colin Budd, Esq.,
Foreign and Commonwealth Office

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Foreign and Commonwealth Office

London SW1A 2AH

28 November 1986

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28/11

Dear Charles,

European Council: Political Cooperation Briefs

/ I enclose seven copies of the brief on Political Cooperation (EPC) topics.

The main EPC topic for Heads of Government is East/West. The Prime Minister will wish to report on her recent talks with President Reagan and seek endorsement for some of the key points in the Camp David text. In that context it is worth bearing in mind that the new treaty provisions in the Single European Act limit EPC discussion to the "political and economic aspects" of security. Even this provision has caused a major political debate in Ireland, with the opposition claiming that Ireland's status as a neutral non-NATO member has somehow been undermined. Irish participants in EPC discussions on East/West issues, from Peter Barry downwards, are extremely nervous on the point - and Fitzgerald will be no exception. The brief includes a rejoinder for use if he makes unreasonable difficulties.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
No 10 Downing St

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 FM COPENHAGEN
 TO IMMEDIATE FCO
 TELNO 0300
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 INFO IMMEDIATE UKREP BRUSSELS
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YOUR TELNOS 430-433 TO ATHENS : EUROPEAN COUNCIL.

SUMMARY

1. DENMARK CONTENT WITH REPORT ON THE ECONOMIC AND SOCIAL SITUATION AND, GENERALLY, WITH THAT ON FRONTIER CONTROLS, ETC. BUT PROBLEM WITH THE INTERNAL MARKET PACKAGE. PRIME MINISTER WILL RAISE CUSTOMS DEROGATION QUESTION AT THE EUROPEAN COUNCIL. SOUTH AFRICA NOT RAISED.

DETAIL

2. WE GAVE THE PRIME MINISTER'S MESSAGE (WITH DANISH TRANSLATION) AND THE TWO REPORTS TO MR SCHLUETER'S OFFICE (NEHRING) ON 27 NOVEMBER AND ALSO HANDED COPIES TO THE MFA (OSTROM-MOELLER).
3. NEHRING SAID THAT AT COREPER ON 27 NOVEMBER THE COMMISSION HAD TABLED A PROPOSAL ON THE CUSTOMS DEROGATION SOUGHT BY DENMARK. THIS DID NOT GO AS FAR AS DENMARK HAD HOPED AND SO THE PRIME MINISTER WOULD RAISE THE SUBJECT, IN A LOW-KEY WAY, AT THE EUROPEAN COUNCIL, PERHAPS IN THE CONTEXT OF DISCUSSION OF THE INTERNAL MARKET IN THE REPORT OF THE ECONOMIC AND SOCIAL SITUATION. (SINCE THEN WE HAVE SEEN YOUR TELNOS 110-112 ON WHICH WE SHALL TAKE ACTION AS SOON AS POSSIBLE AND REPORT FURTHER. BUT NEHRING WAS SPECIFIC THAT THE COMMISSION HAD PUT FORWARD PROPOSALS ON 27 NOVEMBER. HAVE THERE BEEN DEVELOPMENTS SINCE THE 25 NOVEMBER COREPER?)
4. HE FULLY EXPECTED THE EUROPEAN COUNCIL TO GIVE A STEER ON THE NEED TO REACH DECISIONS ON BEEF AND MILK AT THE DECEMBER AGRICULTURAL COUNCIL. (OSTROM-MOELLER ADDED THAT WE COULD EXPECT DENMARK TO BE HELPFUL ON THIS POINT.) HE HAD NO OTHER COMMENTS ON THE PAPERS.
5. OSTROM-MOELLER SAID THAT IN DISCUSSION OF THE PAPER ON FRONTIER CONTROLS DENMARK WOULD HAVE TO HAVE AN EYE TO NORDIC UNION CONSIDERATIONS. HE APPRECIATED THE PRESIDENCY INITIATIVE ON THIS POINT.
6. ON THE REPORT ON THE ECONOMIC AND SOCIAL SITUATION, HE SAID THAT DENMARK HAD A PROBLEM WITH THE INTERNAL MARKET PACKAGE. THE QUESTION OF NOISE LEVELS FOR BULLDOZERS WAS ONE IN WHICH THE PRIME MINISTER HAD BEEN PERSONALLY ENGAGED. BUT THE TRADE UNIONS WERE PROVING IMPOSSIBLE TO BUDGE, NOT FOR TECHNICAL REASONS BUT BECAUSE THE OPPOSITION SOCIAL DEMOCRATS, FOR POLITICAL REASONS.

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WERE URGING THE TRADE UNIONS TO CAUSE PROBLEMS. WE SHALL NO DOUBT HEAR MORE OF THIS AT THE MINISTER FOR TRADE'S MEETINGS WITH THE MINISTER FOR INDUSTRY AND TYGESEN (MFA) TOMORROW (28 NOVEMBER).

7. OSTROM-MOELLER SAID THAT DENMARK WAS IN AGREEMENT WITH THE PRESIDENCY OVER SMES AND DEREGULATION.

8. NEITHER INTERLOCUTOR REFERRED TO THE POSSIBLE DISCUSSION OF SOUTH AFRICA BY HEADS OF GOVERNMENT.

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PRIME MINISTEREUROPEAN COUNCIL

You have a 'seminar' meeting tomorrow with David Hannay and David Wilkinson, to prepare for the European Council. They will take you through the main issues and suggest how they should be handled.

If you have time, I suggest that you should look at the following papers in the attached folder:

- the draft conclusions which we have prepared for the Council (item 4). These read rather well. ✓
- the Commission's report on the economic prospects (item 5). This is shorter than usual and does not include your favourite table. But it is generally helpful.

C.D.P.

Charles Powell27 November 1986



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Qz.05478

MR POWELL (10 Downing Street)

European Council, 5 - 6 December

You may find it helpful, for ease of handling, to have the attached folder on which I have put -

- (1) the programme of the European Council
- (2) the Prime Minister's letter to other heads of government
- (3) the two Presidency documents on
 - Business and Jobs, including the internal market
 - Safeguarding the Open Society (terrorism/drugs/immigration/frontiers)
- (4) the conclusions which we have drafted. These show what we want to achieve
- (5) the four Commission papers on
 - macro-economic situation
 - internal market ("completing an area without frontiers")
 - jobs
 - the cancer programme.

In Folder attached to file.

We recommend that the opening session of the European Council on 5 December should deal with the subjects covered in the Presidency's paper on Business and Jobs and that,

as far as possible, the discussion should be structured on that paper. We could table the conclusions on the morning of 6 December. I understand that the Prime Minister has in mind to invite Monsieur Delors to give his report on the preparation for the ex-novo review of future financing when the Heads of Government assemble before dinner. The discussion of East-West relations and related issues would take place, if precedent is followed, over the dinner itself. There would be some advantage if the discussion on safeguarding the open society (terrorism/drugs/immigration/frontiers) could start either at the end of the first session or over dinner on 5 December. This would enable us to table draft conclusions on these subjects also on the morning of 6 December.

The draft conclusions in the attached folder cover the main points on which we should like to see agreement reached at the European Council. More specifically, it would be good for us if the European Council would:

- give a push to work on the internal market. If, following the Prime Minister's letter to other Heads of Government, we have succeeded in getting all or most of the "political package" of 13 measures adopted at the Internal Market Council on 1 December the Prime Minister can take credit for this. If not, we shall want to set the scene for agreement at a second Internal Market Council later in December and to consolidate our claim that action has accelerated under our Presidency. In addition, we should make clear that, in relation to all internal market measures where a qualified majority already exists and such a majority will be sufficient under the Single European Act (when ratified by all member states), the United Kingdom Presidency intends to state that a common position of the Council has now been reached;

- endorse the main lines of the approach, which will be included in a resolution of the Social Affairs Council, on creating the conditions for employment

growth, thus consolidating the change which we have initiated from "social engineering" to a more practical approach to maximising the opportunities for more jobs (training, flexible work practices etc);

- reiterate the importance of the deregulatory approach which the Prime Minister launched and which is being reflected in a more careful assessment by the Commission of all new proposals and an examination by consultants of existing legislation;

- make clear its concern that small enterprises should flourish; endorse the decision of the Economic and Finance Council that, for the first time, loans should be available to them for new technology from funds raised by the Commission (NIC IV) and from the European Investment Bank; and set up the scene for an early agreement on the proposed easing of VAT arrangements for small businesses (including the Commission's proposal that the threshold below which member states may exempt small enterprises should be 35,000 ecu);

- state strongly the principle of no concession under duress to terrorists or their sponsors;

- decide that on immigration there should be practical cooperation against fraud and abuse of passports and visas; tougher action on exclusion of suspects on a Community-wide basis; and no abuse by asylum seekers;

- endorse the United Kingdom's seven point action programme on drugs, including common action to thwart and prosecute those who criminally traffic in illegal drugs and the need to ensure that the assets of someone convicted of illicit trafficking in one member state will be liable to confiscation throughout the Community.

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The full brief and a number of contingency briefs will be submitted to you later this evening.

I am sending a copy to Trevor Woolley.

D F Williamson

D F WILLIAMSON

27 November 1986

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Mr. Ingham

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CD.

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FM ROME
TO IMMEDIATE FCO
TELNO 718
OF 261638Z NOVEMBER 86

EUROPEAN COUNCIL: REQUEST FOR INTERVIEW WITH THE PRIME MINISTER
IN THE MARGINS

1. WE HAVE HAD A REQUEST FROM SANDRO VIOLA, A LEADER WRITER ON
INTERNATIONAL AFFAIRS FOR WHAT IS NOW ITALY'S MOST INFLUENTIAL
DAILY, LA REPUBBLICA, FOR A SHORT INTERVIEW WITH THE PRIME
MINISTER EITHER IN THE MARGINS OF THE EUROPEAN COUNCIL OR IN THE
TWO OR THREE DAYS FOLLOWING IT. HE WILL BE ACCREDITED FOR THE
COUNCIL.

2. VIOLA WOULD LIKE TO TALK ABOUT INTERNATIONAL TERRORISM AND
THE EFFECTIVENESS OF OUR RESPONSE TO THIS, BOTH NATIONALLY,
AT THE EC LEVEL, AND BY OTHER AFFECTED WESTERN COUNTRIES
IN RESPONSE TO RECENT INCIDENTS. VIOLA HAS WRITTEN A NUMBER
OF ARTICLES APPLAUDING BRITAIN'S STAND ON THIS SUBJECT AND HAS
BEEN CRITICAL OF THE ATTITUDE OF THE ITALIAN GOVERNMENT. IF IT
WERE POSSIBLE TO FIND TIME, WE BELIEVE THE RESULTING ARTICLE WOULD
BE PARTICULARLY HELPFUL, AND WOULD ACHIEVE GOOD
PUBLICITY FOR THE PRIME MINISTER WITHIN ITALY.

BRIDGES

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PS/MRS CHALKER
MR THOMAS
MR BRAITHWAITE
MR RENWICK

COPIES TO:
NO 10 DOWNING ST.

✓ Powell
We can't
do this in the
margins of
the Council which
the PM is chairing,
and I shall be
embarrassed by
the long list of
interviews
wanting
to be done
if we do it
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Mr. Powell.



CABINET OFFICE

With the compliments of

Ed
25th

C. L. G. MALLABY

70 Whitehall, London SW1A 2AS
Telephone 01 233 7220



CABINET OFFICE

70 Whitehall London SW1A 2AS Telephone 01-233 8220

CONFIDENTIAL

B.07601

26 November 1986

Dear David

Possible meeting between the Prime Minister
and the Taoiseach

The Foreign and Commonwealth Secretary's minute of 21 November referred to the possibility of a meeting between the Prime Minister and the Taoiseach during the latter's visit to the United Kingdom next weekend to receive an Honorary Degree from Keele University or in the margins of the European Council a week later. Michael Lillis raised the question of a meeting this weekend with the Northern Ireland Secretary on the evening of 24 November, the Irish Ambassador raised it with Timothy George yesterday and Dermot Nally has been in touch with Robert Armstrong's office. Dorr and Nally both mentioned that Dr FitzGerald would be seeing Mr Kinnock in London this weekend.

2. I consulted Number Ten regarding the Prime Minister's diary. A meeting this weekend would not be convenient. It was agreed, subject to FCO and NIO views, that we should inform Noel Dorr of this, and go on to say that a meeting in the margins of the European Council should be possible, when the afternoon of Saturday 6 December would be the most convenient time.
3. After securing FCO and NIO concurrence, I spoke to Dorr at noon today (after we had made several unsuccessful attempts to contact him or Nally yesterday evening and early this morning). I pointed out that, as Dorr already knew, the Northern Ireland Secretary would be seeing the Taoiseach on 28 November.
4. Dorr said he would inform Dublin. It was left that the Taoiseach's office would be in touch with Charles Powell direct about the arrangements for a meeting on the afternoon of 6 December. Dorr was aware that it might be difficult to fix a definite time in advance.
5. I take it that the FCO will co-ordinate a brief in the proper form. The Cabinet Office would be grateful to see the draft.

Yours ever

Christopher
C L G Mallaby

A D S Goodall Esq CMG
FOREIGN & COMMONWEALTH OFFICE

Copies:

A J E Brennan Esq CB, NIO

C D Powell Esq, No 10 ~~Whitehall~~

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Original Filed on:

EUROPEAN POLICY: Visits
of President of EEC:
Part 2

bc PC

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

26 November 1986

**PRIME MINISTER'S MEETING WITH THE PRESIDENT OF THE COMMISSION
OF THE EUROPEAN COMMUNITIES**

The Prime Minister saw the President of the Commission of the European Communities this morning to discuss the forthcoming European Council. M. Delors was accompanied by M. Lamy. Sir David Hannay was also present.

European Council

Economic and Social Situation

The Prime Minister said that she hoped to avoid a discussion of the economic situation in each member state. She would be grateful if M. Delors would make a brief introductory statement, focussing in particular on employment, and the need to stimulate more small business and enterprise. She would steer the Council towards positive conclusions on the employment initiative. She was disappointed by the lack of progress on the internal market and, depending on what happened at the Internal Market Council on 1 December, might need to extract a commitment from the European Council to agree the outstanding measures by the end of the year. There might have to be a special Council to deal with this. She was also disappointed at the lack of progress on access to cheaper air fares and intended to raise this issue. It would be helpful if the Commission could speak in support.

M. Delors said that he would certainly be prepared to introduce the discussion. He would have circulated his papers in advance and would need to comment only briefly. He agreed with the aim of avoiding a general palaver on the world economy and focussing discussion as tightly as possible on employment. He had a number of ideas which he might mention for radical changes in the use of the Social Fund to deal with unemployment. M. Delors noted that the German economy had room for expansion, which if used would benefit the Community as a whole. But it was difficult to raise this with Chancellor Kohl before the elections in Germany.

The Prime Minister said that she always found Commission papers on the economic situation in the Community very instructive. She was also grateful to the Commission for some of the positive steps which they had taken to help small businesses, for instance by increasing the VAT threshold for them. The Prime Minister commented that she remained very concerned about Japan's failure to take effective action to correct its massive trade surplus. It might be helpful if the European Council's conclusions contained a clear hint of likely further Community action against Japan, unless there was a satisfactory response to the GATT complaint on alcoholic drinks. M. Delors thought that this would be useful, although there might be difficulties in securing German acquiescence.

Sir David Hannay referred to the likelihood that the Southern-tier Member States might try to link progress on the internal market with cohesion. The Prime Minister observed that they viewed the European Community as a mechanism for redistributing income. Life was not like that and she would say so.

Terrorism, immigration, drugs

The Prime Minister said that she would also aim to discuss the issues of terrorism, immigration and drugs on the first afternoon. It seemed that there was still scope for closer co-operation against terrorism, although there were constraints about sharing intelligence with some Member States. She had been very satisfied with the united front shown by the Twelve over Syria. Her aim would be to achieve very firm conclusions from the Council on terrorism. On the question of internal barriers, a balance had to be found between freer movement within the Community and the need to protect our societies against terrorism and drugs. Chancellor Kohl wished to raise his problem over asylum seekers. She also intended to deal, in this session, with co-operation over AIDS; and would propose agreement to a European Cancer Information Year.

M. Delors spoke with appreciation of the two meetings organised by the Home Secretary to deal with terrorism. On cancer and AIDS, the problem was to break the wall of silence.

The Prime Minister handed over to M. Delors a copy of the message which she will be sending to heads of government, together with copies of the Presidency's discussion papers.

Discussion over Dinner

The Prime Minister said that she intended that the main theme for Heads of Government over dinner should be East/West relations and arms control. It was important to keep the Community together on these issues. She would report on her visit to Washington. Other political co-operation subjects would be dealt with by Foreign Ministers. She understood that one or two Heads of Governments might want to raise South Africa. This would put Chancellor Kohl in an embarrassing

position and she would not co-operate with that. She did not envisage any conclusions on South Africa.

The Prime Minister continued that she would be grateful if M. Delors would give Heads of Government a short account of the Commission's intentions in relation to the ex novo review of Community finances over drinks before dinner. This would ensure that any discussion was time limited. M. Delors agreed to do so. He would describe the main lines of the papers which the Commission would table on financial perspectives, the structural funds and agricultural policy. The Prime Minister stressed the need to tackle these problems radically. The Community had taken a considerable step forward on financial discipline and equity at Fontainebleau and subsequently towards completing the internal market. But there had been some slippage, particularly over financial discipline and in the failure to tackle agricultural surpluses. Unless steps were taken to bring agricultural spending under effective control, there would be no money to spend on more desirable objectives like research and development. M. Delors confirmed that the Commission's proposals would deal with these issues. It was important, in particular, that the European Parliament should be fully involved in budgetary discipline. They could not be left outside the procedure, with discretion to propose increases in spending.

The Prime Minister said that she might mention informally over dinner the problems posed for European Governments by ever heavier social security spending. This was an issue which affected all Member States. It might be less difficult to tackle the problems collectively. But she did not envisage a discussion on this occasion.

CAP

The Prime Minister said that the European Council should urge Agriculture Ministers to reach conclusions rapidly on the Commission's proposals for reform of the milk and beef régimes. She did not envisage a detailed discussion. But the Community was going to have to look very seriously at the CAP over the next two years, even though there would be difficulties in agreeing radical reforms until elections in the main Community countries were out of the way. The present system simply could not carry on unchanged. There was no question of providing additional funds. Indeed, strict cash limits might be the only way to achieve reform. There had to be radical changes to the intervention system, and steps to dispose of existing surplus stocks, possibly putting the onus for financing disposal on the individual member States holding the stocks. Other sectors of Europe's economy, such as steel and coal had been forced into radical restructuring. Agriculture could not be exempt.

M. Delors said that the Commission had made tough proposals for reducing dairy and beef surpluses. The problem lay with Agriculture Ministers who were unwilling to face up to difficult decisions. He agreed that it would be helpful

for the European Council to give a strong steer. If the immediate problems were not solved, there would be an explosion in costs next year. The Commission would be proposing a radical re-orientation of the CAP, in the papers which they would present at the end of the year, including a weakening of the intervention system.

Structural Funds

The Prime Minister referred to problems which the United Kingdom had experienced over the ERDF. We wanted our full allocation but must be able to have a say in which projects should be financed. She was very concerned generally about the amount which we had to pay to Europe across the exchanges, both for the Community and for our forces in Germany. M. Delors said that the Commission would be proposing reforms in the Structural Funds.

Sex Discrimination

The Prime Minister mentioned the difficulties for women's colleges at Oxford which would arise if the Commission pursued infraction proceedings against the United Kingdom over the Equal Treatment Directive. Although the Commission's objective might be laudable, their action would have the perverse effect of making it harder to find posts for women. Our purpose was to protect the interests of women. She would fight the Commission hard on this.

It was agreed that Sir David Hannay would let M. Delors have a note, which he undertook to study.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, Secretary of State for Trade and Industry, Paymaster General, Home Secretary, Minister of Agriculture and Sir Robert Armstrong.

CHARLES POWELL

Colin Budd, Esq.,
Foreign and Commonwealth Office.

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T225/86

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FRAME GENERAL

MY TELNO 432: EUROPEAN COUNCIL: PRIME MINISTER'S MESSAGE TO EC
HEADS OF GOVERNMENT

1. FOLLOWING IS TEXT OF PRESIDENCY REPORT ON FRONTIER CONTROLS,
TERRORISM, IMMIGRATION AND DRUGS.

BEGINS:

FRONTIER CONTROLS/TERRORISM/IMMIGRATION/DRUGS
(PRESIDENCY REPORT TO THE EUROPEAN COUNCIL)

1. ON SIGNING THE SINGLE EUROPEAN ACT AND COMMITTING THEMSELVES
TO THE COMPLETION OF THE INTERNAL MARKET BY 1992 WE DECLARED
THAT:

QUOTE: IN ORDER TO PROMOTE THE FREE MOVEMENT OF PERSONS, THE
MEMBER STATES SHALL COOPERATE, WITHOUT PREJUDICE TO THE POWERS OF
THE COMMUNITY, IN PARTICULAR AS REGARDS THE ENTRY, MOVEMENT AND
RESIDENCE OF NATIONALS OF THIRD COUNTRIES. THEY SHALL ALSO
COOPERATE IN THE COMBATING OF TERRORISM, CRIME, THE TRAFFIC IN
DRUGS, AND ILLICIT TRADING IN WORKS OF ART AND ANTIQUES.

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2. THE UNITED KINGDOM PRESIDENCY HAS GIVEN PRIORITY TO WORK DESIGNED TO GIVE PRACTICAL EFFECT TO THIS DECLARATION. FURTHER TERRORIST ATTACKS ON THE TERRITORY OF MEMBER STATES AND EVIDENCE OF STATE SPONSORED TERRORISM HAVE GIVEN THIS ADDED URGENCY.

THE TREVI MINISTERIAL MEETING ON 25 SEPTEMBER AGREED ON FURTHER ACTION TO COMBAT TERRORISM, INCLUDING A SECURE COMMUNICATIONS LINK BETWEEN NATIONAL POLICE FORCES AND THE REGULAR EXCHANGE OF THREAT ASSESSMENTS.

FOREIGN MINISTERS REACHED AGREEMENT ON 10 NOVEMBER ON CONCERTED MEASURES IN RESPONSE TO THE EVIDENCE REVEALED IN THE HINDAWI TRIAL.

WE SHOULD DECIDE WHAT FURTHER ACTION CAN BE TAKEN TO DETER TERRORIST ACTIVITY ON THE TERRITORY OF ANY MEMBER STATE AND REAFFIRM OUR COMMITMENT TO MAKE NO CONCESSIONS TO TERRORIST BLACKMAIL, AND SOLIDARITY BETWEEN THE MEMBER STATES IN OUR RESPONSE TO SUCH ACTIONS.

3. FOLLOWING THE FURTHER AGREEMENTS REACHED AT THE MEETING OF THE INTERIOR AND JUSTICE MINISTERS AND LORD COCKFIELD ON 20 OCTOBER, WORK MUST BE CARRIED FORWARD ON:

- THE ARRANGEMENTS FOR EXTRADITION OF THOSE ACCUSED OF VIOLENT CRIMES:

- STEPS TO ENSURE THAT PROVISION FOR ASYLUM SEEKERS IS NOT ABUSED. WE HAVE TO DISTINGUISH BETWEEN THOSE GENUINELY NEEDING ASYLUM IN OUR COUNTRIES - BECAUSE OF A DENIAL OF DEMOCRATIC RIGHTS ELSEWHERE, AND ATTEMPTS TO ABUSE THIS RIGHT AS A WAY OF CIRCUMVENTING IMMIGRATION CONTROLS:

- COOPERATION TO COUNTER THE THEFT AND FORGERY OF PASSPORTS:

- THE COORDINATION OF VISA REGIMES:

- CONCERTED ACTION TO DEAL WITH ILLEGAL IMMIGRATION.

4. AT THE SAME TIME THE EFFORT MUST BE CONTINUED TO SIMPLIFY FRONTIER PROCEDURES WITHIN THE COMMUNITY, WITHOUT WEAKENING OUR ESSENTIAL DEFENCES AGAINST TERRORISM, DRUGS AND ILLEGAL IMMIGRATION. THIS MUST INCLUDE ACTION TO STRENGTHEN CONTROLS AT THE COMMUNITY'S EXTERNAL FRONTIERS.

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5. INTERIOR MINISTERS HAVE DRAWN UP A PLAN FOR ACTION ON DRUGS BY THE COMMUNITY AND ITS MEMBER STATES. THEY HAVE AGREED ON THE NEED, IN COOPERATION WITH THE POMPIDOU GROUP, TO:

- CONCERT ACTION AGAINST THOSE WHO CRIMINALLY TRAFFIC IN ILLEGAL DRUGS:

- COORDINATE LEGAL ACTION, IN PARTICULAR IN RELATION TO CONFISCATION OF ASSETS:

- CONSIDER EXCHANGING DRUGS LIAISON OFFICERS:

- ENSURE THAT BILATERAL AND COMMUNITY AID SUPPORTS, AS APPROPRIATE, RECIPIENT COUNTRIES' EFFORTS TO COMBAT DRUG ABUSE:

- DRAW ON EACH OTHER'S EXPERTISE IN REDUCING THE DEMAND FOR DRUGS, ESPECIALLY AMONG THE YOUNG AND IN THE TREATMENT AND REHABILITATION OF DRUG ADDICTS.

6. THESE ARE PROBLEMS OF CONCERN TO CITIZENS IN ALL OUR COUNTRIES. HEADS OF GOVERNMENT ARE INVITED TO GIVE A FURTHER IMPETUS TO COOPERATION ON THESE SUBJECTS AND TO REACH CONCLUSIONS ON FURTHER ACTION.

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MR WILLIAMSON, CAB OFF

MR FRIES, HOME OFFICE

MR LEWIS, D/EMPLOYMENT

MR LAVELLE, HM TREASURY

MR MOGG, DTI

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SUBJECT CCMaster
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PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T224/86

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TO DESKBY 270700Z ATHENS
TELNO 432
OF 261800Z NOVEMBER 86
AND TO DESKBY 270700Z OTHER EUROPEAN COMMUNITY POSTS
AND TO DESKBY 270700Z UKREP BRUSSELS

FRAME GENERAL

MY TELNO 431: EUROPEAN COUNCIL: PRIME MINISTER'S MESSAGE TO EC
HEADS OF GOVERNMENT

1. FOLLOWING IS PRESIDENCY REPORT ON THE ECONOMIC AND SOCIAL
SITUATION:

BEGINS

A COMMUNITY CAMPAIGN FOR BUSINESS AND JOBS

(REPORT BY THE PRESIDENCY ON THE ECONOMIC AND SOCIAL SITUATION)

THE CHALLENGE

AMONG THE MAIN GOALS OF THE COMMUNITY ARE ECONOMIC AND SOCIAL
PROGRESS AND THE CONSTANT IMPROVEMENT OF THE LIVING AND WORKING
CONDITIONS OF THE PEOPLE OF EUROPE.

THE COMMUNITY WAS A MAJOR FORCE FOR GROWTH IN THE 1960S. IT
MUST BE SO AGAIN IN THE 1980S AND 1990S.

THE PROBLEM OF UNEMPLOYMENT, PARTICULARLY LONG-TERM
UNEMPLOYMENT, AFFECTS EVERY MEMBER STATE. IT CAN BE TACKLED
EFFECTIVELY ONLY THROUGH THE GROWTH OF BUSINESS AND ENTERPRISE.

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BUSINESS WILL FLOURISH ONLY IF BARRIERS TO TRADE ARE BROKEN DOWN THROUGHOUT THE COMMUNITY.

ENTERPRISE CAN BE ENCOURAGED IF STEPS ARE TAKEN TO REDUCE BURDENS AND OPEN UP OPPORTUNITIES IN ALL THE MEMBER STATES. THE PROGRESS MADE

THERE IS A GROWING CONVERGENCE OF ECONOMIC POLICY IN THE MEMBER STATES.

THIS HAS BEEN DEMONSTRATED IN THE POLICIES WE HAVE ADOPTED TO REDUCE INFLATION.

THE COMMISSION EXPECT INFLATION NEXT YEAR TO FALL TO 3 PERCENT, THE LOWEST COMMUNITY AVERAGE FOR 20 YEARS.

THE BRITISH PRESIDENCY HAS GIVEN PRIORITY TO:

- PROMOTING LONG-TERM PROSPERITY AND JOB CREATION THROUGH THE COMPLETION OF THE INTERNAL MARKET:

- LIGHTENING BURDENS ON BUSINESS:

- AN ACTION PROGRAMME FOR EMPLOYMENT GROWTH:

- HELPING SMALL AND MEDIUM-SIZED ENTERPRISES TO MAKE A DYNAMIC CONTRIBUTION TO THE CREATION OF PROSPERITY AND JOBS.

CAPITAL MOVEMENTS

FINANCE MINISTERS AGREED ON 17 NOVEMBER ON FURTHER MEASURES TO LIBERALISE CERTAIN CAPITAL TRANSACTIONS. THE COMMISSION SHOULD BE INVITED TO BRING FORWARD AS SOON AS POSSIBLE PROPOSALS TO ACHIEVE THE FREE MOVEMENT OF CAPITAL THROUGHOUT THE COMMUNITY BY 1992.

THE SINGLE LARGE MARKET

FASTER PROGRESS ON THE INTERNAL MARKET HAS BEEN ACHIEVED THIS YEAR THAN UNDER PRECEDING PRESIDENCIES. BUT THE PACE OF DECISIONS REMAINS TOO SLOW IF THE 1992 TARGET IS TO BE ACHIEVED. THE PRESIDENCY INVITES THE EUROPEAN COUNCIL TO ENDORSE THE NEED FOR DECISIONS BY THE END OF THIS YEAR ON ISSUES CURRENTLY BEFORE THE COUNCIL, IN PARTICULAR ON:

- THE FIRST STEPS TO BE TAKEN TO ACHIEVE A SINGLE MARKET IN ROAD HAULAGE BY 1992:

- CREATION OF COHERENT COMMUNITY POLICIES, INCLUDING THE INTRODUCTION OF GREATER COMPETITION IN THE FIELDS OF AIR AND SEA TRANSPORT:

- MEASURES TO OPEN UP PUBLIC PURCHASING:
- MEASURES IN THE FIELDS OF FOOD LAW AND PLANT AND ANIMAL HEALTH:
THE PRESIDENCY HAS PROPOSED THAT AGREEMENT SHOULD BE REACHED AT THE INTERNAL MARKET COUNCIL ON 1 DECEMBER ON A PACKAGE OF MEASURES, INCLUDING SIGNIFICANT PROPOSALS ON:

- COUNTERFEIT GOODS
- PHARMACEUTICALS
- PUBLIC PROCUREMENT
- STANDARDS IN THE FIELDS OF INFORMATION TECHNOLOGY AND TELECOMMUNICATIONS
- MICROCIRCUIT DESIGNS.

THE PRESIDENCY WILL MAKE FURTHER RECOMMENDATIONS TO THE EUROPEAN COUNCIL IN THE LIGHT OF THE PROGRESS ACHIEVED ON 1 DECEMBER.

TO MAINTAIN THE NECESSARY RATE OF PROGRESS ON THE PROGRAMME AS A WHOLE, THE PRESIDENCY INVITES THE EUROPEAN COUNCIL TO ENDORSE THE NEED FOR DECISIONS EARLY NEXT YEAR ON:

- THE MEASURES NECESSARY FOR THE FURTHER LIBERALISATION OF CAPITAL MOVEMENTS AND TO OPEN UP THE MARKET FOR FINANCIAL SERVICES:
 - THE FULL ARRANGEMENTS FOR A SINGLE MARKET IN ROAD HAULAGE BY 1992:
- FURTHER STEPS TO OPEN UP PUBLIC PURCHASING:
- THE MUTUAL RECOGNITION OF TESTS AND CERTIFICATES:
TECHNOLOGY

A NEW INDUSTRY-ORIENTED BASIS FOR FUTURE COMMUNITY ACTION WAS AGREED IN THE SINGLE EUROPEAN ACT. THE NEW FRAMEWORK PROGRAMME FOR R AND D UNDER DISCUSSION IN THE RESEARCH COUNCIL SHOULD GIVE A CLEAR SIGNAL OF THE COMMUNITY'S COMMITMENT TO R AND D AS A COMPONENT OF INDUSTRIAL COMPETITIVENESS.

TO MAKE THIS RESEARCH EFFORT EFFECTIVE AND RELEVANT TO SUCCESS IN WORLD MARKETS, THE COMMUNITY MUST ENCOURAGE WIDER COOPERATION BETWEEN EUROPEAN FIRMS. THE INVOLVEMENT OF SEVERAL HUNDRED EUROPEAN FIRMS AND RESEARCH INSTITUTES IN EUREKA PROJECTS HAS SHOWN WHAT CAN BE ACHIEVED. OPENING UP PUBLIC PROCUREMENT TO MORE EFFECTIVE COMPETITION IS ESSENTIAL.

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DECISIONS ARE IMMINENT IN THE KEY AREA OF DIGITAL CELLULAR RADIO (MOBILE RADIO TELEPHONES). THE POTENTIAL WORLD MARKET OVER THE NEXT 10 YEARS IS WORTH DOLLARS 10 BILLION. EUROPE'S CAPABILITY IN DIGITAL TECHNOLOGY IS NOW AHEAD OF THAT OF OUR MAIN COMPETITORS.

WE NEED TO BE ABLE TO EXPLOIT THIS TECHNICAL LEAD TO SEIZE A SUBSTANTIAL SHARE OF THAT MARKET. WE MUST HAVE A COMMON STANDARD: EUROPEAN PUBLIC TELECOMMUNICATIONS OPERATORS SHOULD JOIN TOGETHER TO OPEN A EUROPEAN SERVICE BY 1991, AND WE MUST AIM FOR A COLLABORATIVE APPROACH BY INDUSTRY.

ENCOURAGING ENTERPRISE

THE COMMUNITY HAS RECOGNISED THE IMPORTANCE OF LESSENING CONSTRAINTS ON BUSINESS TO ALLOW INITIATIVE TO FLOURISH AND EMPLOYMENT TO EXPAND.

THIS IS ESSENTIAL FOR SMALL AND MEDIUM-SIZED ENTERPRISES WHICH MUST PLAY A ROLE IN CREATING NEW JOBS.

- THE COMMISSION IS EXAMINING ALL NEW PROPOSED LEGISLATION FOR ITS IMPACT ON BUSINESS COSTS AND JOBS:
- AN ASSESSMENT ACCOMPANYING EACH PROPOSAL WILL ENABLE THE COUNCIL TO TAKE FULL ACCOUNT OF THE POTENTIAL EFFECTS ON BUSINESS COSTS AND JOBS. THIS MUST NOW BE PUT INTO EFFECT:
- A SPECIAL REVIEW IS BEING CARRIED OUT TO ASSESS THE IMPACT ON BUSINESS OF EXISTING COMMUNITY LEGISLATION. THE COMMISSION WILL REPORT WITH RECOMMENDATIONS FOR ACTION EARLY NEXT YEAR:
- A TASK FORCE HAS BEEN SET UP TO HELP ENSURE THAT THE INTERESTS OF SMES ARE TAKEN FULLY INTO ACCOUNT ACROSS THE FULL RANGE OF COMMUNITY POLICIES AFFECTING THEM.

THE COUNCIL HAS ENDORSED THE PRINCIPLES OF THE COMMISSION'S PROPOSALS ON HELP FOR SMALL BUSINESSES, AND IN PARTICULAR STEPS TO:

- ENSURE THAT EXISTING SCHEMES OPERATE EFFECTIVELY FOR SMALL FIRMS:
- IMPROVE THE ADMINISTRATIVE ENVIRONMENT FOR SMALL FIRMS:
- CREATE THE CONDITIONS IN WHICH NEW SMALL FIRMS CAN BE SET UP:
- IMPROVE THE ACCESS OF SMALL FIRMS TO NEW TECHNOLOGY:
- ENABLE MEMBER STATES TO PROFIT FROM EACH OTHER'S EXPERIENCE

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THROUGH AN INTENSIVE EXCHANGE OF INFORMATION AND MUTUAL EVALUATION OF INITIATIVES, INCLUDING SCHEMES TO HELP PEOPLE TO SET UP IN BUSINESS.

AGREEMENT HAS BEEN REACHED ON NEW COMMUNITY LOAN FACILITIES OF 1500 MECU WHICH WILL ENABLE THE COMMUNITY TO SUPPORT SMES' EFFORTS TO INVEST, PARTICULARLY IN NEW TECHNOLOGY.

THE COUNCIL SHOULD CONSIDER URGENTLY COMMISSION PROPOSALS TO RAISE THE THRESHOLD LIMIT FOR THE PAYMENT OF VAT BY SMALL FIRMS. AN ACTION PROGRAMME FOR EMPLOYMENT GROWTH

SOCIAL AFFAIRS MINISTERS AT THEIR INFORMAL MEETING IN EDINBURGH IN SEPTEMBER AGREED ON THE NEED FOR AN ACTION PLAN FOR EMPLOYMENT GROWTH WHICH THE COUNCIL COULD FORMALLY ADOPT IN AGREEMENT WITH THE COMMISSION. THE PRESIDENCY WILL BE SEEKING AGREEMENT IN THE COUNCIL ON 11 DECEMBER ON AN ACTION PROGRAMME DESIGNED TO:

- HELP BOTH YOUNG PEOPLE AND ADULTS INTO EMPLOYMENT:
- HELP THE LONG-TERM UNEMPLOYED BACK INTO JOBS:
- PROMOTE THE CREATION OF SELF-EMPLOYMENT AND OF SMALL AND MEDIUM SIZED FIRMS:
- IMPROVE THE WORKINGS OF THE LABOUR MARKET, INCLUDING WAYS OF INCREASING PART-TIME AND OTHER FLEXIBLE WORKING PATTERNS AND PROVIDING BETTER ACCESS TO THE LABOUR MARKET FOR DISADVANTAGED GROUPS.

CONCLUSION

THESE ARE ALL STEPS IN OUR COMMON BATTLE TO HELP CREATE PROSPERITY AND EMPLOYMENT FOR OUR CITIZENS. THE LONDON EUROPEAN COUNCIL SHOULD BE THE OCCASION TO DECIDE ON ACTIONS WHICH WOULD MAKE A PRACTICAL CONTRIBUTION TO OUR ABILITY TO ACHIEVE THOSE OBJECTIVES.

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MR LEWIS, D/EMPLOYMENT
MR MOGG, DTI

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SUBJECT CC MASTER
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PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T223/86

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AND TO DESKBY 270700Z UKREP BRUSSELS

MIPT: EUROPEAN COUNCIL: MESSAGE TO EC HEADS OF GOVERNMENT

1. FOLLOWING IS TEXT OF PRIME MINISTER'S MESSAGE TO EC HEADS OF GOVERNMENT.

BEGINS:

MESSAGE FROM THE PRIME MINISTER TO THE HEADS OF GOVERNMENT OF THE MEMBER STATES AND THE PRESIDENT OF THE COMMISSION

I LOOK FORWARD TO WELCOMING YOU TO LONDON FOR THE EUROPEAN COUNCIL ON 5-6 DECEMBER.

AFTER LUNCHING WITH HER MAJESTY THE QUEEN AT BUCKINGHAM PALACE, I SUGGEST THAT IN THE FIRST SESSION OF OUR MEETING, RATHER THAN HAVING A GENERAL DISCUSSION OF THE ECONOMIC AND SOCIAL SITUATION, WE MIGHT SEEK TO CONCENTRATE ON SOME SPECIFIC THEMES RELATING TO THE ECONOMY, BUSINESS AND JOBS, WHICH ARE OF CONCERN IN ALL OUR COUNTRIES.

I ENCLOSE A PRESIDENCY PAPER AS A BASIS FOR OUR DISCUSSION. I HOPE THAT YOU WILL NOT FEEL OBLIGED TO COMMENT ON ALL POINTS IN IT, BUT WILL CONCENTRATE ON THOSE ISSUES WHICH ARE OF PARTICULAR INTEREST TO YOU.

I HOPE WE CAN DEVOTE PARTICULAR ATTENTION TO:

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(A) EMPLOYMENT AND JOB CREATION, ON THE BASIS OF THE IDEAS BEING DISCUSSED BY OUR EMPLOYMENT MINISTERS. SMALL BUSINESSES HAVE AN ESSENTIAL ROLE TO PLAY IN THE CREATION OF NEW JOBS AND WE SHALL WANT TO TAKE NOTE OF THE COMMISSION'S RECENT PROPOSALS AND GIVE AN IMPETUS TO FURTHER DECISIONS.

(B) WE MUST REVIEW PROGRESS ON THE INTERNAL MARKET, INCLUDING AIR, SEA AND INLAND TRANSPORT, AND DECIDE WHAT FURTHER STEPS WE NEED TO TAKE TO ENSURE THAT WE ACHIEVE THE 1992 TARGET AGREED IN THE SINGLE EUROPEAN ACT.

AS A SECOND MAJOR THEME, I SUGGEST THAT WE SHOULD DISCUSS THE RELATED PROBLEMS OF FRONTIER CONTROLS, TERRORISM, IMMIGRATION AND DRUGS. IF WE ARE TO PROMOTE FREEDOM OF MOVEMENT WITHIN THE COMMUNITY, WE MUST INTENSIFY OUR COOPERATION IN THESE AREAS, AS WE AGREED WHEN WE NEGOTIATED THE SINGLE EUROPEAN ACT. THERE HAS BEEN GOOD PROGRESS IN DISCUSSIONS BETWEEN OUR INTERIOR MINISTERS. WE SHOULD AIM TO ENCOURAGE THAT WORK AND ADOPT A CONCERTED APPROACH TO THESE PROBLEMS WHICH ARE OF SERIOUS PUBLIC CONCERN. A DISCUSSION PAPER ON THESE ISSUES IS ENCLOSED. (BONN ONLY.)

PLEASE ADD:

BEGIN:

IT REFLECTS THE CONCERNS WHICH YOU RAISED IN YOUR LETTER TO ME OF 20 NOVEMBER. END.

WE SHOULD REVIEW PROGRESS IN OTHER AREAS WHERE WE ARE TRYING TO CREATE A COMMUNITY WHICH MEETS THE NEEDS OF ORDINARY PEOPLE. FOLLOWING THE INITIATIVE WE TOOK AT THE MILAN EUROPEAN COUNCIL I PROPOSE THAT WE DECIDE ON A EUROPEAN CANCER INFORMATION YEAR, WITH THE AIM OF DEVELOPING A SUSTAINED AND CONCERTED INFORMATION CAMPAIGN IN ALL THE MEMBER STATES ON THE PREVENTION, EARLY WARNING AND TREATMENT OF CANCER. I ALSO THINK WE SHOULD DISCUSS THE BIGGEST POTENTIAL PUBLIC HEALTH PROBLEM ANY OF US HAS HAD TO FACE, NAMELY AIDS. OUR HEALTH MINISTERS HAVE ADOPTED A RESOLUTION ON COOPERATION AGAINST AIDS. I PROPOSE THAT WE SHOULD AGREE ON A COMMUNITY-WIDE EXCHANGE OF INFORMATION AS PART OF A CONCERTED CAMPAIGN TO PREVENT THE SPREAD OF AIDS.

I HAVE ASKED JACQUES DELORS OVER DINNER TO TELL US ABOUT THE COMMISSION'S PLANS AND TIMETABLE FOR PRESENTING THE EX-NOVO

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REVIEW OF COMMUNITY FINANCES. IT WOULD NOT BE APPROPRIATE FOR THE EUROPEAN COUNCIL TO SEEK TO UNDERTAKE THE WORK OF AGRICULTURE MINISTERS. WE SHOULD UNDERLINE THE NEED FOR THE AGRICULTURE COUNCIL TO TAKE THE NECESSARY DECISIONS IN THE MILK AND BEEF SECTORS.

WE SHALL ALSO WANT DISCUSS RECENT IMPORTANT DEVELOPMENTS IN EAST/WEST RELATIONS. I WILL BE READY TO GIVE MY OWN IMPRESSIONS AFTER MY RECENT MEETING WITH PRESIDENT REAGAN. OTHER POLITICAL COOPERATION SUBJECTS CAN BE RAISED AT OUR DINNER, BUT I HOPE THAT MOST FOREIGN POLICY ISSUES CAN BE DEALT WITH BY FOREIGN MINISTERS.

ON SATURDAY MORNING, I HOPE THAT WE CAN REACH POSITIVE CONCLUSIONS ON THE SUBJECTS I HAVE MENTIONED. OUR MEETING WILL CONCLUDE WITH A LUNCHEON AT THE QUEEN ELIZABETH II CONFERENCE CENTRE ON THE SECOND DAY.

I LOOK FORWARD TO WELCOMING YOU HERE NEXT WEEK.

WITH BEST WISHES.

MARGARET THATCHER

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MR WILLIAMSON, CAB OFF

MR FRIES, HOME OFFICE

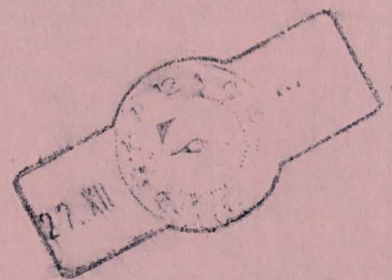
MR LEWIS, D/EMPLOYMENT

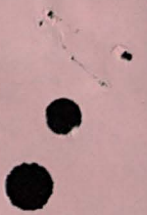
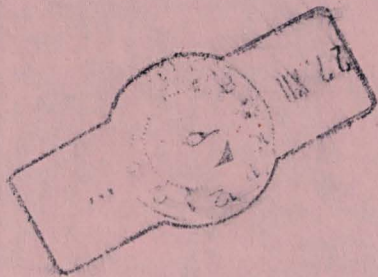
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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

26 November 1986

**AFGHANISTAN: POSSIBLE EUROPEAN
COUNCIL STATEMENT**

Thank you for your letter of 25 November enclosing a draft of a short statement which might be issued by the European Council on Afghanistan.

The Prime Minister is content with the proposal to issue such a statement and with the draft enclosed with your letter.

(C. D. POWELL)

Robert Culshaw, Esq., M.V.O.,
Foreign and Commonwealth Office.

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JAG AHG
cc PC

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

26 November 1986

**PRIME MINISTER'S REPORT TO THE EUROPEAN PARLIAMENT
ON THE LONDON EUROPEAN COUNCIL: 9 DECEMBER**

BF || Thank you for your letter of 25 November enclosing an outline for the speech which the Prime Minister will make to the European Parliament on 9 December. I agree that the Prime Minister will want to range more widely than simply report on the European Council itself and I think that the outline is a good start. I suspect that the Prime Minister will want to add rather more on the role of Europe in the broader context of the western alliance and its contribution to defending democratic values. It would be helpful if the material in the outline could be worked up very rapidly into a full text which can make the assumption that the outcome of the European Council will be broadly as we expect. I should be grateful for a text on these lines as early as possible next week.

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

(CHARLES POWELL)

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

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JLW

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

26 November 1986

EUROPEAN COUNCIL: PRESIDENCY PAPERS

For
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Thank you for your letter of 25 November enclosing a slightly revised version of the Prime Minister's letter to other European Community Heads of Government about the forthcoming European Council together with the discussion paper on business and jobs. The Prime Minister will, I am sure, be content with the amendments made and I shall ensure that she hands over copies to M. Delors.

The Prime Minister will be most reluctant to see any discussion of South Africa, although clearly we cannot prevent this if other Heads of Government want to raise it.

(C. D. POWELL)

Colin Budd, Esq.,
Foreign and Commonwealth Office.

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Foreign and Commonwealth Office

London SW1A 2AH

25 November 1986

Prime Minister
Agree to this brief
statement on
Dear Charles Afghanistan by the
European Council? CD 25/11

Afghanistan: Possible European Council Statement

The Foreign Secretary would be grateful for the Prime Minister's endorsement for the concept of a short statement on Afghanistan which might be issued by the European Council.

yes

At the outset of our Presidency we had envisaged that the European Council might issue a statement on Afghanistan at the December meeting. Political Directors have agreed to this in principle and I attach a draft text which, if the Prime Minister agreed, we would propose to circulate by Coreu to partners as soon as possible. The draft does not contain points of substance that would require discussion by Heads of Government and it should be possible to finalise the text by Coreu. If necessary Political Directors could consider it in the margins of the Council meeting before the Foreign Minister's dinner on 5 December. Heads of Government could then take it on the nod.

The statement would come shortly before the seventh anniversary of the Soviet invasion on 27 December and would signal continuing EC concern at a time when the Soviet propaganda and political effort of Afghanistan is increasing - for example with the recent withdrawal exercise - and the resistance are facing greater difficulties on the ground. We should continue to do all we can to maintain international pressure on the Soviet Union to withdraw their troops completely - and soon.

There is normally a joint EC statement on 27 December to mark the anniversary of the Soviet invasion. There would be little point in a further joint statement so soon after the European Council, but effective play could be made of the Council statement in our own national statement(s) and we would urge partners to do likewise.

I would be grateful if you could let me know soon if the Prime Minister is content with the proposal as outlined, so that the text can be put to partners.

John
R N Culshaw
 (R N Culshaw)
 Private Secretary

C D Powell Esq
PS/10 Downing Street

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DRAFT EUROPEAN COUNCIL STATEMENT

AFGHANISTAN

- As the seventh year of Soviet occupation comes to a close, Heads of Government again draw attention to the very serious situation facing the people of Afghanistan and neighbouring countries. Over 110,000 Soviet troops remain in Afghanistan to prosecute a bitter and repressive war. Four million Afghans have been forced to flee their country. The Afghan people are still denied their freedom and independence.

- Heads of Government support the United Nations Secretary General's search for a political settlement based on principles overwhelmingly endorsed. They call again on the Soviet Union to end the agony of the Afghan nation by agreeing to a rapid and complete withdrawal of Soviet forces.





(1)



Prime Minister

Agree to these
small changes in
the letter which you
have already approved?

(I have marked them on
the attached copy).

Dear Charles,

Foreign and Commonwealth Office

London SW1A 2AH

25 November 1986

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European Council: Presidency Papers

In the light of the Foreign Secretary's meeting with M. Delors on 23 November and the discussion in the Foreign Affairs Council yesterday, we suggest a small change in the passage on agriculture in the Prime Minister's letter to other heads of government; a reference to the fact that heads of government may raise other political cooperation issues over dinner; and the inclusion of a reference to decisions on the further liberalisation of capital movement as well as financial services in the discussion paper on business and jobs. I attach clean copies of the message and discussion papers, together with a set which, if the Prime Minister agrees, she may wish to hand over to M. Delors.

Denmark, the Netherlands and Ireland have said that their heads of government may wish to raise South Africa over dinner. There is no likelihood of a change in Chancellor Kohl's position and the Prime Minister will want to avoid a prolonged discussion.

We have received advance copies of the papers which the Commission will be circulating in advance of the European Council. I enclose a short summary/commentary. The Prime Minister should not need to go into these with M. Delors. The discussion at the European Council will be focussed mainly on the Presidency discussion papers.

I am writing separately about other matters for the Prime Minister's discussion with M. Delors.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
No 10 Downing St

MESSAGE FROM THE PRIME MINISTER TO THE HEADS OF GOVERNMENT
OF THE MEMBER STATES AND THE PRESIDENT OF THE COMMISSION

I look forward to welcoming you to London for the European Council on 5-6 December.

After lunching with Her Majesty The Queen at Buckingham Palace, I suggest that in the first session of our meeting, rather than having a general discussion of the economic and social situation, we might seek to concentrate on some specific themes relating to the economy, business and jobs, which are of concern in all our countries.

/ I enclose a Presidency paper as a basis for our discussion. I hope that you will not feel obliged to comment on all points in it, but will concentrate on those issues which are of particular interest to you.

I hope we can devote particular attention to:

(a) employment and job creation, on the basis of the ideas being discussed by our Employment Ministers. Small businesses have an essential role to play in the creation of new jobs and we shall want to take note of the Commission's recent proposals and give an impetus to further decisions.

(b) we must review progress on the internal market, including air, sea and inland transport, and decide what further steps we need to take to ensure that we achieve the 1992 target agreed in the Single European Act.

As a second major theme, I suggest that we should discuss the related problems of frontier controls, terrorism, immigration and drugs. If we are to promote freedom of movement within the Community, we must intensify our cooperation in these areas, as we agreed when we negotiated the Single European Act. There has been good progress in discussions between our Interior Ministers. We should aim to encourage that work and adopt a concerted approach

to these problems which are of serious public concern. A discussion paper on these issues is enclosed.

We should review progress in other areas where we are trying to create a Community which meets the needs of ordinary people. Following the initiative we took at the Milan European Council I propose that we decide on a European Cancer Information Year, with the aim of developing a sustained and concerted information campaign in all the member states on the prevention, early warning and treatment of cancer. I also think we should discuss the biggest potential public health problem any of us has had to face, namely AIDS. Our Health Ministers have adopted a resolution on cooperation against AIDS. I propose that we should agree on a Community-wide exchange of information as part of a concerted campaign to prevent the spread of AIDS.

I have asked Jacques Delors over dinner to tell us about the Commission's plans and timetable for presenting the ex-novo review of Community finances. It would not be appropriate for the European Council to seek to undertake the work of Agriculture Ministers. We should underline the need for the Agriculture Council to take the necessary decisions in the milk and beef sectors.

We shall also want discuss recent important developments in East/West relations. I will be ready to give my own impressions after my recent meeting with President Reagan. Other political cooperation subjects can be raised at our dinner, but I hope that most foreign policy issues can be dealt with by Foreign Ministers.

On Saturday morning, I hope that we can reach positive conclusions on the subjects I have mentioned. Our meeting will conclude with a luncheon at the Queen Elizabeth II Conference Centre on the second day.

I look forward to welcoming you here next week.

With best wishes.

Margaret Thatcher

25 November, 1986

A COMMUNITY CAMPAIGN FOR BUSINESS AND JOBS

(report by the Presidency on the Economic and Social Situation)

THE CHALLENGE

Among the main goals of the Community are economic and social progress and the constant improvement of the living and working conditions of the people of Europe.

The Community was a major force for growth in the 1960s. It must be so again in the 1980s and 1990s.

The problem of unemployment, particularly long-term unemployment, affects every member state. It can be tackled effectively only through the growth of business and enterprise.

Business will flourish only if barriers to trade are broken down throughout the Community.

Enterprise can be encouraged if steps are taken to reduce burdens and open up opportunities in all the member states.

THE PROGRESS MADE

There is a growing convergence of economic policy in the member states.

This has been demonstrated in the policies we have adopted to reduce inflation.

The Commission expect inflation next year to fall to 3%, the lowest Community average for 20 years.

THE BRITISH PRESIDENCY HAS GIVEN PRIORITY TO:

- promoting long-term prosperity and job creation through the completion of the internal market;
- lightening burdens on business;
- an action programme for employment growth;
- helping small and medium-sized enterprises to make a dynamic contribution to the creation of prosperity and jobs.

CAPITAL MOVEMENTS

Finance Ministers agreed on 17 November on further measures to liberalise certain capital transactions. The Commission should be invited to bring forward as soon as possible proposals to achieve the free movement of capital throughout the Community by 1992.

THE SINGLE LARGE MARKET

Faster progress on the internal market has been achieved this year than under preceding Presidencies. But the pace of decisions remains too slow if the 1992 target is to be achieved. The Presidency invites the European Council to endorse the need for decisions by the end of this year on issues currently before the Council, in particular on:

- the first steps to be taken to achieve a single market in road haulage by 1992;
- creation of coherent Community policies, including the introduction of greater competition, in the fields of air and

sea transport;

- measures to open up public purchasing;
- measures in the fields of food law and plant and animal health;

The Presidency has proposed that agreement should be reached at the Internal Market Council on 1 December on a package of measures, including significant proposals on:

- counterfeit goods;
- pharmaceuticals;
- public procurement;
- standards in the fields of information technology and telecommunications;
- microcircuit designs.

The Presidency will make further recommendations to the European Council in the light of the progress achieved on 1 December.

To maintain the necessary rate of progress on the programme as a whole, the Presidency invites the European Council to endorse the need for decisions early next year on:

- the measures necessary for the further liberalisation of capital movements and to open up the market for financial services;
- the full arrangements for a Single Market in road haulage by 1992;
- further steps to open up public purchasing;

- the mutual recognition of tests and certificates.

TECHNOLOGY

A new industry-oriented basis for future Community action was agreed in the Single European Act. The new Framework Programme for R & D under discussion in the Research Council should give a clear signal of the Community's commitment to R & D as a component of industrial competitiveness.

To make this research effort effective and relevant to success in world markets, the Community must encourage wider cooperation between European firms. The involvement of several hundred European firms and research institutes in EUREKA projects has shown what can be achieved. Opening up public procurement to more effective competition is essential.

Decisions are imminent in the key area of digital cellular radio (mobile radio telephones). The potential world market over the next 10 years is worth \$10 billion. Europe's capability in digital technology is now ahead of that of our main competitors. We need to be able to exploit this technical lead to seize a substantial share of that market. We must have a common standard; European public telecommunications operators should join together to open a European service by 1991; and we must aim for a collaborative approach by industry.

ENCOURAGING ENTERPRISE

The Community has recognised the importance of lessening constraints on business to allow initiative to flourish and employment to expand.

This is essential for small and medium-sized enterprises which must play a role in creating new jobs.

- The Commission is examining all new proposed legislation for its impact on business costs and jobs;
- an assessment accompanying each proposal will enable the Council to take full account of the potential effects on business costs and jobs. This must now be put into effect;
- a special review is being carried out to assess the impact on business of existing Community legislation. The Commission will report with recommendations for action early next year;
- a Task Force has been set up to help ensure that the interests of SMEs are taken fully into account across the full range of Community policies affecting them;

The Council has endorsed the principles of the Commission's proposals on help for small businesses, and in particular steps to:

- ensure that existing schemes operate effectively for small firms;
- improve the administrative environment for small firms;
- create the conditions in which new small firms can be set up;
- improve the access of small firms to new technology;
- enable Member States to profit from each other's experience through an intensive exchange of information and mutual evaluation of initiatives, including schemes to help people to set up in business.

Agreement has been reached on new Community loan facilities of 1500 mecu which will enable the Community to support SMEs' efforts to invest, particularly in new technology.

The Council should consider urgently Commission proposals to raise the threshold limit for the payment of VAT by small firms.

AN ACTION PROGRAMME FOR EMPLOYMENT GROWTH

Social Affairs Ministers at their informal meeting in Edinburgh in September agreed on the need for an action plan for employment growth which the Council could formally adopt in agreement with the Commission. The Presidency will be seeking agreement in the Council on 11 December on an action programme designed to:

- help both young people and adults into employment;
- help the long-term unemployed back into jobs;
- promote the creation of self-employment and of small and medium sized firms;
- improve the workings of the labour market, including ways of increasing part-time and other flexible working patterns and providing better access to the labour market for disadvantaged groups.

CONCLUSION

These are all steps in our common battle to help create prosperity and employment for our citizens. The London European Council should be the occasion to decide on actions which would make a practical contribution to our ability to achieve those objectives.

25 November 1986

FRONTIER CONTROLS/TERRORISM/IMMIGRATION/DRUGS

(Presidency report to the European Council)

1. On signing the Single European Act and committing themselves to the completion of the internal market by 1992 we declared that:

'In order to promote the free movement of persons, the member states shall cooperate, without prejudice to the powers of the Community, in particular as regards the entry, movement and residence of nationals of third countries. They shall also cooperate in the combating of terrorism, crime, the traffic in drugs, and illicit trading in works of art and antiques.'

2. The United Kingdom Presidency has given priority to work designed to give practical effect to this Declaration.

Further terrorist attacks on the territory of member states and evidence of state sponsored terrorism have given this added urgency.

The Trevi Ministerial meeting on 25 September agreed on

RB2ACR

further action to combat terrorism, including a secure communications link between national police forces and the regular exchange of threat assessments.

Foreign Ministers reached agreement on 10 November on concerted measures in response to the evidence revealed in the Hindawi trial.

We should decide what further action can be taken to deter terrorist activity on the territory of any member state and reaffirm our commitment to make no concessions to terrorist blackmail, and solidarity between the member states in our response to such actions.

3. Following the further agreements reached at the meeting of the Interior and Justice Ministers and Lord Cockfield on 20 October, work must be carried forward on:

- the arrangements for extradition of those accused of violent crimes;
- steps to ensure that provision for asylum seekers is not abused. We have to distinguish between those genuinely needing asylum in our countries

- because of a denial of democratic rights elsewhere, and attempts to abuse this right as a way of circumventing immigration controls;
- cooperation to counter the theft and forgery of passports;
- the coordination of visa regimes;
- concerted action to deal with illegal immigration.

4. At the same time the effort must be continued to simplify frontier procedures within the Community, without weakening our essential defences against terrorism, drugs and illegal immigration. This must include action to strengthen controls at the Community's external frontiers.

5. Interior Ministers have drawn up a plan for action on drugs by the Community and its member states. They have agreed on the need, in cooperation with the Pompidou Group, to:

- concert action against those who criminally traffic in illegal drugs;
- coordinate legal action, in particular in relation to confiscation of assets;
- consider exchanging Drugs Liaison Officers;
- ensure that bilateral and Community aid supports,

as appropriate, recipient countries efforts to combat drug abuse;

- draw on each other's expertise in reducing the demand for drugs, especially among the young and in the treatment and rehabilitation of drug addicts.

6. These are problems of concern to citizens in all our countries. Heads of Government are invited to give a further impetus to cooperation on these subjects and to reach conclusions on further action.

EUROPEAN COUNCIL: COMMISSION PAPERS

The Commission paper on Short-term economic perspective examines the prospects for growth in the European economy. It attaches somewhat exaggerated importance to the agreement between the United States and Japan on interest rates and the level of the yen. It refers in vague terms to a cooperative growth strategy - a phrase which was included in the European Council conclusions at The Hague. The paper is unlikely to attract much attention in the European Council discussion.

The Commission paper on Community action on employment is very helpful from our point of view. It concentrates on creating the right environment for small and medium enterprises (including deregulation and the simplification of VAT on small business). It gives support to the specific ideas on employment launched by the United Kingdom in the Social Affairs Council.

The Commission paper on the Internal Market ("completing an area without frontiers") expresses concern at the slow rate of progress despite signature of the Single European Act.

The term "area without frontiers" was defined in the Single European Act as applying for the purposes of the EC Treaty. It was explicitly agreed that nothing in this could affect the ability of Member States to take the action necessary to deal with terrorism, immigration, drugs, etc. The paper gives strong support to the initiative taken by the Prime Minister to get agreement on a package of measures at the International Market Council on 1 December. It refers also to the need to make progress with internal market measures in other Councils (Transport, Agriculture and ECOFIN).

It urges that attention should be paid to measures in the fiscal area in 1987 (including the approximation of VAT: but handling of this matter in ECOFIN has shown that few Member States are prepared to take action in this sense at the present time).

The Commission paper on Europe Against Cancer draws attention to the action already taken following the conclusions reached at the Milan European Council and draws attention to the Commission's proposals for a concerted campaign on the prevention of cancer. This is in line with the proposal the Prime Minister will be making in her letter to the Heads of Government before the European Council.



Foreign and Commonwealth Office

London SW1A 2AH

25 November 1986

CDP
27/xi

Dear Charles,

Prime Minister's Report to the European Parliament
on the London European Council: 9 December

/ I enclose a draft outline of the speech, prepared in conjunction with the Cabinet Office, and approved by the Foreign Secretary.

/ In 1981, the Prime Minister used her report on the European Council (copy enclosed) to make some wider points about EC policy. We suggest that she does the same on this occasion, ie not only describing the outcome of the European Council, as she will do in her report to the House of Commons, but taking the opportunity to make a statement about our approach to Community policy in general, covering in particular the need to make the Community relevant to ordinary people and our concentration on practical objectives such as the promotion of jobs and business.

The Prime Minister need not speak for more than 20 minutes. If you are content with the enclosed outline, we shall inject more colour into a fuller draft of a speech.

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

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
PS/10 Downing Street

**OUTLINE FOR PRIME MINISTER'S SPEECH TO THE EUROPEAN PARLIAMENT:
DECEMBER 1986**

1. Privileged in 1981 to be the first head of government to report to you on the outcome of the Presidency. Greater privilege today to be the first to do so for the second time.

2. The Community has had many successes since I was last here: enlargement; Stuttgart/Fontainebleau; treaty reform; determined effort to make the Community count in foreign policy and external trade and as a force for economic growth. Britain has played its part in these successes.

3. Right to look at the distance travelled; but also at how far we have to go. The Community now launching itself on a new course designed for the 1990s and beyond. This requires renewed commitment to the best of our existing policies; and the development of new ones. It requires emphasis on making ourselves competitive with Japan and US; strength in new technologies; creation of single large market; policies for economic growth; common strategy for promoting jobs by improving environment for business and encouraging enterprise.

4. The Community's forward march also requires us to adapt old policies to suit the changing times. The whole world is today awash with agricultural surpluses. The fault not that of the Community. But the Community must play its part in the global attempt to correct it. We cannot as a Community, any more than as nations or families, escape difficult choices between priorities. We all accept the need to promote the health and vitality of a rural Community and safeguard the social and economic wellbeing of Europe's countryside, but we have to do so in the ways which make a sensible use of the very large resources we are devoting to that end. The bulk of agricultural production is absorbed by the market; but the costs of marginal over-production beyond what we can consume or export at any reasonable price, are now vertiginously high. Farm incomes have decreased while the

budgetary costs increase, precisely because this is not the most effective way of channelling aid to the farmers. This a problem for the whole Community, and we have to find solutions which will put our agriculture on a healthy basis for the future. Not possible to identify some golden date in the future when it would be right for us to take a lot of easy decisions. Partly because there is no such date. Partly because there are no such easy decisions. We have to take hard decisions now and follow them up assiduously.

5. Pleased that European Parliament has added its voice to those calling for essential reforms. If we do not take decisions, events will overtake us. Instead of well-ordered decisions for a coherent policy, we risk seeing a disorderly retreat into a proliferation of national measures. Not the way to exercise our responsibility to the taxpayer, consumer or the farmer. We cannot go on financing millions of tonnes of food which sit in grain silos or frozen beef and butter stores, sometimes for years.

6. Each Presidency has a responsibility to all citizens of Europe; a responsibility to make the Community work for their benefit.

7. We have had this very much in mind. It is not always obvious in eg launch of new GATT round. But jobs depend on it. Not necessarily obvious in handling of EC/Japan or EC/US relations. But jobs depend on that. [Describe action taken.]

8. More obvious in what we have done closer to home: measures to encourage business and enterprise and thereby to create jobs; further progress towards completing the internal market. [Action taken]. Need to enable our citizens to travel around Europe as freely and cheaply as US citizens are able to do around the UK. That means action on air fares. European Council gave a further impetus in these and other areas in agreeing a common strategy for business and jobs. [Detail].

9. Community built after two terrible wars to ensure a lasting peace in Europe. It has succeeded; and has also helped to broaden and deepen Europe's democratic tradition. But we face today a threat to our way of life and to our shared democratic principles from a new form of war, more insidious but no less deadly than those that have shaken Europe for centuries: terrorism.

[Community solidarity/measures against terrorism/drugs etc - European Council decisions]. When the Community needed to act against Syria it did so. Some people (wrongly) say too slowly. That some people expected us to reach decisions even sooner is an indication that their expectations have been raised, not that the Community's achievement lowered. We have to make it easier for our citizens to travel throughout the Community, whether for business or tourism. But in order to achieve that goal, we have to intensify our cooperation to deal together with the problem posed by illegal immigration, abuse of asylum, Free movement for businessmen - but not free movement for terrorists.

10. Each member state is a country with its own inheritance, its own ways of looking at the world, its own strengths. We have to build on these strengths together, by working in genuine partnership. The points on which we agree greatly outnumber and outweigh those on which we differ. The habit of cooperation is deepening. Partnership ^{in course of our successive presidencies} between UK/Dutch/Belgians real as well as symbolic.

11. Conclusion: Each Presidency works on these national strengths to make its own contribution to Europe. To show leadership. We have tried to do this; to help create a stronger, more confident, outward looking Europe. To give Europe its rightful and distinctive voice in world affairs.

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TELNO 4092
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INFO PRIORITY EUROPEAN COMMUNITY POSTS

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FOREIGN AFFAIRS COUNCIL: 24 NOVEMBER 1986

PREPARATION FOR EUROPEAN COUNCIL

SUMMARY

1. PRESIDENCY'S THEMES FOR DISCUSSION WELL RECEIVED. YOU SAW OFF PREDICTABLE DEMANDS FOR DISCUSSION OF COHESION AND OWN RESOURCES BEYOND DELORS' TRAILER OF THE COMMISSION'S PAPERS. DENMARK, NETHERLANDS AND IRELAND WANT HEADS OF GOVERNMENT TO DISCUSS SOUTH AFRICA.

DETAIL

2. OVER LUNCH, YOU EXPLAINED THE PRESIDENCY'S APPROACH TO THE EUROPEAN COUNCIL. WE WANTED TO AVOID A DISCURSIVE DISCUSSION OF ECONOMIC AND SOCIAL MATTERS AND TO CONCENTRATE ON TWO THEMES:

- (I) BUSINESS AND JOBS (INCLUDING EMPLOYMENT, SMES, DEREGULATION AND TECHNOLOGY):
- (II) THE INTERNAL MARKET: A REVIEW OF PROGRESS MADE BY THE IM COUNCIL ON 1 DECEMBER AND INSTRUCTIONS TO KEEP UP THE MOMENTUM BOTH THERE AND IN SPECIALIST COUNCILS, ESPECIALLY ON SUBJECTS WHICH WILL COME UNDER QM VOTING NEXT YEAR.

3. THE SECOND MAIN SUBJECT OF THE EUROPEAN COUNCIL, 'SAFEGUARDING THE OPEN SOCIETY', WOULD COVER IMMIGRATION, DRUGS AND TERRORISM AND GO ON LATER TO CONSIDER CANCER AND AIDS. THIS SUBJECT WOULD PROBABLY SPILL OVER TO SATURDAY MORNING.

4. OVER DINNER THE PRIME MINISTER WOULD INTRODUCE A DISCUSSION OF EAST/WEST RELATIONS AND ARMS CONTROL WITH AN ACCOUNT OF HER VISIT TO CAMP DAVID. DELORS WOULD EXPLAIN THE COMMISSION'S WORK PROGRAMME FOR THE EX NOVO REVIEW. FOREIGN MINISTERS WOULD DEAL WITH OTHER EPC SUBJECTS. REFERRING TO THE SERIES ON THE CAP BEGINNING IN TODAY'S TIMES, YOU SAID THAT IT WAS NOT THE PRESIDENCY'S INTENTION TO TURN THE EUROPEAN COUNCIL INTO AN AGRICULTURAL COUNCIL: BUT WE WOULD WANT TO ENCOURAGE AGRICULTURE MINISTERS TO REACH DECISION ON MILK AND BEEF IN DECEMBER.

BUSINESS AND JOBS

CONFIDENTIAL

5. ANDREOTTI (ITALY) HOPED THAT THE EUROPEAN COUNCIL WOULD FOCUS ON WHAT WAS NOT ALREADY BEING DONE ELSEWHERE AND IN PARTICULAR ON SOMETHING TO INTEREST THE YOUNG. YOU COMMENTED THAT THE ANGLO/IRISH/ITALIAN EMPLOYMENT INITIATIVE CLEARLY FOCUSED ON THIS. PANGALOS QUERIED WHETHER HEADS OF GOVERNMENT COULD DISCUSS JOB CREATION WITHOUT DEALING WITH THE LINKED QUESTION OF COHESION. PAPANDREOU WOULD WANT TO DISCUSS ANYTHING THAT CAME INTO HIS HEAD. THE PRESIDENCY SHOULD AVOID TOO RIGID A FRAMEWORK. YOU ASSURED HIM THAT THIS WAS NOT OUR INTENTION: THE PRESIDENCY WAS MERELY SUGGESTING BROAD THEMES.

BUDGET

6. ORDONEZ (SPAIN) CLAIMED THAT IT WOULD BE DIFFICULT TO DISCUSS THE INTERNAL MARKET WITHOUT A CLEARER IDEA OF WHAT THE EX NOVO REVIEW WOULD ENTAIL. COULD NOT THE COMMISSION PRODUCE A SHORT PAPER ON THIS FOR THE EUROPEAN COUNCIL. PIREZ MIRANDA (PORTUGAL) AGREED. BARRY (IRELAND) SAID THAT FITZGERALD WOULD WISH TO DISCUSS THE BUDGET, THE IM, AND COHESION, ESPECIALLY THE PROBLEMS OF THE PERIPHERY. DELORS (COMMISSION) EXPLAINED THAT THE COMMISSION WOULD TABLE ITS THREE LINKED PAPERS (ON THE BUDGET, THE CAP AND THE STRUCTURAL FUNDS) BEFORE THE END OF THE YEAR, AS REQUIRED BY THE FONTAINEBLEAU CONCLUSIONS. HE WAS READY TO EXPLAIN AND TRAIL THE COMMISSION'S PAPERS AT THE EUROPEAN COUNCIL. BUT HE AGREED WITH STAVENHAGEN (GERMANY) THAT THERE COULD BE NO DISCUSSION IN ADVANCE OF THE COMMISSION'S PAPERS. HE WONDERED WHETHER IT WOULD MAKE SENSE TO DO HIS TRAILER ON THE BUDGET OVER PRE-DINNER DRINKS, WITH FOREIGN MINISTERS PRESENT. YOU AGREED TO LOOK AT THE TIMETABLE AGAIN WITH THIS IDEA IN MIND. RAIMOND (FRANCE) ENDORSED THE PRESIDENCY'S APPROACH.

THE OPEN SOCIETY

7. IT EMERGED THAT LUBBERS AND KOHL WOULD WANT TO RAISE ASYLUM SEEKERS DURING DISCUSSION OF THE OPEN SOCIETY. TINDEMANS FELT THAT TERRORISM WAS BEING DISCUSSED IN TOO MANY PLACES AND THAT IT WAS TIME TO GIVE PRIORITY TO ITS HANDLING IN THE COMMUNITY CONTEXT.

SOUTH AFRICA

8. ELLEMAN JENSEN (DENMARK) WANTED SOUTH AFRICA TO BE DISCUSSED IN THE EUROPEAN COUNCIL ITSELF AND NOT JUST OVER THE FOREIGN MINISTERS' DINNER. KOHL SHOULD EXPLAIN WHY HE HAD RENEGED ON HIS OBLIGATIONS AFTER THE HAGUE. FROM A RECENT VISIT TO SOUTH AFRICA, HE COULD REPORT THERE WAS GREAT DISAPPOINTMENT WITH THE EC. BARRY AND VAN DEN BROEK (NETHERLANDS) ALSO WANTED HEADS OF GOVERNMENT TO CONSIDER SOUTH AFRICA IN GENERAL TERMS. STAVENHAGEN SAID THAT ANY DISCUSSION OF SOUTH AFRICA SHOULD FOCUS MORE ON POSITIVE MEASURES AND A POLITICAL INITIATIVE BY THE TWELVE THAN ON RESTRICTIVE MEASURES. MRS CHALKER OBSERVED THAT THERE WAS UNLIKELY TO BE ANY CHANGE IN MEMBER STATES' POSITIONS ON RESTRICTIVE MEASURES. THE COMMUNITY SHOULD CONCENTRATE ON WHAT WAS ESSENTIAL AND WHAT WE COULD AGREE ON, SUCH AS THE INTERNAL MARKET, RATHER THAN DRAW ATTENTION TO ITS DISAGREEMENTS.

EAST/WEST RELATIONS

-2-
CONFIDENTIAL

9. VAN DEN BROEK (NETHERLANDS) SAID THAT LUBBERS WOULD WISH TO REPORT ON HIS MOSCOW VISIT. BUT FOREIGN MINISTERS SHOULD ALSO DISCUSS EAST/WEST RELATIONS, TAKING ACCOUNT OF THE VIENNA AND REYKJAVIK MEETINGS. ELLEMANN JENSEN SUGGESTED THAT, IN VIEW OF TRANSATLANTIC TRADE ISSUES, WEST/WEST RELATIONS SHOULD ALSO BE DISCUSSED. YOU SAID THAT POLITICAL DIRECTORS MIGHT BE ASKED TO CONSIDER THIS FURTHER. DISCUSSION OF EAST/WEST RELATIONS WOULD NEED TO HAVE A WEST/WEST CONTEXT ANYWAY. YOU DOUBTED WHETHER IT WOULD BE WISE TO BRING IN THE IRANIAN BUSINESS, WHICH REMAINED VERY SENSITIVE.

HANNAY

YYYY

ADVANCE

PS FCO

PS/MRS CHALKER FCO

RENWICK FCO

WALL FCO

SHEPHERD FCO

FORD FCO

EVANS FCO

RAMSDEN FCO

D THOMAS FCO

WILLIAMSON CAB

JAY CAB

MOGG DTI

LOUGHEAD DTI

ANDREWS MAFF

HADLEY MAFF

LAVELLE TSY

CRABBIE TSY

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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

24 November 1986

**EUROPEAN COUNCIL, 5/6 DECEMBER:
UNITED KINGDOM DELEGATION**

Thank you for your letter of 24 November about our delegation to the European Council in December. I am content with the list you propose but will speak to Sir Robert Armstrong on his return from Australia about whether he really wishes to be included. He has not hitherto taken part in European Council meetings.

You will want to note that we shall need two No.10 staff in the Prime Minister's office in the Conference Centre during the Council: a Duty Clerk and a Garden Room girl.

CHARLES POWELL

PA

A.C. Galsworthy, Esq., C.M.G.,
Foreign and Commonwealth Office.



Foreign and Commonwealth Office

London SW1A 2AH

24 November 1986

Dear Charles,

European Council, 5/6 December: United Kingdom Delegation

Partly because of the limited space at the Queen Elizabeth II Conference Centre, and partly because delegations for the European Council tend in any case to be too large, we have told other member states that they will get no more than 17 passes to the delegation offices at the Conference Centre.

It is normal for the host country to have a rather larger delegation than other member states but the Foreign Secretary proposes that our own delegation should also be limited to 17, as follows:

Prime Minister
Foreign Secretary
Sir David Hannay
Sir Robert Armstrong
Mr D F Williamson
Mr D M D Thomas
Mr R Q Braithwaite
Mr R W Renwick
Mr B Ingham
Mr C D Powell
Mr A C Galsworthy
Mr P J Goulden
Mr C J R Meyer
Mr J C J Ramsden (Political Correspondent)
and three support staff.

The Foreign Secretary proposes, however, that Mr M J A Partridge, Home Office, Mr J E Mogg, Department of Trade and Industry, and Mr L Lewis, Department of Employment, should be on call for discussion of the issues which fall to their Departments.

/Some extra



Some extra passes will, of course, also be available for other Presidency officials.

Yours ever,
Tony Galsworthy

(A C Galsworthy)
Private Secretary

C D Powell Esq
10 Downing Street



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

23 November 1986

Dear Colin,

EUROPEAN COUNCIL: DISCUSSION PAPERS

Thank you for your letter of 21 November enclosing a draft message from the Prime Minister to other Heads of Government before the European Council, together with draft discussion papers on two of the likely major themes of the Council.

The Prime Minister is content with the message subject to any points which may arise at the Foreign Affairs Council or in her discussion with M. Delors on 26 November. We should aim to despatch it that evening. I think that she is also generally content with the two papers.

It would be prudent to be ready with some draft conclusions on agriculture.

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

*Yours sincerely
C. D. Powell*

C. D. POWELL

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



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file
203 ASM

10 DOWNING STREET

LONDON SW1A 2AA

22 November, 1986.

From the Private Secretary

I enclose a copy of a message to the Prime Minister from Chancellor Kohl in which he proposes that the European Council should deal with the issues of terrorism and of asylum. It seems to me that the letter which the Prime Minister intends to send next week to all Community Heads of Government will constitute an adequate reply to this.

I am sending copies of this letter and its enclosure to Stephen Boys Smith (Home Office) and Trevor Woolley (Cabinet Office).

C.D. Powell

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

6

The Ambassador

Greek Embassy
London

Prime Minister

I propose to
decline this. Agree?

21 November 1986

COO Dear Prime Minister,

Yes

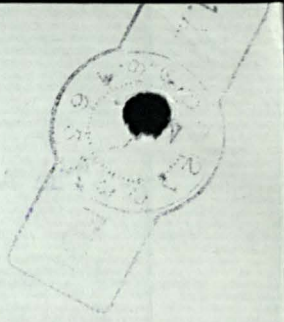
On the occasion of the Prime Minister of Greece,
Mr. Andreas Papandreu's presence in London for the
E.E.C. Summit meeting, my wife and I are hosting a
reception at the Residence, 51 Upper Brook Street, W.I.,
on Thursday, December 4th from 6.30 to 8.30.

It would be an honour if you would graciously
accept with Mr. Thatcher our invitation to this
reception.

yours sincerely,
S. Stathatos

Stephanos G. Stathatos

The Rt. Hon. Margaret Thatcher, P.C., M.P.,
Prime Minister and First Lord of the Treasury,
10 Downing Street,
London S.W.I.



Over 1000
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Prime Minister

Foreign and Commonwealth Office

London SW1A 2AH

21 November 1986

Agree to circulate
this letter and the discussion
papers to your European
colleagues, for the
European Council?

Dear Charles,

Yes mb
CDP
22/xi

European Council: Discussion Papers

I enclose a draft message the Prime Minister might consider sending to other heads of government before the European Council, together with draft discussion papers (which have been cleared with other Departments) on two major themes identified in the Foreign Secretary's minute of 6 October:

- (a) business and jobs;
- (b) frontier controls/terrorism/immigration/drugs.

The meeting will begin in the first session on the Friday afternoon with discussion of the economic and social situation. The Presidency paper is intended to focus that discussion and to steer it towards conclusions we want on (a) the initiative we have taken on employment, including follow up on deregulation and further action to help create a favourable climate for small businesses and (b) the internal market.

On the latter subject, we shall be proposing that the Prime Minister should take a further initiative at the European Council, pointing out that a number of measures still held up will be adopted by qualified majority as soon as all member states have ratified the Single European Act. The heads of government should therefore agree, as the Prime Minister and Lubbers proposed at the Dublin European Council, not to hold up such measures and to have them adopted during our Presidency in December. We have ourselves now ratified the Act. It is expected to be ratified by most other member states by the end of the year.

There has been correspondence from Mr Clarke and Mr Channon about the desirability of including a reference to consumer interests. We should be able to deal with Mr Channon's point, in a way which would not conflict with our other objectives, in the conclusions.

Chancellor Kohl attaches importance, as we do, to a discussion of the problems of frontier controls, asylum



seekers, illegal immigration and terrorism. There has been good progress in the discussion of concerted action in these areas between Interior Ministers. These are matters of great public concern and it is appropriate that they should be discussed by the heads of government.

The French and Germans have told us that they do not want an in-depth discussion of future Community financing. The Commission will not have brought forward their report, but there will be pressures from other member states to hear about the progress the Commission are making. To deal with this without formal discussion it may be desirable to invite Delors to give a short progress report over dinner. There is no point in substantive discussion before the Commission's report is available. We should then schedule discussion in the appropriate Councils.

Agriculture Ministers failed to reach decisions on milk and beef on 17-18 November. German Ministers and officials are continuing to advise against a major discussion on agriculture on this occasion. They point out that, as the Prime Minister has noted (your letter of 13 October), in a discussion on the eve of his elections Kohl would have to take up position from which, subsequently, it would be very difficult to dislodge him. Nevertheless it may be desirable, possibly also in discussion over dinner, to aim for conclusions calling on the Agriculture Council to take the necessary decisions on milk and beef in December.

We are aiming to avoid separate discussion of "People's Europe". But the Prime Minister's letter proposed that agreement should be reached on concerted measures to be undertaken mainly by the member states (and which we are undertaking already) in the campaign for the prevention of cancer and, possibly also, of AIDS.

In Political Cooperation, Heads of Government will want to have a brief discussion of East-West relations post-Reykjavik. The Dutch and Danes may try to raise South Africa at Heads of Government level but we should steer this firmly towards the Foreign Ministers' separate dinner, where other Political Cooperation topics will be dealt with. We may wish to recommend to the Prime Minister a short statement on Afghanistan. But this need not figure in her message to her colleagues: they will be consulted on the COREU network.

The Commission are preparing papers on the macro-economic situation, measures to help productivity and the internal market. We have insisted that these should be short, and available as soon as possible. The Prime Minister's message and discussion papers will not need to

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be despatched until after her discussion with M. Delors on Wednesday 26 November. We will have to take account of points raised by other member states in the discussion of the European Council agenda at the Foreign Affairs Council on 24 November and may wish to suggest some amendments in the light of that discussion.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

DRAFT MESSAGE FROM THE PRIME MINISTER TO OTHER HEADS OF GOVERNMENT
OF THE MEMBER STATES AND THE PRESIDENT OF THE COMMISSION

I look forward to welcoming you to London for the European Council on 5-6 December.

After lunching with Her Majesty The Queen at Buckingham Palace, I suggest that in the first session of our meeting, rather than having a general discussion of the economic and social situation, we might seek to concentrate on some specific themes relating to the economy, business and jobs, which are of concern in all our countries.

I enclose a Presidency paper as a basis for our discussion. I hope that you will not feel obliged to comment on all points in it, but will concentrate on those issues which are of particular interest to you.

I hope we can devote particular attention to:

(a) employment and job creation, on the basis of the ideas being discussed by our Employment Ministers. Small businesses have an essential role to play in the creation of new jobs and we shall want to take note of the Commission's recent proposals and give an impetus to further decisions.

(b) we must review progress on the internal market, including air, sea and inland transport, and decide what further steps we need to take to ensure that we achieve the 1992 target agreed in the Single European Act.

As a second major theme, I suggest that we should discuss the related problems of frontier controls, terrorism, immigration and drugs. If we are to promote freedom of movement within the Community, we must intensify our cooperation in these areas, as we agreed when we negotiated the Single European Act. There has been good progress in discussions between our Interior Ministers. We should aim to encourage that work and adopt a concerted approach

to these problems which are of serious public concern. A discussion paper on these issues is enclosed.

We should review progress in other areas where we are trying to create a Community which meets the needs of ordinary people. Following the initiative we took at the Milan European Council I propose that we decide on a European Cancer Information Year, with the aim of developing a sustained and concerted information campaign in all the member states on the prevention, early warning and treatment of cancer. I also think we should discuss the biggest potential public health problem any of us has had to face, namely AIDS. Our Health Ministers have adopted a resolution on cooperation against AIDS. I propose that we should agree on a Community-wide exchange of information as part of a concerted campaign to prevent the spread of AIDS.

I have asked Jacques Delors over dinner to tell us about the Commission's plans and timetable for bringing forward the ex-novo review of Community finances. [It would not be appropriate for the European Council to seek to undertake the work of Agriculture Ministers, but we should underline the need for the Agriculture Council to take decisions in the milk and beef sectors]

We shall also want discuss recent important developments in East/West relations. I will be ready to give my own impressions after my recent meeting with President Reagan. I suggest our Foreign Ministers should deal with other foreign policy issues.

On Saturday morning, I hope that we can reach positive conclusions on the subjects I have mentioned. Our meeting will conclude with a luncheon at the Queen Elizabeth II Conference Centre on the second day.

I look forward to welcoming you here next week.

With best wishes.

19 November, 1986

A COMMUNITY CAMPAIGN FOR BUSINESS AND JOBS

(report by the Presidency on the Economic and Social Situation)

THE CHALLENGE

Among the main goals of the Community are economic and social progress and the constant improvement of the living and working conditions of the people of Europe.

The Community was a major force for growth in the 1960s. It must be so again in the 1980s and 1990s.

The problem of unemployment, particularly long-term unemployment, affects every member state. It can be tackled effectively only through the growth of business and enterprise.

Business will flourish only if barriers to trade are broken down throughout the Community.

Enterprise can be encouraged if steps are taken to reduce burdens and open up opportunities in all the member states.

THE PROGRESS MADE

There is a growing convergence of economic policy in the member states.

This has been demonstrated in the policies we have adopted to reduce inflation.

The Commission expect inflation next year to fall to 3%, the lowest Community average for 20 years.

THE BRITISH PRESIDENCY HAS GIVEN PRIORITY TO:

- promoting long-term prosperity and job creation through the completion of the internal market;
- lightening burdens on business;
- an action programme for employment growth;
- helping small and medium-sized enterprises to make a dynamic contribution to the creation of prosperity and jobs.

CAPITAL MOVEMENTS

Finance Ministers agreed on 17 November on further measures to liberalise certain capital transactions. The Commission should be invited to bring forward as soon as possible proposals to achieve the free movement of capital throughout the Community by 1992.

THE SINGLE LARGE MARKET

Faster progress on the internal market has been achieved this year than under preceding Presidencies. But the pace of decisions remains too slow if the 1992 target is to be achieved. The Presidency invites the European Council to endorse the need for decisions by the end of this year on issues currently before the Council, in particular on:

- the steps to be taken to achieve a single market in road haulage by 1992;
- creation of coherent Community policies, including the introduction of greater competition, in the fields of air and

sea transport;

- measures to open up public purchasing;
- measures in the fields of food law and plant and animal health;

The Presidency has proposed that agreement should be reached at the Internal Market Council on 1 December on a package of measures, including significant proposals on:

- counterfeit goods;
- pharmaceuticals;
- public procurement;
- standards in the fields of information technology and telecommunications;
- microcircuit designs.

The Presidency will make further recommendations to the European Council in the light of the progress achieved on 1 December.

To maintain the necessary rate of progress on the programme as a whole, the Presidency invites the European Council to endorse the need for decisions early next year on:

- measures necessary to open up the market in financial services;
- further steps to open up public purchasing;
- the mutual recognition of tests and certificates.

TECHNOLOGY

A new industry-oriented basis for future Community action was

agreed in the Single European Act. The new Framework Programme for R & D under discussion in the Research Council should give a clear signal of the Community's commitment to R & D as a component of industrial competitiveness.

To make this research effort effective and relevant to success in world markets, the Community must encourage wider cooperation between European firms. The involvement of several hundred European firms and research institutes in EUREKA projects has shown what can be achieved. Opening up public procurement to more effective competition is essential.

Decisions are imminent in the key area of digital cellular radio (mobile radio telephones). The potential world market over the next 10 years is worth \$10 billion. Europe's capability in digital technology is now ahead of that of our main competitors. We need to be able to exploit this technical lead to seize a substantial share of that market. We must have a common standard; European public telecommunications operators should join together to open a European service by 1991; we must aim for a collaborative approach by industry.

ENCOURAGING ENTERPRISE

The Community has recognised the importance of lessening constraints on business to allow initiative to flourish and employment to expand.

This is essential for small and medium-sized enterprises which must play a role in creating new jobs.

- The Commission is examining all new proposed legislation for its impact on business costs and jobs;
- an assessment accompanying each proposal will enable the Council to take full account of the potential effects on

business costs and jobs. This must now be put into effect;

- a special review is being carried out to assess the impact on business of existing Community legislation. The Commission will report with recommendations for action early next year;
- a Task Force has been set up to help ensure that the interests of SMEs are taken fully into account across the full range of Community policies affecting them;

The Council has endorsed the principles of the Commission's proposals on help for small businesses, and in particular steps to:

- ensure that existing schemes operate effectively for small firms;
- improve the administrative environment for small firms;
- create the conditions in which new small firms can be set up;
- improve the access of small firms to new technology;
- enable Member States to profit from each other's experience through an intensive exchange of information and mutual evaluation of initiatives, including schemes to help people to set up in business.

Agreement has been reached on new Community loan facilities of 1500 mecu which will enable the Community to support SMEs efforts to invest, particularly in new technology.

The Council should consider urgently Commission proposals to raise the threshold limit for the payment of VAT by small firms.

AN ACTION PROGRAMME FOR EMPLOYMENT GROWTH

Social Affairs Ministers at their informal meeting in Edinburgh in September agreed on the need for an action plan for employment growth which the Council could formally adopt in agreement with the Commission. The Presidency will be seeking agreement in the Council on 11 December on an action programme designed to:

- help both young people and adults into employment
- help the long-term unemployed back into jobs.
- promote the creation of self-employment and of small and medium sized firms.
- improve the workings of the labour market, including ways of increasing part-time and other flexible working patterns and providing better access to the labour market for disadvantaged groups:

CONCLUSION

These are all steps in our common battle to help create prosperity and employment for our citizens. The London European Council should be the occasion to decide on actions which would make a practical contribution to our ability to achieve those objectives.

20 November 1986

FRONTIER CONTROLS/TERRORISM/IMMIGRATION/DRUGS

(Presidency report to the European Council)

1. On signing the Single European Act and committing themselves to the completion of the internal market by 1992 we declared that:

'In order to promote the free movement of persons, the member states shall cooperate, without prejudice to the powers of the Community, in particular as regards the entry, movement and residence of nationals of third countries. They shall also cooperate in the combating of terrorism, crime, the traffic in drugs, and illicit trading in works of art and antiques.'

2. The United Kingdom Presidency has given priority to work designed to give practical effect to this Declaration.

Further terrorist attacks on the territory of member states and evidence of state sponsored terrorism have given this added urgency.

The Trevi Ministerial meeting on 25 September agreed on

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further action to combat terrorism, including a secure communications link between national police forces and the regular exchange of threat assessments.

Foreign Ministers reached agreement on 10 November on concerted measures in response to the evidence revealed in the Hindawi trial.

We should decide what further action can be taken to deter terrorist activity on the territory of any member state and reaffirm our commitment to make no concessions to terrorist blackmail, and solidarity between the member states in our response to such actions.

3. Following the further agreements reached at meeting of the Interior and Justice Ministers and Lord Cockfield on 20 October, work must be carried forward on:

- the arrangements for extradition of those accused of violent crimes
- steps to ensure that provision for asylum seekers is not abused. We have to distinguish between those genuinely needing asylum in our countries

- because of a denial of democratic rights elsewhere, and attempts to abuse this right as a way of circumventing immigration controls.
- cooperation to counter the theft and forgery of passports;
- the coordination of visa regimes;
- concerted action to deal with illegal immigration.

4. At the same time the effort must be continued to simplify frontier procedures within the Community, without weakening our essential defences against terrorism, drugs and illegal immigration. This must include action to strengthen controls at the Community's external frontiers.

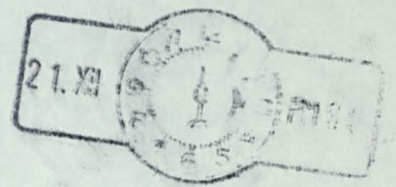
5. Interior Ministers have drawn up a plan for action on drugs by the Community and its member states. They have agreed on the need, in cooperation with the Pompidou Group, to:

- concert action against those who criminally traffic in illegal drugs;
- coordinate legal action, in particular in relation to confiscation of assets;
- consider exchanging Drugs Liaison Officers;
- ensure that bilateral and Community aid supports

recipient countries efforts to combat drug abuse;

- draw on each other's expertise in reducing the demand for drugs, especially among the young and in the treatment and rehabilitation of drug addicts.

6. These are problems of concern to citizens in all our countries. Heads of Government are invited to give a further impetus to cooperation on these subjects and to reach conclusions on further action.



Botschaft
der Bundesrepublik Deutschland

Embassy
of the Federal Republic of Germany
The Chargé d'Affaires
Baron Hans von Stein

23, Belgrave Square/Chesham Place
London, SW 1X 8PZ 21 November 1986
Tel. 01-235-5033
Hausanschluß: Extension:
Sprechstunden: Office hours:
Montag-Freitag Monday-Friday 9.00-12.30
Fernschreiber - Telex Nr. 28191
Telegrammanschrift - Telegrams:
Diplogerma London

Dear Prime Minister,

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

Copies of this message have been forwarded to Governments of the other EC-Partners through our Embassies.

A courtesy translation is attached.

*I remain, dear Prime Minister,
Yours sincerely
Hans v. Stein*

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

SUBJECT cc MASTER
OPS

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T219/86

T r a n s l a t i o n

Federal Republic of Germany
The Federal Chancellor

Bonn, 20 November 1986

The Rt. Hon. Mrs. Margaret Thatcher, MP
Prime Minister of the United Kingdom
of Great Britain and Northern Ireland,
L o n d o n

Dear Prime Minister,
dear Margaret,

The question of asylum and the influx of refugees, especially from Third World countries, is a problem of growing mutual concern in Europe; out of good-neighbourly consideration for one another the Europeans should therefore augment and harmonize their national remedies for refugee matters.

The first steps in this process have already been taken at the London Conference of EEC Ministers of the Interior on 20 October where, among other things, the question of visas and ways and means of preventing the abuse of the right of asylum were discussed.

The Interior Ministers also considered the problem of terrorism, which is an increasingly serious challenge to the members of the Community. Protection from terrorist attacks and co-operation among Europe's security agencies will have to be improved.

I therefore very much hope that the European Council, at its Meeting on 5-6 December, will deal with these two important topics and possibly agree on common guidelines as a basis for further concrete proposals from the Ministers of the Interior.

Yours sincerely,

(sgd.) Helmut Kohl

T e l e g r a m m
von
Herrn Helmut Kohl
Bundeskanzler der Bundesrepublik Deutschland
an
Ihre Exzellenz
Frau Margaret Thatcher
Premierminister des Vereinigten Königreichs
Grossbritannien und Nordirland

Sehr verehrte Frau Premierminister, liebe Margaret,

Fragen des Asylrechts und der Aufnahme von Flüchtlingen, insbesondere aus Ländern der Dritten Welt, werden immer mehr zu einem gemeinsamen Problem in Europa. Nationale Antworten und Regelungen der Fragen, die mit Flüchtlingen zusammenhängen, bedürfen daher im Interesse gutnachbarlicher Rücksichtnahme der Ergänzung und Harmonisierung im europäischen Rahmen.

Erste Schritte, die am Beginn eines Harmonisierungsprozesses stehen können, sind bereits in der Konferenz der EG-Innenminister am 20. Oktober 1986 in London eingeleitet worden, in der auch Fragen der Visa-Politik und der Abwehr des Asylmissbrauchs erörtert wurden.

Auf Ihrer Konferenz im Oktober 1986 haben sich die EG-Innenminister ausserdem mit dem Terrorismus befasst, der zu einer zunehmend ernsten Herausforderung für die Staaten der Gemeinschaft wird. Der Schutz vor terroristischen Anschlägen und die Zusammenarbeit der Sicherheitsbehörden muss europaweit verbessert werden.

Ich würde es begrüßen, wenn sich der Europäische Rat auf seiner kommenden Sitzung am 5./6. Dezember 1986 dieser beiden wichtigen Themen annehmen und möglicherweise auf gemeinsame Leitlinien verständigen könnte, auf deren Grundlage die EG-Innenminister weitere konkrete Vorschläge erarbeiten sollten.

Mit freundlichen Grüßen

Ihr Helmut Kohl

Bundeskanzler der Bundesrepublik Deutschland

21.11.1966



Ich würde es sehr freuen, wenn ich die Europäische Bank für den
Mittel- und Ost-Europa (EBMO) in Wien besuchen könnte. Ich würde
gerne wissen, ob es möglich ist, dass ich dort einen Termin
einrichten kann, um mit Ihnen zu sprechen. Ich würde mich sehr
über freuen, wenn Sie mir eine Antwort schreiben könnten.

Die Europäische Bank für den Mittel- und Ost-Europa
EBMO
Wien
Österreich

European Trade Union
Confederation



Den Europeiske Faglige
Samorganisasjon

Europäischer Gewerkschaftsbund

*Prime Minister
You offered them - and the Employers -
meetings with the Foreign Secretary & Lord
Young. The employers accepted,
but the Trade Unions are standing on their dignity.*

Brussels, 19th November 1986

Mrs. Margaret THATCHER
Prime Minister
10, Downing Street
Westminster
LONDON W1

*CDP
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*We shall have to write a considered
reply after the Council. In the meantime
perhaps I can sign a letter thanking them for
their thoughtful wishes.*

Dear Mrs. Thatcher,

It has become customary for the Heads of State or Prime Ministers holding the office of President of the Council of Ministers of the European Community to receive a delegation from the European Trade Union Confederation in order to listen to the ETUC's analysis and proposals.

Notwithstanding the differences of opinion which have emerged at times in the course of these talks, we have always appreciated their value since they have promoted mutual understanding - of the governments' rôle and of the concerns of the workers of Europe, which it is our duty to express. These concerns have centred on the employment situation for several years now.

At a time when acute unemployment and the disgrace of spreading poverty persist in our industrialised countries, it is all the more regrettable that you should have been unable to find the time to receive us in your capacity as President of the EC Council of Ministers.

We are writing to you to point out our main claims and proposals for action, which are placed in the context of a policy for economic development which is essential for stimulating employment growth.

Furthermore, in the context of the social dialogue prompted by the European Commission, we have issued a joint opinion with UNICE and the ECPE on the cooperative growth

./..

strategy for employment which was developed in the Commission's Annual Economic Report. The social dialogue is continuing and should lead to concrete results. At all events, as far as the ETUC is concerned, we are firmly resolved to achieve this. Yet, where social dialogue and, if possible, agreement between employers and trade unions at the European level are desirable, it is nonetheless the responsibility of the Commission and Council of Ministers to pass legislation whenever it is necessary for harmonising and improving social standards in the countries of the Community.

In this context, we wish to underline the need to elaborate a real European social programme which would be implemented in conjunction with the completion of the internal market. Indeed the urgent need for this European social dimension in the battle for employment and the role to be played by the Commission in promoting its creation have just been confirmed by a large majority in the European Parliament.

We wish to alert your attention to the fact that many of the Council's recent commitments have gone no further than statements on paper. Perhaps it would be useful to make a critical survey of the initiatives already taken so as to establish any discrepancy between intentions, realities and results. This is in fact what we requested at the last session of the Standing Committee on Employment. Under pressure from the British Chairman, we agreed to hold yet another general debate on the question of unemployment at that session, but we finally had to stress once again that it was imperative to carry out such a survey rather than to produce yet another resolution which would have no practical consequences. In our opinion, such lucidity is essential for deciding on any effective future action.

Precedence should be given in future action to measures to combat long-term unemployment, which is affecting young people and women in particular. It is up to the Commission - on your responsibility - to launch a large-scale European initiative to fight this curse.

Allow me in conclusion to point out the main lines of our proposals for employment:- action to launch major infrastructural projects of European interest, increase in public and private investments, reduction and re-organisation of working time, re-organisation of the labour market based on the regional and local structures of forward-looking employment planning, the creation of socially useful jobs, local employment initiatives, greater utilisation of social and structural funds for employment.

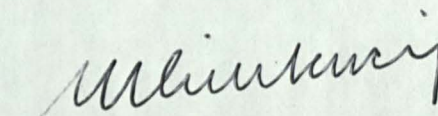
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The Single Act concluded in Luxembourg provides a sound basis for a more effective and a more dynamic policy for creating both the internal market and the social dimension. We urge you to use all of your influence to have that Act ratified by the British Parliament, should this not yet have been achieved, and to ensure that its interpretation is broad and constructive with a view to achieving the objective of "economic and social cohesion".

We furthermore emphatically endorse the appeal made to the Council of Ministers by the ETUC, UNICE and ECPE in the joint opinion mentioned above calling for prompt and practical action by that Council as a body with a view to achieving better growth of our economies and of employment.

We thank you for the attention which we trust you will devote to the present letter, and we remain,

Yours sincerely,


Mathias HINTERSCHEID
General Secretary

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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

19 November 1986

Dear Tim,

LONDON EUROPEAN COUNCIL: 5-6 DECEMBER

The Prime Minister has seen the Trade and Industry Secretary's minute of 19 November in which he expresses the hope that there will be some reference in the conclusions of the European Council to the importance of ensuring that consumer interests are taken into account in the formulation of Community policies.

My letter of 14 November to Christopher Capella made clear that the Prime Minister did not want such a reference under the business and jobs item of the Council's conclusions. She is not averse to a brief reference to the consumer interest at some other point in the Council's conclusions, if one can be found.

I am copying this letter to the Private Secretary to the Paymaster-General, to the Private Secretaries to other members of OD(E) and to Sir Robert Armstrong.

Yours sincerely
Charles Powell

CHARLES POWELL

Timothy Walker, Esq.,
Department of Trade and Industry.

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PRIME MINISTER

Prime Minister
What you actually said
was reference to
consumer interests should not
be in the Business and Jobs
section.

LONDON EUROPEAN COUNCIL: 5-6 DECEMBER

Presumably you don't ✓
object to a brief referen
elsewhere?

I have seen your Private Secretary's letter of 14 November
to Kenneth Clarke's office about this. Unfortunately Kenneth
Clarke's undated minuted which was sent to you on 13 November
was not in fact copied to all members of OD(E) as it stated
until yesterday.

CDP
Pruitt
ms

Although I support what Kenneth Clarke says generally about
deregulation, I have to say that it is misleading to describe
as 'consumerism' the kind of reference to consumer issues
which officials have been discussing for inclusion in the
European Council conclusions. What I have in mind would be a
fairly limited paragraph noting to the importance of ensuring
that consumer interests are taken into account in the
formulation of Community policies.

Such a reference would have two substantial advantages.
First, it should help with our overall objectives in other
policy areas such as the CAP and transport where the consumer
interest is largely ignored in Brussels. Secondly, the
progress which Michael Howard has made in the Consumer
Council towards a policy more related to actual consumer
needs is a popular message to convey to ordinary people in
this country. Drawing attention to it in the European
Council conclusions would in practice also reinforce our
efforts to move those in the European Commission responsible
for consumer policy away from their regulatory approach. The
conflict which Kenneth Clarke fears would be less likely to
happen if we could secure agreement to suitable follow-up

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conclusions at the European Council. The draft which officials have been discussing seems to me to make it clear that our work on regulations and on consumer policy is pulling in the same direction. Endorsement in the European Council of the progress made on the latter subject would strengthen the overall message which we are trying to convey.

I very much hope therefore that you will reconsider the case for including a short refernece to the consumer interest.

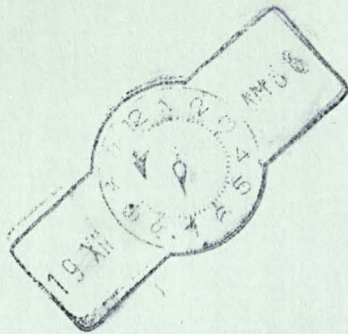
I am copying this to members of OD(E) and Sir Robert Armstrong.

PC
PAUL CHANNON

19 November 1986

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Euro Pol: Euro Council Meeting
in London PT23



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file X/6
a Sr. P.C.

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

17 November 1986

EUROPEAN COUNCIL: MEETING WITH THE
BELGIAN PRIME MINISTER

Thank you for your letter of 13 November about a possible meeting between the Prime Minister and M. Martens over breakfast on 6 December.

The Prime Minister would prefer to keep breakfast free in case there is urgent business to be done in relation to the proceedings of the Council itself. It might be best, therefore, to suggest to M. Martens that he come to Downing Street for a brief meeting before the Council starts, for example at 1145 on Friday 5 December.

BF //

CHARLES POWELL

Colin Budd, Esq.,
Foreign and Commonwealth Office.

JFA

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From: R W Renwick

Date: 13 November, 1986

cc: (with enclosures)

PS/Mrs Chalker

PS/PUS

Sir David Hannay

UKREP Brussels

Mr Williamson

Cabinet Office

Mr Derek Thomas

Mr Braithwaite

Mr Wall

ECD(I)

Private Secretary

EUROPEAN COUNCIL

The Secretary of State may wish to see over the weekend the papers we are preparing for the European Council. I attach:

- (a) a draft letter from the Prime Minister to the other heads of government, covering,
- (b) a discussion paper on "business and jobs", dealing inter alia with employment and the internal market;
- (c) a discussion paper on frontier controls/terrorism/immigration/drugs;
- (d) a draft speaking note for the Prime Minister on the latter subject;

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(e) the kind of draft conclusions we might aim for on "business and jobs"; and

(f) draft conclusions on frontier controls etc.

2. The Commission will be producing short papers, we hope by the end of next week, on the macro-economic situation, structural measures to help productivity and the internal market. The Prime Minister's letter, with the two discussion papers, should be sent to the other heads of government by 28 November (after the Foreign Affairs Council). The draft conclusions will of course be held in reserve and circulated only in the light of the discussion.

3. When M. Chirac's advisers (Bujon and Silguy) came here on Wednesday, we had a satisfactory discussion about the European Council. Mr Williamson and I will be seeing the French again (this time including Boissieu and Madame Guigou) in Paris on Monday and the Germans in Bonn on Tuesday. We have gone over the ground in some detail with most of the other member states.

4. The points we shall have to watch are:

(a) Employment

Most member states support our approach, but there are attempts at counter attack by the ETUC and the Social Affairs Division of the Commission who - rightly - see us as determined to alter the whole future agenda for the Social Affairs Council away from "social engineering measures", including absurdities like the parental leave directive. We should be able to get the results we want. It will be helpful to the chances of success to keep linking the theme of employment creation with that of small businesses (popular in all member states). We can aim to get further conclusions on deregulation, but need to be careful about over emphasizing that theme.

(b) Frontier Controls

We have told the French that we do not envisage another major round on terrorism. The object of the discussion on frontier controls must be how to reconcile the freer movement throughout the Community with necessary measures to deal with terrorism, immigration etc. Provided we keep things on that basis, there will be general support for what we propose. The draft conclusions on terrorism do not involve new undertakings. Having achieved agreement on Syria, we should not over-egg this part of the pudding.

(c) Research and Development

Delors, the Dutch and others are liable to make a fuss about agreement on the five year programme on the Community research and development programme. The Commission want a 7.7 becu programme, the French, Germans and ourselves not more than 5 becu. We must ensure that figures are not negotiated in the European Council, where the upward pressures will be greatest. The matter should be dealt with at the Research Council on 9 December (though it is doubtful if others will then be ready to agree to a programme at 5 becu).

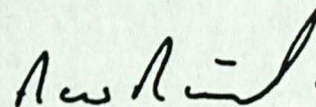
(d) Own Resources

The best way to contain demands from Italy, Spain and Greece for substantive discussion of Community financing probably is going to be to invite M. Delors over dinner (so as to avoid any conclusions) to give a ten minute account of how the Commission is getting on with its review. The Prime Minister could then cut short discussion on the grounds that this is not appropriate until the Commission has produced its report.

The French and Germans will support this. The Belgians claim that this would help them resist Commission pressures on them to schedule two European Councils to discuss these issues in the first half of 1987. We have warned all our key contacts in other capitals against ideas of that kind.

(e) Transport

This will come up under the internal market. We must push for agreement to be reached at the December Transport Council on a package including greater access to cheap air fares. But there will be strong resistance from the southern member states and we must not put the Prime Minister in a position at the European Council where she is seen to be trying for something she fails to achieve. Rather our position should be that real progress was made in the November Transport Council (particularly on 60/40 per cent capacity sharing over three years). We will be making a major effort to get agreement on a package which must include cheaper fares in December. If others do not agree to such a package in December, we and the Commission will be making full use instead of the ECJ judgment and the competition rules of the Treaty. The Commission will be likely to start infraction proceedings against some of the airlines.



R W Renwick

DRAFT MESSAGE FROM THE PRIME MINISTER TO OTHER HEADS OF GOVERNMENT
OF THE MEMBER STATES AND THE PRESIDENT OF THE COMMISSION

I look forward to welcoming you to London for the European Council on 5-6 December.

After lunching with Her Majesty The Queen at Buckingham Palace, I suggest that in the first session of our meeting, rather than having a general discussion of the economic and social situation, we might seek to concentrate on some specific themes relating to the economy, business and jobs, which are of concern in all our countries.

/ I enclose a Presidency paper as a basis for our discussion. I hope that you will not feel obliged to comment on all points in it, but will concentrate on those issues which are of particular interest to you.

I hope we can devote particular attention to:

(a) employment and job creation, on the basis of the ideas being discussed by our Employment Ministers. Small businesses have an essential role to play in the creation of new jobs and we shall want to take note of the Commission's recent proposals and give an impetus to further decisions.

(b) we must review progress on the internal market, including air, sea and inland transport, and decide what further steps we need to take to ensure that we achieve the 1992 target agreed in the Single European Act.

As our second major theme, I suggest that we should discuss the related problems of frontier controls, terrorism, immigration and drugs. If we are to promote freedom of movement within the Community, we must intensify our cooperation in these areas, as we agreed when we negotiated the Single European Act. There has been good progress in discussions between our Interior Ministers. I

suggest that we should aim to encourage that work and make sure that we continue our concerted approach to those problems which are of serious public concern. We have prepared a Presidency discussion paper on these issues too, and I enclose a copy.

We shall have the opportunity to review progress in other areas where we are trying to create a Community which meets the needs of ordinary people. Following the initiative we took at the Milan European Council I propose that we decide on a European Cancer Information Year, with the aim of developing a sustained and concerted information campaign in all the member states on the prevention, early warning and treatment of cancer. I also think we should discuss the biggest potential public health problem any of us has had to face, namely AIDS. Our Health Ministers have adopted a resolution on cooperation against AIDS. I propose that we should agree on a Community-wide exchange of information as part of a ^{CDR} concerted campaign to prevent the spread of AIDS.

I have asked Jacques Delors over dinner to tell us about the Commission's plans and timetable for bringing forward the ex-novo review of Community finances.

We shall also want to use our evening discussion to review recent important developments in East/West relations. I will be ready to give my own impressions after my recent discussions with President Reagan. Our Foreign Ministers will deal with other foreign policy issues.

On Saturday morning, I hope that we can reach some positive conclusions on the subjects I have mentioned. Our meeting will conclude with a luncheon at the Queen Elizabeth II Conference Centre on the second day.

I look forward to welcoming you here next week.

With best wishes.

LP7ACL

Margaret Thatcher

14 November 1986

A COMMUNITY CAMPAIGN FOR BUSINESS AND JOBS

(Report by the Presidency on the Economic and Social Situation)

THE CHALLENGE

Among the main goals of the Community are economic and social progress and the constant improvement of the living and working conditions of the people of Europe. The Community was a major force for growth in the 1960s. It must be so again in the 1980s and 1990s. The scourge of unemployment, particularly long-term unemployment, affects every member state. It can be tackled effectively only through the growth of business and enterprise, the conditions for which can best be created by working together as a Community. Business will flourish if barriers to trade are broken down throughout the Community. Enterprise can be encouraged if steps are taken to reduce burdens and open up opportunities in all the member states.

THE PROGRESS MADE

One of the most significant developments of the last four years has been the growing convergence of economic policy in all the member states. This has been

demonstrated in the policies we have all adopted to reduce inflation (which the Commission expect to fall next year to 3%, the lowest Community average for 20 years) and to encourage enterprise. The Hague European Council concluded that policies for improving the structure of business must be carried forward, together with additional efforts to create jobs. The Presidency therefore has given top priority to work which can help create the conditions for establishing non-inflationary growth and lead to a substantial growth in employment.

During the last six months the Community has concentrated on:

- promoting long-term prosperity and job creation through the completion of the internal market;
- lightening burdens on business;
- an action programme for employment growth;
- helping small and medium-sized enterprises to make a dynamic contribution to the creation of prosperity and jobs.

Strengthening the world open trading system on the basis of a fair balance of rights and obligations is crucial to this strategy. The Community played a leading role in the launch of the new round of Multilateral Trade Negotiations. A successful outcome to these negotiations will increase opportunities for EC exporters, making an important contribution to growth and employment, not least in the key sector of services.

THE SINGLE LARGE MARKET

The impetus for faster progress on the internal market gained under recent Presidencies has accelerated. But although we have all worked harder than ever, the pace of decisions in the Council still remains too slow. In all our countries manufacturing and service industries, consumers and the public at large are impatient for us to do better. The Presidency therefore invites the European Council to endorse the need for decisions by the end of this year on issues currently before the Council, and in particular on:

- the steps to be taken to achieve a single market in road haulage by 1992;
- creation of coherent Community policies, including

the introduction of greater competition, in the fields of air and sea transport;

- measures to open up public purchasing;
- measures in the fields of food law and plant and animal health;
- industrial and technical standards
- measures relating to pharmaceuticals
- legal protection of semiconductor topographies;
- standards in the fields of information technology and telecommunications;

The Presidency considers that in order to maintain a good rate of progress on the programme as a whole there are a number of areas where the Council will have to devote a particular effort next year. In particular, it invites the European Council to endorse the need for decisions as early as possible next year on:

- measures necessary to open up the market in financial services.
- further steps to open up public purchasing.
- the mutual recognition of tests and certificates.

TECHNOLOGY

One of the main reasons for creating the single large market is to enable our industries to cooperate and benefit from the economies of scale which they need in order to compete on world markets. To be competitive, Europe needs to strengthen the scientific and technological basis of its industry. A new industry-oriented basis for future Community action was agreed in the Single European Act. The new Framework Programme for R&D now under discussion should give a clear signal of the Community's commitment to R&D as a component of industrial competitiveness.

To make this research effort work effectively, and to couple its results more closely to success in world markets, the Community must encourage wider cooperation between European firms. The Community needs to give particular priority to identifying areas where a common approach is necessary if we are to be internationally competitive.

The Community has an opportunity to show that it has the capacity to organise itself in one key area where decisions are imminent: digital cellular radio. The potential world market over the next 10 years has been estimated at \$10 bn. Europe's capability in digital technology is ahead of that of our main competitors. We need to be able to exploit this technical lead to seize a substantial share of that market. We must have a common standard, and we must have a collaborative approach by industry. If the European market remains fragmented, we will fall behind in the second generation of digital cellular radio technology, which will extend availability beyond the business consumer to a larger public. The Presidency suggests that Heads of Government should charge their industry and the Community to take the necessary steps to exploit this new opportunity.

ENCOURAGING ENTERPRISE

The Community has recognised the importance of lessening constraints on business so as to allow initiative to flourish and employment to expand. This is of particular importance for small and medium-sized enterprises which play a dynamic role in creating new jobs, and in widening consumer choice. The Council and

Commission have carried forward 3 measures to secure this:

- The Commission is examining all new proposed legislation for its impact on business costs and jobs; an assessment accompanying each proposal will enable the Council to take full account of the potential effects on business costs and jobs in its consideration.
- A special review is being carried out to assess the impact on business of existing Community legislation and will report in January. The Commission will further report with recommendations for action early next year.
- A Task Force has been set up in the Commission to help ensure that the interests of SMEs are taken fully into account across the full range of Community policies affecting them. The Task Force has also been charged with ensuring the effective operation of the system for assessing the costs to business of new

proposals.

While the Task Force's first priority is to improve the general climate for SMEs through these and other measures, effort must also go to help small firms more directly. The Council has therefore endorsed the principles of the Commission's proposals on help for small businesses, and in particular steps to

- ensure that existing schemes operate effectively for small firms;
- improve the administrative environment for small firms;
- create the conditions in which new small firms can be set up;
- improve the access of small firms to new technology;
- enable Member States to learn from each other's experience, by organising an intensive exchange of information and mutual evaluation of initiatives in all member states especially about schemes to help people to set up in business.

[Agreement has already been reached on new Community loan

facilities of 1500 mecu which will enable the Community to support SMEs' efforts to invest, particularly in new technology.]

AN ACTION PROGRAMME FOR EMPLOYMENT GROWTH

Economic growth based on sound financial policies and moderate wage settlements is essential to employment growth. So, as we agreed at The Hague, is Community action on jobs designed to:

- help both young people and adults into employment by promoting the provision of the skills and training they need; [in Spain, for example, a General Council for vocational training has been set up and in Ireland a youth traineeship initiative.]
- help the long-term unemployed back into jobs. [In the UK, for example, the restart scheme has been introduced to provide counselling and help to those who have been out of work for a long period.]

- promote the creation of self employment, small firms and cooperatives. [In Greece, for example, the National Manpower Agency can help the unemployed set up in business on their own.]

- intensify the exchange and evaluation of information and advice about employment opportunities throughout the Community.

- improve the workings of the labour market including ways of encouraging part-time and other flexible working patterns, and providing better access to the labour market for disadvantaged groups.

Social Affairs Ministers at their informal meeting in Edinburgh in September agreed on these priorities and on the need to reflect them in an action plan for employment growth which the Council could formally adopt, in agreement with the Commission. The Presidency and the Commission aim to secure that objective by the adoption of a Council Resolution at the Council's forthcoming meeting on 11 December. This

will pave the way for early action on such issues as:

- youth and adult training designed to help people acquire the skills required for today's technology;
- encouraging national programmes of benefit to the long-term unemployed;
- consideration of the creation of a model legal framework for cooperatives.
- promoting training in occupations such as finance and engineering where women are under-represented.
- the introduction of a Community vocational training pass;
- widening the mutual recognition of training qualifications.

THE FUTURE

These are all steps in our common battle to create prosperity and employment of our citizens. They are vital if we are to safeguard the welfare and prosperity of the Community and of our Member States. The London European Council should be the occasion to launch a sustained Community campaign for business and jobs.

14 November 1986

(Rev)

FRONTIER CONTROLS/TERRORISM/IMMIGRATION/DRUGS

(Presidency report to the European Council)

1. At the time of signing the Single European Act and committing themselves to the completion of the internal market by 1992, the Governments of the member states declared that:

'In order to promote the free movement of persons, the member states shall cooperate, without prejudice to the powers of the Community, in particular as regards the entry, movement and residence of nationals of third countries. They shall also cooperate in the combating of terrorism, crime, the traffic in drugs, and illicit trading in works of art and antiques.'

2. The United Kingdom Presidency has given priority to work designed to give practical effect to the Declaration. Further terrorist attacks on the territory of member states and evidence of state sponsored terrorism have given this added urgency. The Trevi Ministerial meeting on 25 September agreed a series of measures to combat terrorism including a secure communications link between national police

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forces and the setting up of new arrangements for regular assessments of terrorist threats. On 10 November agreement was reached on concerted measures in response to the evidence revealed in the Hindawi trial.

3. Following the further meeting of the Interior and Justice Ministers and Lord Cockfield on 20 October work needs to be carried forward inter alia ~~and~~ **DA**:

- the arrangements for extradition in the case of those accused of violent crimes and steps to ensure that provision for genuine asylum seekers is not abused;
- cooperation to counter the theft and forgery of passports;
- the coordination of visa regimes;
- intensifying cooperation between immigration services

4. At the same time we must consider what further action we can take to simplify frontier procedures within the Community, without weakening our essential defences, for the benefit of all our citizens. Interior Ministers have set in hand a study of how to

strengthen controls at the Community's external frontiers.

5. Interior Ministers also drew up a suggested seven point plan for action on drugs by the Community and its member states in response to the remit from the Hague European Council. They agreed on the need to work in close cooperation with the Council of Europe's Pompidou Group to:

- improve the exchange of information;
- cooperate against those who criminally traffic in illegal drugs;
- coordinate legal action, in particular in relation to confiscation of assets;
- exchange Drugs Liaison Officers between EC countries and continue posting such officers elsewhere;
- seek agreed reports from Community Ambassadors in drug producing countries as to how best the EC can help;
- ensure that bilateral and Community aid supports recipient countries efforts to combat drug abuse;
- work closely with other friendly countries in the UN and Council of Europe;

- draw on each other's expertise in reducing the demand for drugs, especially among the young and in the treatment and rehabilitation of drug addicts.

6. These problems are of concern to citizens throughout the whole Community. The Presidency believes it is important that there should be discussion at Head of Government level to consider how to carry forward the work that has been set in hand and to set priorities for further action.

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13 November 1986

TERRORISM/IMMIGRATION/DRUGS/FRONTIER CONTROLS:

EUROPEAN COUNCIL:

SPEAKING NOTE FOR THE PRIME MINISTER

TERRORISM

- Almost every one of our countries has suffered further from terrorist attacks in the past few months.
- There have been bomb outrages in Paris, Madrid, Berlin, and Athens. There was the appalling murder of the German Political Director, Gerold von Braunmuehl. There has been a series of brutal sectarian murders in Northern Ireland. And there was the only just failed attempt to blow up an El Al civil airliner from London airport with nearly 400 passengers on board.
- There are no short cuts to a solution of the threat posed by terrorism in its various forms. Like other crimes, it has to be tackled primarily by patient, painstaking intelligence and police work.
- But as the evidence increases of the involvement of Governments so we must repond by intensifying our own cooperation, with all resources of Government behind us, to defeat these threats to our people and to our societies.
- It sometimes is argued that terrorists, because their crimes are politically motivated: should somehow be accorded different treatment from other major criminals.
- To that, I would say two things. First, it is contrary to our whole system of values to accept that violence is a legitimate instrument of policy. Second, people who regard themselves as freedom fighters elsewhere are most certainly not freedom fighters in Europe.

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respond quickly. Hence the importance of the additional measures we have set in train for the sharing of intelligence. And it is why the British Government is introducing legislation to ensure that we can respond more effectively to request for extradition by other governments. This legislation will enable the UK to ratify the European

- I hope that those few other Governments who have not yet joined the Convention will, like us, find ways of doing so. Only by uniting in a renewed effort can we ensure that criminals are no longer able to find refuge across international boundaries but are made to pay the penalty for their crimes.
- We should note that the three member states (France, Greece and Ireland) who have not already been able to ratify the European Convention on the suppression of terrorism have now announced their intention to do so.
- As we examine ways of simplifying frontier procedures within the community, we have to do so in a manner which maintains our defences against terrorism; and we have to look also to the strengthening of our external frontiers.
- Terrorists do not respect frontiers. Indeed it is an essential part of terrorist strategy to hide behind international frontiers.
- But Interior Ministers have been discussing a number of extra practical steps we can take.
- We have set up a secure communications network between our police forces.
- We are examining what more can be done together by concerting our visa, expulsion and exclusion arrangements.
- We must take steps to avoid the abuse of passports: this means

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- Each of us represents a democratically elected Government. The object of terrorists in Europe is to defeat democracy.
- Our Governments have to take the lead in making clear our joint determination to resist the blackmail implicit in many terror campaigns.
- We have already made a number of significant joint commitments to this effect in the Twelve. I believe we should reaffirm the principles which will govern our collective response to a common threat: I believe these principles are:
 - No concessions under duress to terrorists or their sponsors
 - Solidarity between the member states in their efforts to prevent terrorist crimes and to bring the guilty to justice.
- Concerted action in response to terrorist attacks on the territory of a member state. We cannot just do business as usual with states which support terrorism.
- In a Community such as ours, a threat against one is a threat against all. A terrorist attack on one Partner involving the abuse of diplomatic status in an attack on all Partners.
- I am glad that we have been able to agree on a range of practical measures in response to Syrian and Libyan state sponsored terrorism.
- An identical response by all is not always feasible. But we must ensure an appropriate coherent response if we are to be effective. Cannot protect ourselves or insulate ourselves by inaction.
- Not just a matter of responding whenever there is an attack. Need to be in position to prevent where possible and to

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making sure they are not issued to people under false pretenses and where there is abuse we cooperate to minimise its effect.

- We must draw a distinction in granting asylum, between people who are genuinely seeking asylum, and those who seek to abuse the protection we offer to those genuinely at risk between those seeking peaceful change and those advocating or supporting violence.
- We cannot divorce this action from what we are trying to do to break down the barriers which still stand in the way of the free movement of goods and people for which the Treaty of Rome provide.
- We cannot allow terrorists to deflect us from that goal. In Britain, we shall be taking some further steps to simplify the travel arrangements for UK and EC citizens (selective checks only at passport control for embarking passengers; we also are looking at ways of further streamlining entry controls).

The better our control at the Community's external borders,
- the easier it will be to encourage free movement within.
- The more effective our anti-terrorist cooperation, the faster we shall progress towards that goal.

HANDLING

Invite Chancellor Kohl to comment and say something about problem of asylum seekers, of particular concern to Germany.

SUMMING UP

Should be possible for the Prime Minister to sum up that all agree in enduring the action which is now in hand. Public concern in

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Community will expect us to have addressed issue of major concern.
Believe we should reflect our agreed approach in our conclusions.

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DRUGS

At our meeting in The Hague, Interior Ministers were asked to consider how the Community might contribute to the fight against drugs. There are a number of ways we can help each other, by

i) Uniting our efforts to thwart and prosecute the drug traffickers. Welcome steps taken by Interior Ministers to:

- improve exchange of information.
- continue posting of Drug Liaison Officers and improve coordination of their work.
- consider better coordination of legislation eg mutual agreement covering confiscation of drug traffickers' assets.

ii) stepping up efforts to treat and rehabilitate addicts. In UK we have committed over £17 million to 184 projects which provide service for drug users. On top of that another £5 million a year is being devoted to the further expansion of services. Can all learn from each other.

iii) working to educate teachers, parents and children about the dangers. Each has own problems and ways of tackling them. Should pool experience and apply lessons.

iv) cooperating with other countries. Must not duplicate work of Pompidou Group or UN. Should use our ambassadors in third countries, especially drug producing and trafficking countries, to advise on how to help their governments eradicate illegal production and trafficking. Should use aid, bilateral and Community, where appropriate to reinforce efforts of recipient governments.

- taken together those steps represent a coherent programme

of action.

14 November 1986

A COMMUNITY CAMPAIGN FOR BUSINESS AND JOBS

DRAFT EUROPEAN COUNCIL CONCLUSIONS

THE CHALLENGE

Economic and social progress and the constant improvement of the living and working conditions of the people of Europe are central goals of the Community. The Community must be a major force for growth in the 1980s and 1990s as it was in the 1960s.

The scourge of unemployment, particularly long-term unemployment, can only be tackled effectively through the growth of business and enterprise. To create the conditions for this, the Community must work to break down the remaining barriers to trade between member states, reduce burdens and open up opportunities so that European enterprise can flourish in all member states. The European Council decided to launch a campaign for business and jobs.

THE PROGRESS MADE

The European Council stressed the importance of the growing convergence of economic policy in all the member states over the last four years. This has led

to reduced inflation, now estimated by the Commission to be likely to fall to 3% in 1987, the lowest Community average for 20 years. The European Council welcomed the priority which has been given since its last meeting to work aimed at helping to create the conditions for establishing non-inflationary growth and a substantial growth in employment, including measures:

- to lighten burdens on business;
- to promote long-term prosperity and job creation through the completion of the internal market;
- to achieve sustained employment growth; and
- to help small and medium-sized enterprises make a dynamic contribution to the creation of prosperity and jobs.

The European Council agreed that strengthening the open world trading system on the basis of a fair balance of rights and obligations is crucial to this strategy. The Community played a leading role in the successful launch of the new round of Multilateral Trade

Negotiations. The success of those negotiations will increase opportunities for EC exporters, making an important contribution to growth and employment, not least in the key new service industries.

THE SINGLE LARGE MARKET

The European Council welcomed the steady acceleration of progress on the internal market over the last year, and looked forward to still faster progress when the Single European Act enters into force. It noted, however, that a substantial number of important issues were still under discussion in the Council. It underlined the importance which it attached to decisions being reached on these issues before the end of the year. In particular it called on the specialist Councils to reach decisions as follows:

- The Internal Market Council on:
 - measures to open up public purchasing;
 - specific industrial standards now under consideration;
 - legal protection of semiconductor topographies;

- standards in the field of information technology and telecommunications;

- The Transport Council on:
 - coherent Community policies, including the introduction of greater competition, in the fields of sea and air transport;

 - steps to be taken to create a single market in road haulage by 1992;

 - a medium-term programme relating to infrastructure support.

- The Agriculture Council on:
 - food law measures

 - measures relating to plant and animal health;

The European Council called on the member states and the Commission to make every effort to ensure that agreement on these issues is reached by the end of this year.

The European Council considered that in order to maintain a good rate of progress on the programme as a whole the Council would need to devote a particular effort next year to reaching decisions on measures necessary to open up the market in financial services, mutual recognition of testing and certification, and a further opening-up of public purchasing.

The European Council welcomed the new Framework Programme for Community action in research and technological development. They looked for early agreement on the Programme as an important step towards enabling the Community to compete in the worldwide market for high technology products. They asked the Commission and the Council to make a special effort to agree standards that will enable the Community to compete in the development and marketing of digital cellular radio in the 1990s.

THE CONSUMER INTEREST

The European Council, recognising that economic growth and the encouragement of enterprise ultimately benefit all the Community's citizens as consumers through

increased spending power, lower prices from more competition, and more choice, underlined the need to ensure that consumers' interests are fully taken into account in the formulation of Community policies, and the importance which it attaches to ensuring that:

- consumers or their representatives are effectively consulted; and that
- in considering specific proposals, the Council has the implications for consumers brought to its attention.

ENCOURAGING ENTERPRISE

The European Council emphasised the priority it attaches to maintaining and building on the work which has begun to lessen fiscal, administrative and legal constraints on business, to encourage enterprise and to promote employment. The Council welcomed the conclusions of the 20 October Industry Council in reducing burdens on business, the steps taken by the Commission to assess the impact of all new proposals on business costs and jobs and similarly to review existing legislation. The Council emphasised the importance it attaches to the successful working of the new assessment arrangements and looked forward to the Commission's further reports and recommendations to be

made early next year on this and on the review of existing legislation. The Council welcomed the setting up of the task force on SMEs to carry through and develop this initiative and to coordinate action to improve the environment for business. Recalling its conclusions at the European Council meeting the Council emphasised again the particular importance it attaches to achieving practical results as soon as possible. The European Council also endorsed the principles of the Commission's proposals on help for small businesses, and in particular steps to:

- improve the administrative environment for small firms;
- ensure that existing schemes operate effectively for small firms;
- help the setting up of new small firms;
- improve the access of small firms to new technology;
- enable Member States to learn from each other's experience.

The European Council particularly welcomed the Commission's recent proposals on the application of VAT to small and medium businesses, and urged the Council to reach an early decision on them.

[They welcomed the agreement that has already been reached on NIC IV, a financial instrument which will enable the Community to support SME's efforts to invest, particularly in new technology.]

AN ACTION PROGRAMME FOR EMPLOYMENT GROWTH

Economic growth based on sound financial policies and moderation of wages is essential to employment growth. The European Council, recalling its conclusions at The Hague, emphasised the importance of Community action on jobs designed to:

- help both young people and adults into employment by promoting the provision of the skills and training they need, including more effective vocational training programmes, encouraging more training for adults and the introduction of a Community vocational training pass;

- help the long-term unemployed back into jobs, including an examination of the impact of national tax and social security systems on the long-term unemployed and of other measures including recruitment aids together with more job counselling and guidance.
- promote the creation of self employment, small firms and cooperatives, including a review of existing instruments to ensure they do not create unnecessary obstacles to self employment, the encouragement of local employment initiatives and the possible creation of a model legal framework for cooperatives.
- intensify the exchange and evaluation of information about the practical measures which each member state is taking to combat unemployment, with special reference to the long term unemployed.
- improve the exchange of information and advice about employment opportunities throughout the Community.

- improve the workings of the labour market, including ways of increasing part-time and other flexible working patterns, providing better access to training for the disadvantaged, and encouraging self-employment in inner city areas.

They called on the Social Affairs Council meeting next week to adopt the action plan for employment growth.

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14 November 1986

EUROPEAN COUNCIL CONCLUSIONS

Heads of Government had a detailed discussion of how further to intensify their cooperation to combat terrorism, illegal immigration and drug trafficking. They agreed that concerted policies to deal with these problems were essential to the goal of achieving free movement within the Community.

Terrorism

They agreed that the following principles must govern their common fight and alliance against terrorism and those who sponsor terrorist acts:

- no concessions under duress to terrorists or their sponsors.
- solidarity between the Member States in their efforts to prevent terrorist crimes and to bring the guilty to justice.
- concerted action in response to terrorist attacks on the territory of a member state.

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Heads of Government reaffirmed the decisions taken the Twelve in the course of 1986 in the wake of evidence of state sponsored terrorism to:

- reduce the staff of diplomatic and consular missions who have abused their diplomatic immunity;
- restrict the freedom of movement of their diplomatic and consular personnel;
- introduce stricter visa requirements and procedures.
- refuse to accept as accredited diplomats staff of an Embassy in another member state expelled in connection with an act of terrorism.

They welcomed the agreements reached on 21 April and 10 November as a collective response to actions of this kind.

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Cooperation Between Security Authorities

Heads of Government agreed that they must pool their resources to maximise their ability to prevent terrorist acts and to bring those responsible to justice. Actions to be taken include:

- More effective arrangements for extradition. They welcomed the changes being made by the UK to its extradition laws which will enable it to adhere to the European Convention on extradition.
- Steps to ensure that provision for genuine asylum seekers is not abused. Interior Ministers have set work in hand to enable practical cooperation between Member States to counter abuse.
- Practical cooperation to counter Passport abuse.
- Consideration of the role of coordination and possible harmonisation of visa regimes in tightening controls at the Community's external frontiers.

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- Intensifying cooperation between immigration services.
- Tougher action on exclusion of suspects so that a suspect excluded from one Community country will be excluded from all.

At the same time member states will be examining what further action they can take to simplify frontier procedures within the Community, without weakening their essential defences, for the benefit of all their citizens.

In order to strengthen their defences against terrorism while making travel easier for the Community tourist and businessman, they endorsed the action of Interior Ministers in setting in hand a study of how to strengthen controls at the Community's external frontiers. Heads of Government agreed to examine the progress made at their next meeting, determined that their solidarity in the face of the terrorist threat to the safety of their citizens should be put into practice at every level of cooperation.

Drugs

Heads of Government decided that the Community and the member states must contribute to the fight against drug abuse. They endorsed the Seven Point Action Programme of work agreed by Interior Ministers and noted that agreement had been reached for the Commission to participate as an observer in the 1987 UN Conference on drugs.

They agreed on the need to work in close cooperation with the Council of Europe's Pompidou Group to

- improve the exchange of information;
- cooperate to thwart and to prosecute those who criminally traffic in illegal drugs;
- coordinate legal action and, in particular, to seek to ensure that the assets of someone convicted of illicit trafficking in one Community country will be liable to confiscation throughout the Community;
- exchange Drugs Liaison Officers between EC

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countries and continue posting such officers to other countries

- seek agreed reports from Community ambassadors in drug producing and trafficking countries of how best the EC can help, including possible use of bilateral and Community aid to bolster those countries' own efforts to end drug production.
- work closely with other friendly countries in the UN and the Council of Europe which provide for international cooperation in drugs matters
- draw on each others' expertise in the treatment and rehabilitation of drug addicts and work together to educate teachers, parents and children about the dangers of drug abuse.

Each member state has its own problems and ways of dealing with them but there are lessons which will apply to all. The European Council called for a report to be made to the next European Council with recommendations for action by the Community and its member states.

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further action they can take to simplify frontier procedures within the Community, without weakening their essential defences, for the benefit of all their citizens. [The Heads of Government welcomed the decision of the UK to adopt common channels for UK and other Community nationals at major sea and air ports and selective embarkation controls.]

They endorsed the action of Interior Ministers in setting in hand a study of how to strengthen controls at the Community's external frontiers. Heads of Government agreed to examine the progress made at their next meeting, determined that their solidarity in the face of the terrorist threat to the safety of their citizens should be put into practice at every level of cooperation.

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Foreign and Commonwealth Office

London SW1A 2AH

13 November 1986

Handwritten initials

Dear Charles,

*Prime Minister
This is the usual arrangement
for handing over to the
incoming President. Agree
to breakfast with Mr. Martens?*

European Council: Meeting with
the Belgian Prime Minister

at 11:00 CDP?

Thank you for your letter of 29 September about a possible meeting between the Prime Minister and M. Martens over breakfast on 6 December.

Can we now confirm to the Belgians that we are planning on the basis that this meeting will indeed take place?

Yours ever,

Colin Budd

*Just to check if
something else
comes up?*

*I only had
breakfast with*

(C R Budd)
Private Secretary

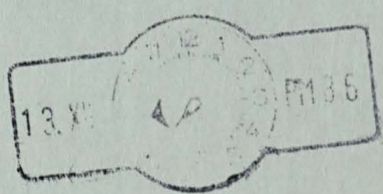
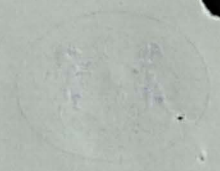
C D Powell Esq
PS/10 Downing Street

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London SW1A 2AA





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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

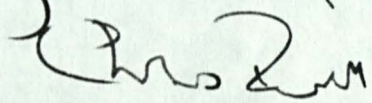
14 November 1986

Dear Christopher,

LONDON EUROPEAN COUNCIL: 5-6 DECEMBER

The Prime Minister was grateful for the Paymaster General's recent minute suggesting how we could give further impetus to deregulation at the forthcoming European Council. She agrees with the steps which Mr. Clarke proposes. She also agrees that we should avoid including consumerism under the business and jobs item of the Council's conclusions.

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

Yours sincerely

(C. D. POWELL)

Christopher Capella, Esq.,
Paymaster General's Office,
Department of Employment.

slw



PRIME MINISTER

CPC

(2)

Prime Minister

CDD

13/11

LONDON EUROPEAN COUNCIL : 5 - 6 DECEMBER

The Secretary of State for Employment and I have now seen your Private Secretary's letter of ^{at-top} 13 October recording your view that giving further impetus to deregulation should be a priority for the European Council. We readily agree.

I think in fact that the main elements are now in place for reaching a set of useful and positive conclusions at the Council on business and jobs. They include progress in completing the internal market; endorsement of our own employment initiative in advance of what we hope will be its adoption at the Social Affairs Council on 11 December; action to help small firms; and deregulation.

On the last of these there has been progress but not as much as we should have liked. There is now a task force within the Commission reporting to Commissioner Matutes with responsibility for the interests of small and medium sized enterprises and for deregulation; a new system has begun to operate for assessing the compliance costs for business of new proposals; and a study is underway to examine the burdens created by existing EC legislation. This makes it particularly important that the European Council maintains pressure on the Commission to pursue deregulation as a matter of priority. The Council must emphasise the need to move without delay to full and effective operation of the compliance cost system, and we should express strong support for Commissioner Matutes and his task force in their efforts to reduce burdens on business and to follow up the actions taken this year.

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On our employment initiative, we have largely succeeded in neutralising the opposition of the European Trade Unions, who rightly see the initiative as an attempt to rid the Council agenda of social engineering proposals such as Vredeling and Parental Leave. But we still need the stimulus of the European Council to line up the support of one or two of the more faint-hearted member states.

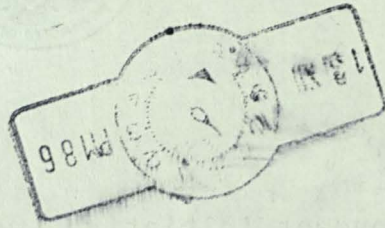
Overall I would hope that we can secure agreement at the Council to conclusions which endorse all of these priorities - while at the same time avoiding subjects which might undermine their impact. On the latter count I have some doubts about including consumerism under the business and jobs item. It is often the case that consumer interests conflict with the imperatives of employment and profitability by loading extra costs on employers. I think we should be cautious therefore before lending it the endorsement of our own European Council under the business and jobs heading.

I am copying this to members of OD(E) and Sir Robert Armstrong.

K C
November 1986

CONFIDENTIAL

CONFIDENTIAL



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CONFIDENTIAL

010

ccpc

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH



From the Minister

JW no sel
CDP
'(X)

The Hon William Waldegrave MP
Minister of State
Department of the Environment
2 Marsham Street
London
SW1P 3EP

11 November 1986

PRESIDENCY HANDLING OF NUCLEAR ISSUES

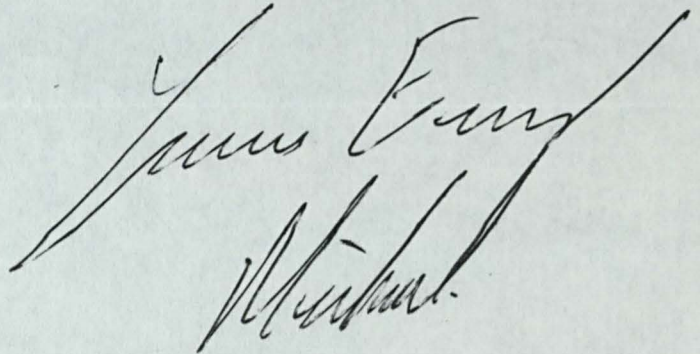
As one of the authorising Ministers under the 1960 Radioactive Substances Act I have been following the question of how we handle nuclear issues in the Community with some concern. My Department undertakes a large amount of work on the monitoring of nuclear power discharges and we hold strongly to the view that the emissions and consequences need to be judged in the light of circumstances at the site in order to determine the extent of any risk and to take full account of the ALARA principle. Since this requires careful analysis of the economic consequences at the locality we do not believe that global standards will meet the need since they will either be more costly than is necessary in some cases or not sufficiently conservative in others. We are therefore concerned that the Commission's philosophy of trying to obtain blanket figures should not be allowed free run. Indeed in this area we consider that national governments must retain the initiative.

In the UK nuclear regulatory matters are dealt with in a closely integrated regime involving the Department of Energy, the Nuclear Installations Inspectorate, DOE and MAFF in the context of the nuclear energy programme, and we would see dangers in trying to deal with policy piecemeal in Europe.

/ It is unfortunate ...

It is unfortunate that it now seems inevitable that nuclear issues will be discussed, if only briefly, by the Environment Council. I am particularly concerned about the suggestion made by the Belgians as incoming presidency that they consider the Environment Council should discuss matters relating to radioactivity standards in foodstuffs. This is a difficult subject and will need careful consideration. There are already a number of Community initiatives underway in the agriculture and health spheres and I can see no need for the Environment Council to get involved in this as well and indeed I can see that this could only lead to confusion.

4 I am sending copies of this letter to the Prime Minister, Geoffrey Howe, Peter Walker, Norman Fowler, Nicholas Ridley, David Young and John Moore.



The image shows a handwritten signature in dark ink. The signature is written in a cursive style and appears to read "James Evans". The signature is positioned above the printed name of the sender.

MICHAEL JOPLING



MRS GOODCHILD

file 26
cc Mr Taylor

EUROPEAN COUNCIL: DINNER FOR HEADS OF GOVERNMENT

The Prime Minister has seen my note of yesterday. She agrees that there should be 14 guests at the dinner, at a round table with interpreters sitting behind. She would much prefer the dinner to be in the Pillared Room if possible. She would like us to arrange for the Head of Protocol to meet the guests on arrival. She will greet them in the White Room, have drinks there before dinner and coffee afterwards. She would like the photograph to be in the Blue Room. She is content for a Private Secretaries dinner to be held in No.11 if the Chancellor is willing.

Charles Powell

5 November 1986

PRIME MINISTER

c Mr Taylor
Mrs Goodchild

EUROPEAN COUNCIL: DINNER FOR HEADS OF GOVERNMENT

You are to give a dinner for the Heads of Government attending the European Council here at No. 10 on Friday 5 December. It would be helpful to have a steer on some organisational points.

Yes

No

Attendance

There are twelve Heads of State or Government. The President of the Commission is also present. The French want M. Chirac there too. That makes a total of 14.

Agree?

Room

In 1981 you held the dinner in the pillared room. But the 1984 Economic Summit was done in the Dining Room, banked up with flowers to reduce the size. I suggest that with 14 guests plus interpreters the Dining Room is probably better.

Agree to Dining Room?

The Pillared room is very much nicer

Table

In 1981 you had a round table (for 11). I think a round table is best for conversation, and we could probably get one big enough for 14. But the interpreters would have to be behind.

Agree to round table?

Meeting Arrangements

I understand that in 1981 you received Heads of Government in the White Room. If you prefer to do so again - and it will not of course be the first time you meet them - I will arrange for the Head of Protocol to meet them at the Front Door and escort them upstairs.

Agree to receive Heads of Government
in the White Room?

Private Secretaries

We propose to lay on supper for one Private Secretary for each Head of Government (and the usual five for President Mitterrand!) in No. 11 with the Chancellor's permission.

Agree to this?

in the dining room at No. 11,

Photograph

We plan a photograph on the way into dinner. I suggest this should be in the Pillared Room as you move towards the Dining Room.

Agree to photograph in the Pillared Room?

Pillared Room

not

CHARLES POWELL

4 November 1986

VC3ANX

RESTRICTED

MR. POWELL

EUROPEAN COUNCIL: DINNER FOR HEADS OF GOVERNMENT - FRIDAY, 5 DECEMBER

I have looked through the papers on the last European Council Meeting in London on 26/27 November 1981.

The arrangements for the dinner on 26 November were as follows:

The dinner was held at a circular table in the Pillared Room for 11. Last time the interpreters sat behind.

I do not seem to have a note on whether the Prime Minister welcomed them at the Front Door but will check.

There was a separate dinner for aides and Mitterrand's doctor and ADC in No. 11 Dining Room. The aides had drinks beforehand in No. 11 and remained there the whole evening. After Dinner last time the Heads of Government were joined by their Foreign Ministers. Coffees were served for Heads of Government in the Blue Drawing Room, the dining table was dismantled in the Pillared Room to give extra room for the Foreign Ministers. The Foreign Ministers' aides were served drinks in No. 11. Clive Whitmore and Michael Alexander were present from No. 10.

Sue Goodchild

4 November 1986

RESTRICTED

MRS. GOODCHILD

EUROPEAN COUNCIL: DINNER FOR HEADS OF GOVERNMENT

The Prime Minister will give dinner for Heads of Government attending the European Council at No. 10 on Friday 5 December. We need to consider the arrangements. Do you have notes of what happened last time?

There are likely to be 14 at the dinner (12 Heads of Government plus the French Prime Minister, plus the President of the Commission). With interpreters, this rules out the small dining room and leaves a choice between the main dining room and the pillared room. We shall need to consult the Prime Minister on the choice. Do you remember which it was last time?

Depending on where the dinner is, the guests will assemble either in the White Room or the Pillared Room. There will be a photograph before dinner.

I assume that the Prime Minister will welcome them on arrival in the front hall. We shall need help to escort them upstairs.

There will also need to be a separate dinner in an out-mess for one aide to each Head of Government (though President Mitterrand always brings at least three). We had better bargain on dinner for 16. Where would this be? And where would the aides congregate for a drink beforehand and to wait for Heads of Government afterwards? (I suspect that the Prime Minister will want to use the White Room for coffee for Heads of Government).

Can we please discuss?

C D P

C.D. POWELL

4 November 1986

PRIME MINISTER

Spoken to FCO

CP
20/10

EUROPEAN COUNCIL

There is one point about the organisation of the European Council in London on which I should be grateful for your view.

On the Friday evening, you will give a dinner for Heads of Government here in 10 Downing Street and the Foreign Secretary will give a separate dinner for Foreign Ministers. The question is whether a notetaker should be present. The Foreign Secretary intends to have one. The practice for Heads of Government dinners is not consistent: sometimes there is a notetaker in a corner, sometimes not. It could be useful for preparing a report when the European Council meets again the following morning. On the other hand you may prefer to have the Heads of Government absolutely alone.

✓
+
Prefer a notetaker? Or Heads of Government alone?

CDP

(Charles Powell)

29 October 1986

DCA.27

* It would be me.



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

13 October 1986

Dear Colin,

LONDON EUROPEAN COUNCIL: 5-6 DECEMBER

The Prime Minister has considered the Foreign Secretary's minute of 6 October about the agenda for the London European Council on 5-6 December.

The Prime Minister is generally content with the agenda proposed by the Foreign Secretary. She has commented that Chancellor Kohl is not likely to welcome a discussion on agriculture with elections in Germany due in January. She has also said that her impression is that deregulation is not moving forward nearly fast enough and that giving impetus to work on it should be a priority for the European Council.

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

Yours sincerely
C. D. Powell

C. D. POWELL

Colin Budd, Esq.,
Foreign and Commonwealth Office.

①
CPC



Prime Minister

Yes, but (I suspect)
that deregulation
is not working
very well. The
"Somerset" in Britain
does seem very
critical.
m.

PM/86/067

This seems to me
an excellent agenda,
which would have
great appeal in this
country (for once).
Agree?

CSP
7/x.

PRIME MINISTER

London European Council: 5-6 December

1. I have been considering the agenda for the London European Council on 5 - 6 December, and what we should aim to get out of it. The time available will be limited to two plenary sessions and a major discussion by Heads of Government over dinner. We will need to give the meeting a sharp focus if we are to get substantial results.

2. We will of course have to remain flexible over the agenda in case we have to set time aside at the last moment for subjects we cannot at present foresee. It is too early at this stage to say how much time either Heads of Government or Foreign Ministers will want or need to devote to political cooperation subjects. I shall minute further on that nearer the time. For the moment I would suggest that we need to think along the following lines:

(a) we should avoid a ritualistic discussion of the economic and social situation;

/(b)



(b) we should avoid re-hashing well worn themes;

(c) we should work towards conclusions which reflect our national priorities and which show the Community tackling the problems that are top of the public agenda.

3. On this basis the main focus for discussion in the first session should be 'Business and Jobs'. Within the theme of creating the climate for more jobs, I propose:

- that we should get the European Council's endorsement of our initiative on job creation, which has had a good reception from other Governments and should finally lay to rest Community discussion on the Vredeling directive and other 'social engineering' measures;

- that we should give a special emphasis to the importance of small and medium enterprises (on which I expect that there will be a new stress in ECOFIN's decisions on Community lending);

- that we should keep up the momentum on deregulation;

- and that, as agreed in OD(E) last week, the European Council should take stock of the progress on the internal market and give a push, if necessary, to a block of decisions (possibly including a measure of air transport liberalisation) which, as Presidency, we shall be putting to Councils in December. We shall be keeping up the pressure in the individual Councils in the meantime.

/4.



4. Other aspects of the economic and social situation could be covered in the same discussion. So as to focus on practical action, we would prepare a 3-4 page Presidency paper as a basis for discussion and drafting the European Council's conclusions. Either under this heading or separately I would like to bring in for the first time some consideration of consumer interests. This subject has never been given an airing in a European Council and is arguably long overdue for one: it is astonishing how small is the input from consumer interests in the preparation of important EC decisions affecting them, including those on the Common Agricultural Policy. I think that we could start the process of getting a bigger input from consumers and this would also allow you to draw attention from this point of view to the misallocation of resources in the Common Agricultural Policy.

There are a lot of detailed regulations on consumer matters in safety standards harmonisation work in last minutes

5. A second major theme could be the highly topical and closely related subjects of terrorism, drugs and immigration. Douglas Hurd organised a very successful emergency meeting of Interior Ministers on 25 September, which focussed particularly on improving cooperation over terrorism. As part of our original Presidency planning he will be having another meeting in October, which is likely to concentrate more on the fight against drugs and strengthening the external frontier controls of the Community. There would be strong public and press interest in a discussion by Heads of Government. We would need to circulate a short Presidency paper beforehand to focus discussion, which could perhaps take place between Heads of Government over dinner while the Foreign Ministers hold their customary discussion of the main Political Cooperation issues. Discussion could be resumed, if appropriate, at the

/plenary



plenary session the next morning. Here too we would aim for agreement on conclusions based on the Presidency paper. Indeed, I believe that this could form the basis for a major campaign to be launched by Heads of Government from London. In order to fulfil the remit given at The Hague European Council there would also need to be a short report on progress towards a People's Europe but it should be possible to manage this in a way which avoids separate discussion.

6. We have also considered whether it would be in our interests to put agriculture on the agenda as a separate item. We have combined with the French and Germans to insist to Jacques Delors that our European Council must not be an occasion for the Commission to initiate the debate which will take place next year on the ex novo review of Community financing. A general discussion on agriculture would give others the opportunity to try to bring that debate forward. We may, however, wish to raise some specific issues. In particular, if there has been insufficient progress with the reform of the beef and milk regimes in the discussions in the Agriculture Council:

- we may want to use the European Council to give some further impetus to that work;

- and you may wish to consider mentioning also Michael Jopling's ideas on agriculture and the rural environment, though that must depend on the outcome of our own discussions of those ideas.

We have to remember that total harmonisation is a very important issue. It may be worth discussing in the next meeting.



7. This agenda would highlight areas for which Britain has been a principal advocate or on which we have taken specific initiatives - the internal market, the strategy for jobs, small businesses and deregulation, the consumer interest, avoiding misuse of resources in the Common Agricultural Policy and the fight against terrorism and drugs.

8. These ideas have been discussed with other Departments at official level, and we have set some preparatory work in hand on drafting possible Presidency papers.

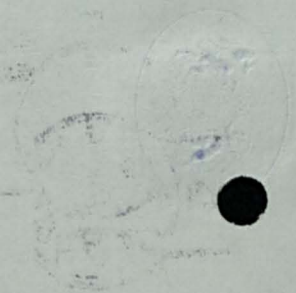
9. The European Council should also be the occasion formally to re-appoint Jacques Delors for a further two years as President of the Commission. We shall be consulting the other member states, but expect it to be the unanimous view that he should stay on. This would be for you to announce at the beginning of the meeting.

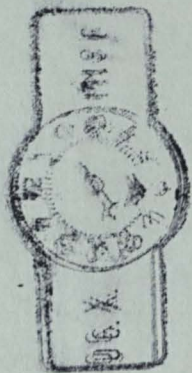
10. I am copying this minute to members of OD(E) and Sir Robert Armstrong.

(GEOFFREY HOWE)

Foreign and Commonwealth Office

6 October 1986





c/f

file

BM



bc PC

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

29 September 1986

**Possible Meeting with the Belgian
Prime Minister**

157 || Thank you for your letter of 25 September proposing a Presidency hand-over meeting with Mr. Martens during the European Council on 5/6 December. We have pencilled in a breakfast meeting on 6 December, subject to confirmation nearer the time.

I am copying this letter to Michael Stark (Cabinet Office).

(C.D. Powell)

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

BM

CCPC.

810



Foreign and Commonwealth Office

London SW1A 2AH

29 September 1986

Dear Charles,

Possible Bilateral Between the Prime Minister and the
Belgian Prime Minister

As you know, we have worked hard to establish the practice of greater continuity between succeeding Presidencies of the Community. This worked well with the Dutch and we are trying to ensure similar continuity between our Presidency and the Belgian Presidency.

You will recall that the Prime Minister had a meeting with Mr Lubbers in The Hague on 27 June which enabled them to discuss the major outstanding issues. The Foreign Secretary recommends that the Prime Minister should meet Mr Martens on a similar basis during the London European Council. Breakfast on 6 December would provide a suitable opportunity.

I am copying this letter to Michael Stark at the Cabinet Office.

Yours ever,

Colin Budd

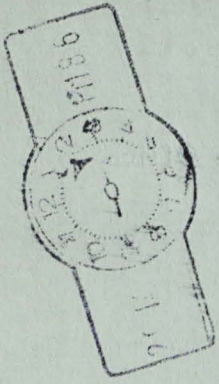
(C R Budd)
Private Secretary

C D Powell Esq
PS/10 Downing Street



London 24th Jan 1918
The General Post Office





London SW1A 2AA
Foreign and Commonwealth Office



cc: Mrs. Ryder

PRIME MINISTERVISIT TO THE CONFERENCE CENTRE

You asked to visit the Conference Centre tomorrow to settle the arrangements for the European Council in December. This is rather short notice and there is actually a Conference going on. But we have managed to arrange a visit to the main rooms which will be involved: the meeting room, the Heads of Delegations' offices and the room where it is proposed you would give a working lunch. You have already of course seen the main auditorium.

You will be met and shown around by Michael Richardson, Head of the Presidency Secretariat in the Foreign Office and by the Business Manager of the Conference Centre. There will be other activities going on during your visit but we shall not disturb them unduly.

C.D.P.

C.D. POWELL

23 September 1986

BM2AVH

Qz.05255 *OSP*

MR ADDISON, 10 Downing Street



MT

CCBS (2)

*Prime Minister
You were concerned
about this point.*

MT

European Community: postal charges

*CDP
3/9*

Although it may at first appear that the decision of the Post Office is simply to reduce charges for external mail at an equal and opposite expense for inland mail, this is not the case. As part of this package of measures, the Post Office is making other changes in external mail charges which increase revenue -

(i) at present the post to the Republic of Ireland is charged at the United Kingdom's inland rate (first class letter 17p, second class letter 12p). As the number of Irish nationals in the United Kingdom is large, the volume of traffic from the United Kingdom to the Republic of Ireland is also quite large. We are "net exporters" of letters to the Republic of Ireland and the British Post Office is paying terminal dues to An Post in the Republic of Ireland for the handling of post originating in the United Kingdom. The imbalance costs us about £4 million a year. Accordingly the British Post Office has decided to increase its revenue quite significantly by bringing the postage rates for letters to the Republic of Ireland into line with those for letters to other European countries. As to other European countries there will not be a second class mail rate. A full system of international pricing for services to the Republic of Ireland was estimated to generate gross additional revenue of about £7.7 million;

(ii) as part of this package of decisions and taking account of the increased revenue, the Post Office decided that the inland first class rate should be retained for mail of up to 20g to the Republic of Ireland and that



this should be extended to other Community countries. This means that skimpy letter writers (because the weight limit is more restrictive than for inland mail) can keep an advantage to the Republic of Ireland and get it for other Community countries. But because the new arrangement is limited and there is, for example, no second class rate, it is far less than a general extension of inland postal arrangements to the Community. Almost all other Community countries charge their own internal rate for first weight-step letters to the United Kingdom.

I am sending copies to Sir Robert Armstrong and to Bernard Ingham.

D F Williamson

D F WILLIAMSON

3 September 1986



MS2CIN

apl

10 DOWNING STREET

From the Private Secretary

MR WILLIAMSON
CABINET OFFICE

EUROPEAN COMMUNITY: UK PRESIDENCY

Thank you for your minute of 26 August to Charles Powell here, and the attached report of progress made during the first month of the UK's presidency.

The Prime Minister has noted this, and raised one question on it. In relation to paragraph 9, she has asked why the costs of postal charges should have been standardised in that way, when the resulting overall reduction in cost will have to be carried on internal mail services?

I am copying this to Sir Robert Armstrong and Bernard Ingham.

Mark Addison

27 August 1986

apl

010



cc pc

Prime Minister (2)

MSA 26/8

Qz.05245

MR POWELL

EUROPEAN COMMUNITY: UNITED KINGDOM PRESIDENCY

--- During the first month of the United Kingdom Presidency we were successful in settling a good number of outstanding issues within the European Community. We have circulated to Departments the attached note and will be updating it regularly during the autumn. You may find it helpful to have this available. Although some of the points are not of great importance, it seems to us that the final agreement on the Single Administrative Document and on the COMETT programme are very much in line with the Prime Minister's own views.

I am sending a copy to Sir Robert Armstrong and to Bernard Ingham.

D F Williamson

D F WILLIAMSON

26 August 1986

COMMUNITY SUCCESSES DURING UNITED KINGDOM PRESIDENCY
(up to 31 July 1986)

EXTERNAL RELATIONS

EC/US

1. Agreement was reached with the United States on 1 July on an interim settlement on the agricultural trade consequences of Spanish and Portuguese accession. Intense but difficult negotiations continue in an attempt to reach a formal solution.
2. Ad referendum agreement was reached with the United States on 9 July on the level of exports of Community semi-finished steel products from 1986 to 1989.

New Zealand Butter

3. Agreement was reached at the 21-22 July Foreign Affairs Council on an import regime guaranteeing New Zealand preferential access for imports of 76,500 tonnes of butter to the Community in 1987 and 74,500 tonnes in 1988.

BUDGET

4. The United Kingdom presidency secured agreement at the Budget Council on 7 July on a new budget for the Community for 1986, only 4 days after the European Court of Justice had declared the original 1986 budget - adopted by the European Parliament without the agreement of Ministers - illegal.

INTERNAL MARKET

Rolling Action Programme

5. Agreement has been reached on the following measures included in the rolling action programme for completion of the internal market:

a. COMETT

The Internal Market Council on 24 July formally adopted the COMETT programme, which will improve collaboration between higher education and industry in the field of advanced training.

b. Training in General Medical Practice

The Internal Market Council on 24 July agreed a directive allowing suitably qualified general practitioners to work in any member state.

c. Telecommunications Equipment

The Internal Market Council on 24 July adopted a directive opening up the market for telecommunications terminal equipment by requiring the mutual recognition of the results of equipment tests conducted in any one member state.

d. Tractor Controls

The Internal Market Council on 24 July adopted a directive providing for a single control layout, with standardised markings, which will be acceptable in every member state. This will help manufacturers cover the entire Community market with a smaller range of models.

e. Outward Processing

The Internal Market Council on 24 July adopted a directive aimed at ensuring that the reliefs of goods re-imported under outward processing arrangements are consistently applied throughout the Community.

Single Administrative Document

6. A standardised customs form for the whole Community will, from next year, replace more than 70 different forms currently being used by member states. The Commission announced at the 24 July Internal Market Council that the necessary implementing regulations had been adopted: member states are now setting up the necessary practical arrangements to ensure the new system works smoothly from 1 January.

Rules of Origin

7. Agreement was reached at the 24 July Internal Market Council - within 6 days of the first working group discussion - on a regulation defining the rules of origin for trade between Spain and Portugal during the post-accession transitional arrangements. This defused a tricky bilateral dispute.

TRANSPORT

Aviation

8. The Commission announced on 10 July that it was writing to 10 Community airlines saying that they had infringed Community competition rules and requiring them to end the infringements. This will help the United Kingdom's efforts towards better, cheaper air transport services in Europe.

PEOPLE'S EUROPE

Postal Rates

9. The Post Office announced on 1 July that from 1 October postal rates for inland letters and letters to other Community destinations will be the same (18p). The cost of sending letters to Continental addresses will as a result fall by 4p.

*Why? This will only
have to be covered
on return of mail services
and*

RESEARCH

International Cooperation

10. Agreement was reached in July - within six days of first working group discussion - on a framework for cooperation in research and development between the Community and Austria.

AGRICULTURE AND FISHERIES

Fisheries

11. Agreement was reached in July on:

a. the quantities of certain fish to be taken in 1986 by Community vessels in waters regulated by the Northwest Atlantic Fisheries Organisation (NAFO); and

b. the quantities of herring to be taken in 1986 by Community vessels in the Skagerrak and Kattegat - the channels between Denmark and, respectively, Norway and Sweden - and the allocation of those quantities between member states.

Wine

12. The 15 July Agriculture Council agreed to establish a vineyard register, which will help provide information necessary to implement reforms agreed in 1984 to reduce the Community's wine producing capacity.

Cabinet Office

6 August 1986

GM

NB: Subject: Community Energy during
UK Presidency
CONFIDENTIAL

CCBB



2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

The Rt Hon Peter Walker MBE MP
Department of Energy
Thames House South
Millbank
LONDON
SW1

My ref: W/PSO/34796/86

Your ref:

TF seen

31 July 1986

Dear Peter

see note

Thank you for sending me a copy of your letter of 8 July to Geoffrey Howe.

I am generally in agreement with your suggestions for handling these issues, and I understand that officials of the Departments concerned are working closely both bilaterally and through the Cabinet Office. In particular officials from this Department are members of the team attending the preliminary discussions in Vienna.

/ I am sending copies of this letter to those who received copies of yours.

Nicholas Ridley

NICHOLAS RIDLEY



Handwritten text at the bottom of the page, possibly a signature or date, which is mostly illegible due to blurring and fading.

Mr. [unclear] [unclear] [unclear]
[unclear] [unclear] [unclear]





CONFIDENTIAL

cc/c

FCS/86/195

EDD
16/7.

SECRETARY OF STATE FOR ENERGY

Handling of Community Energy Matters During UK Presidency

1. Thank you for your letter of 8 July setting out your views on the handling of Community energy matters during our Presidency. I welcome your approach, and agree with your proposals for handling discussion of nuclear issues among the member states in the run-up to the September IAEA meeting. I believe we shall have sufficient support, especially from the French, to be able to handle the discussions in the way you suggest. I think we have effectively headed off the idea of a nuclear safety inspectorate.

2. I welcome your idea of an informal meeting of Energy Ministers in September and, in particular, your plan to use the occasion to promote energy efficiency throughout the Community.

3. I am copying this minute to the Prime Minister, Nicholas Ridley, Michael Jopling, Malcolm Rifkind and Sir Robert Armstrong.

Foreign & Commonwealth Office
16 July 1986

GEOFFREY HOWE

CONFIDENTIAL



SECRETARY OF STATE FOR ENERGY

THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ

01 211 6402

Colin Budd Esq
Private Secretary to
The Foreign & Commonwealth Secretary
Foreign & Commonwealth Office
Downing Street
LONDON
SW1A 2AH

*EDD
14/7.*

// July 1986

Dear Colin,

HANDLING OF ENERGY MATTERS DURING UK PRESIDENCY

You will know from my Secretary of State's letter of 8 July to the Foreign & Commonwealth Secretary he plans to hold bilateral discussions with the major Member States about priorities during the UK Presidency. With the help of your officials, a meeting with M. Madelin, the French Minister for Industrial Redevelopment & Trade, has been lined up for the morning of Friday 18 July.

I am copying this letter to Mark Addison (No 10) and Murdo Maclean (Chief Whips Office).

Yours ever,

G S Dart

G S DART
Principal Private Secretary

EURO POL : Council Meetings PT23



CONFIDENTIAL

CRK



DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

JM/PSO/8588/86

The Rt Hon Paul Channon MP
Secretary of State for Trade and Industry
Department of Trade and Industry
1-19 Victoria Street
LONDON SW1H 0ET

8 July 1986

C089/7

Dear Paul,

UK PRESIDENCY OF THE EC: INTERNAL MARKET ACTION PROGRAMME

Thank you for sending me a copy of your letter of 24 June to Geoffrey Howe.

I am afraid that the disappointing start made by the Dutch Presidency on the internal market generally has been reflected in the Transport Council. As you may have heard, at their final Council the Dutch Presidency failed to get agreement on the four shipping measures in the rolling programme and secured only modest Council conclusions on aviation. We did get reasonably positive conclusions on the arrangements for liberalising road haulage. But we now need a formal Commission proposal and considerable work may then still need to be done before we are in a position to attempt a binding instrument. We have, therefore, a hard slog ahead of us and the chances of making substantial progress in the next six months are no longer as good as we once hoped.

I agree that it would be useful to remind other Member States of the connection between our work in the Transport Council and the commitment to complete the internal market. I did in fact make this point clearly at the last Transport Council of the Dutch Presidency, which took place on the day before our own Presidency began, and I shall certainly repeat it when I write to my Community colleagues about the organisation of work in our Presidency.

I am copying this letter to the Prime Minister, members of OD(E) and Sir Robert Armstrong.

John Moore
JOHN MOORE

CONFIDENTIAL

Kudo Pol

London

PT 23



cc PC



SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ

01 211 6402

CDP 17.

The Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for Foreign &
Commonwealth Affairs
Downing Street
LONDON
SW1A 2AL

8 July 1986

HANDLING OF COMMUNITY ENERGY MATTERS DURING UK PRESIDENCY

As you know, I have been discussing the handling of energy matters during our Presidency with Commissioner Mosar and Christopher Audland, the Director-General of DG XVII. I am also seeking a brief discussion with M. Delors when he is next in London.

These discussions have of course been dominated by the follow-up to the Chernobyl accident. I know that you share my views on the danger of an open and irreparable split between the 4 pro-nuclear Member States - France, Germany, Belgium and ourselves - and the anti-nuclear States led by Denmark. In the event of an open split, other Member States might be forced by public opinion to adopt anti-nuclear positions.

There are however some aspects of the follow-up work on which it is reasonable to hope Member States will be in general agreement, for example the proposed Conventions on early information, mutual assistance and contamination levels - so long as those are decided on a scientific basis. Since the former is the subject of IAEA work in August, I am hopeful that Member States will then be able to concert positions, though we shall need to take care to avoid sterile disputes over competence. However any attempt now to concert a formal Community position in the IAEA or to adopt Community legislation on matters such as nuclear safety would risk forcing Member States into adopting rigid positions.

The Commission accept that the main focus of discussion will be in Vienna, initially on the draft Conventions on early warning and mutual assistance and thereafter on measures to ensure that safety standards are everywhere of the highest. Member States will of course wish to discuss events at Vienna, not least the post-Chernobyl review meeting scheduled for the end of August. Developing a consensus will however be a long haul and require patient and delicate handling.



I intend to start the process by inviting the Energy Ministers of all Member States to an informal meeting in mid-September, an idea which the Commission have welcomed. I have in mind a very relaxed occasion: in the morning I would ask Ministers in turn to describe how their thinking on their national energy policies was being affected by the collapse in oil prices and the Chernobyl accident. The afternoon I would devote to a discussion of how to bring home the financial advantages of energy efficiency to the consumers who have to take the decisions. The promotion of energy efficiency is of course itself an invaluable step in improving the competitiveness of the Community's industries against those of Japan and America and I hope to make improved co-operation in this sphere a major theme of our Presidency. But I also hope that with such a format, nuclear matters would not be seen to dominate the informal meeting and that therefore Ministers would not come to it with their positions on such matters rigidly defined.

In order to support this approach I shall also be seeking bilateral discussions with my opposite numbers in France and West Germany, and also in Belgium (in order to develop continuity in approach between our Presidencies).

I am copying this letter to the Prime Minister, Nicholas Ridley, Michael Jopling, Malcolm Rifkind and Sir Robert Armstrong.

A large, stylized handwritten signature in black ink, consisting of several loops and a long vertical stroke. To the right of the main signature is a smaller, more compact signature.

PETER WALKER





CAF

COP 5/7.

FCS/86/184

SECRETARY OF STATE FOR TRADE AND INDUSTRY

UK Presidency: Internal Market Action Programme

1. Thank you for your letter of 24 June about the handling of internal market issues under our Presidency. I fully agree with the approach you propose.

2. The success of the UK Presidency is likely to be judged to a large extent on how far we manage to speed up progress on the internal market. I am concerned, therefore, that, as we agreed in Cabinet, we should all set out with a very clear idea of what our priorities will be and how we propose to achieve them. I think it would be useful if you and Alan Clark, together with Nigel Lawson, Michael Jopling and John Moore, could join me and Lynda Chalker for a short meeting to discuss the handling of internal market issues during our Presidency. It would be particularly helpful if we could meet before the first Internal Market Council under our Presidency on 24 July. My office will be in touch to fix a date.

3. I am copying this minute to the Prime Minister, Members of OD(E), John Moore and to Sir Robert Armstrong.

(GEOFFREY HOWE)

Foreign and Commonwealth Office

7 July 1986

Ends POC

Ends Council

PT 23



From the Minister

Rt Hon Paul Channon MP
Secretary of State for Trade & Industry
Department of Trade & Industry
1 Victoria Street
LONDON
SW1

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

cc P J
C M J/H

7 July 1986

UK PRESIDENCY OF THE COMMUNITY:
INTERNAL MARKET ACTION PROGRAMME

You sent me a copy of your letter of 24 June to Geoffrey Howe. ✓ at HOP

I accept the need to accelerate work on the internal market in the Agriculture Council during our Presidency. Arthur Cockfield has made much the same point to me and I will be discussing the matter with him shortly.

I intend to make a statement of my Presidency plans at the start of the forthcoming Agriculture Council on 14 July. There is much agricultural business to be pursued, but I will lay particular stress on the need to make progress on the internal market. I have it in mind to hand round a short note to my colleagues indicating the list of internal market items to which I will be attaching priority. A preliminary indication of the list is attached to this letter. ...

As to the idea of devoting one Agriculture Council meeting primarily to the internal market, I do not rule this out at this stage. This could be a sensible objective for the October or November Councils; but much depends on progress at working level. I must also emphasise that, apart from internal market items, there are several major and complex areas of work - some of them subject to deadlines - on which progress is extremely important. I cannot neglect these areas if discussion would be timely at the October or November Councils.

I am copying this letter to the Prime Minister, Members of OD(E), John Moore and Sir Robert Armstrong.

MICHAEL JOPLING

LIST FOR MINISTER TO HAND ROUND AT 14/15 JULY COUNCIL

INTERNAL MARKET ITEMS TO WHICH THE UK PRESIDENCY WILL BE GIVING PRIORITY WITH A VIEW TO DECISION AT THE DECEMBER COUNCIL AT THE LATEST

Numbering, order and description is based on the Dutch Rolling Presidency Action Programme of 18 June (7724/86).

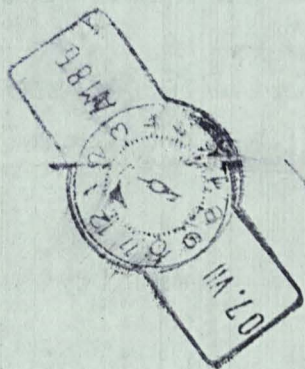
15. Production and Trade in Medicated Feedingstuffs.
17. Personnel responsible for [meat] inspection.
20. Control of residues [in meat].
24. Semen of animals.
26. - Amendment of Directive 77/99/EEC on meat products.
- Imports of meat products from third countries (animal and public health).
31. Proposal for a Directive concerning the fixing of guidelines for the evaluation of additives used in animal feedingstuffs.
33. Proposal to amend the Annex to Directive 76/895/EEC concerning residues of pesticides on and in fruit and vegetables (ethoxyquin and diphenylamine).
35. Proposal for the improvement of Community systems of certification of seeds.
50. Definition of spirituous beverages and aromatized wines.
51. General Directive on food additives (partial amendment of existing directives).
52. General Directive on materials and articles in contact with food (amendment).

EURO POL - Council meeting London
5-6.12.86 - Pt 23

53. General Directive on food for particular nutritional use (amendment).
54. General Directive on food labelling (amendment).
55. General Directive on quick-frozen food.
56. Flavourings.
57. Extraction Solvents.
58. Preservatives (amendment).
60. Cocoa and Chocolate - consolidation.
64. Jams etc (amendment).

Note: Need to establish position on 19, 25, 30, 66 and 67.

[Possible addition of one or two other items for presentational reasons?].



C.C.P.



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

2 July 1986

The Rt. Hon. Paul Channon MP
Secretary of State for Trade and Industry

A handwritten signature in dark ink, appearing to read 'Paul Channon'.

Handwritten initials 'C.C.P.' and the date '3/7'.

**UK PRESIDENCY OF THE COMMUNITY:
INTERNAL MARKET ACTION PROGRAMME**

Thank you for copying to me your letter of 24 June to Geoffrey Howe. I have considered carefully whether I should write to my ECOFIN colleagues outlining my plans for the Presidency with particular reference to the internal market, but concluded that I would not be able to add very much to what I said - and what was agreed - at the last ECOFIN on 16 June.

At that meeting, I stressed my determination to proceed quickly with the Commission's new proposal for liberalising certain capital transactions, and accepted that further work should be set in hand on various fiscal proposals relevant to the internal market. I did not reiterate my determination to press forward with work on the non-life insurance services directive but, as you will be aware, progress on this item is held up pending the judgement of the European Court on four insurance cases. Once the judgement is available, we shall press forward with work on this proposal as quickly as possible.

ECOFIN endorsed my proposal to make rapid progress by agreeing a detailed timetable for further work on a number of internal market issues. It was agreed in particular that the new capital movements directive should be discussed again at the October Council, and that the Monetary Committee and the Committee of Central Bank Governors should examine the implications of a more extensive liberalisation of capital movements. The Commission is to present further proposals on the rate structure of indirect taxation by 1 April 1987 (without prejudice to the position which delegations will then take). In the meantime we will press ahead with examination of a number of technical VAT and excise structural measures. ECOFIN's general programme of work in these areas was endorsed by the European Council last week.



I am copying this letter to the Prime Minister, members of OD(E) and John Moore, and to Sir Robert Armstrong.

NIGEL LAWSON

*Yours
Nigel*



JU642

Secretary of State for Trade and Industry

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

Telephone (Direct dialling) 01-215 5422
GTN 215
(Switchboard) 01-215 7877

CGK

CONFIDENTIAL

24 June 1986

Rt Hon^r Sir Geoffrey Howe QC MP
Secretary of State for
Foreign & Commonwealth Affairs
Foreign & Commonwealth Office
Downing Street
SW1

CD
24/6

Dear Geoffrey,

UK PRESIDENCY OF THE COMMUNITY: INTERNAL MARKET ACTION PROGRAMME

attached

We agreed in OD(E) on 26 February that completion of the internal Community market should be the principal focus of our Presidency. This means making maximum possible progress on the 114 individual proposals included in the 1986 Presidency Action programme following up the Commission's internal market White Paper, which we prepared with Luxembourg and the Netherlands at the end of last year.

The Dutch Presidency have made a disappointing start. Our best guess is that they will do well to get any more than 20 proposals through by the end of this month. That leaves us with at least 90 outstanding items. We need to achieve a substantial acceleration in decision-making during our Presidency. The initial momentum will need to be established in July.

We must equally be realistic. The best estimate I can make at present is that we will have done very well indeed if we succeed in getting as many as 50 of the currently outstanding items adopted by the end of our Presidency. There have been welcome signs recently that Arthur Cockfield may now be prepared to take a similarly realistic view: he now admits privately that adoption of some 50 proposals would be a satisfactory Presidency achievement. I hope that we can get the Commission to recognise this more openly in the internal market Council.

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BOARD OF TRADE
BICENTENARY



A target of around 50 items is ambitious, and progress towards it will depend on wholehearted co-operation and understanding from the Commission and from other Member States. We must therefore do all we can to secure their backing. I know that you and the Prime Minister aim to inject renewed impetus into the Community's internal market work at this week's European Council meeting. We need to consider now how to follow that up in detail in July.

Officials are already at an advanced stage in the preparation of a detailed action plan, item by item, for the Presidency. But the crucial point is to get across to Ministers in other Member States the importance both of accelerating progress this year, the first full year of the Joint Presidency's internal market programme, and of avoiding wholly unrealistic targets - which would undermine the credibility of the internal market programme as a whole - for the decisions to be taken over the next six months.

In the internal market Council itself Alan Clark outlined this general message at the final Dutch Council on 23 June. He will follow this up with a personal letter to all the Ministers concerned, early in July, outlining the kind of progress that we hope to achieve in the Council during the Presidency.

I hope that other colleagues who are chairing Councils responsible for internal market business will also consider taking similar personal initiatives of this kind at the start of our Presidency. The Agriculture Council is particularly important. It is responsible for about a third of the items in the Presidency action programme; and here the Dutch have made a particularly slow start. I understand that Michael Jopling is considering setting aside a certain amount of time at each Council meeting for internal market items. I would hope that he might also be prepared to consider chairing at least one meeting devoted primarily to internal market issues.

The situation is different in the ECOFIN and Transport Councils but it would be helpful to know whether Nigel Lawson and John Moore might also agree it would be useful to write to their Community colleagues early in July, outlining their Presidency strategy with particular reference to the internal market business of the Councils they will chair.

In all this we must of course keep in mind the importance of securing EC decisions which will have a positive domestic political impact. This means our giving a push to some selected items on which early action would make a particularly useful

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BOARD OF TRADE
BICENTENARY



contribution to opening the internal market up - in fields like transport, capital movements and non-life assurance, technical standards and testing and certification. Detailed work to identify our specific priorities is already in hand. In the meantime, we will have prepared the ground for action on the lines we have in mind if we succeed - as we hope - in getting agreement at the European Council meeting that special attention should be paid to securing progress on items of real practical importance to business.

To sum up, I hope we can agree that:

- officials should finalise our list of the 50 or so items we should target for adoption this year, and complete detailed action plans for Community decision-taking on each;
- a particular effort should be made to accelerate work on our national priority items;
- Chairmen of the individual Councils involved in the internal market programme should consider writing to their European colleagues as soon as possible after the European Council meeting, outlining their plans for the Presidency with particular reference to internal market business.

I am copying this letter to the Prime Minister, members of OD(E), John Moore, and to Sir Robert Armstrong.

PAUL CHANNON

17
19
86
BOARD OF TRADE
BICENTENARY

File 4 P

PRIME MINISTER

BRITAIN'S PRESIDENCY OF THE EUROPEAN COUNCIL

You asked me to seek the Foreign Secretary's advice on gifts during our Presidency of the European Council.

The Foreign Office considered a number of alternatives to the Henry Moore sketch but the Foreign Secretary does not think the idea of a Henry Moore sketch can be bettered either on originality or artistic merit.

So can I now ask Crawfie to go in search of the sketches?

CAROLINE RYDER

24 June 1986

010



Foreign and Commonwealth Office

London SW1A 2AH

CR/GR

23 June 1986

Parliamentary papers pl.

CR

Mrs. Ryder

Let's go ahead with the sketches - although the price is hardly modest!

CRP 23/6

Dear Charles,

European Council: Gifts

Caroline Ryder has written to our Presidency Secretariat about gifts the Prime Minister would like to give her colleagues at the time of the European Council. We understand that she has it in mind to give them a Henry Moore sketch but would like our ideas as alternatives.

We have considered a number of alternatives: engraved glass, china (given in 1981), specially bound books, and other items of modern British design are all possibilities. But the Foreign Secretary does not think the idea of a Henry Moore sketch can be bettered either on originality or artistic merit.

The Prime Minister will wish to know that the Dutch have been giving thought to presenting members of the European Council with a compact disc player (supplied by Phillips). The Foreign Secretary does not recommend we should follow suit. In his view gifts during our Presidency should be personal and modest.

Yours ever,

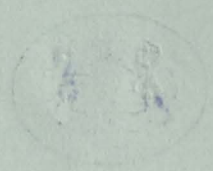
Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

23. W. 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100
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File *SM*
CCrawthorn

10 DOWNING STREET

From the Private Secretary

9 June 1986

**PRIME MINISTER'S GIFTS DURING OUR
PRESIDENCY OF THE EUROPEAN COUNCIL**

I have had a word with the Prime Minister about the above and she said that before she decides on the Henry Moore sketches she would like to know what ideas the Foreign and Commonwealth Office have. Could you look into this please and let me know.

CAROLINE RYDER

Miss Matilda Edwards,
Foreign and Commonwealth Office

Room E102,
European Presidency Department,
Foreign and Commonwealth
Office,
Downing Street
SW1

RA

ate M

CRAWFIE

W A R N I N G !

GIFTS FOR THE EUROPEAN COUNCIL

As you probably know, Britain has the Presidency of the European Council for the last six months of this year. The Prime Minister has to give her 11 European colleagues a gift

She has it in mind to present them with Henry Moore sketches

I am checking this idea with the Foreign Office. If they come back saying this is a good idea would you be able to

C.R.

4 June 1986

PRIME MINISTER

GIFTS DURING OUR PRESIDENCY OF THE EUROPEAN
COUNCIL

Crawfie is going to see if she can find
some nice Henry Moore sketches for your
eleven European colleagues.

Before she starts looking could you confirm
that this is what you would like to give
them?

CR.

It is a little soon

to decide - and I ought

(Caroline Ryder)

to consult the F.C.S.

4 June 1986

MB



10 DOWNING STREET

From the Private Secretary

3 June 1986

You wrote recently recommending that the Prime Minister should see a number of European journalists before our Presidency of the European Commission. (I fear I have temporarily mislaid the letter and cannot give you a precise reference.) It would be very difficult for the Prime Minister, in diary terms, to see this group. Given that there will not be a great deal to say about our Presidency and the group will be seeing a number of senior Cabinet Ministers, she has decided that she will not herself meet them.

I am copying this letter to Colin Williams in the Cabinet Office.

C. D. POWELL

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

CAJ

PPS
PSE

PRIME MINISTER

MEETING WITH E.C. JOURNALISTS

I note that you have agreed to meet with E.C. journalists despite the fact that neither Bernard nor Charles are very keen on this idea.

The request is for June. I have had a careful look at the diary, and the only possible date seems to be Friday 20 June - the day before you go to Wales.

Do you really wish to see these journalists?

CR

Ne m

Caroline Ryder

2 June 1986

EURO.POL: London Euro. Council: Pe 23

file DSG 1

PRIME MINISTER

MEETING WITH EC JOURNALISTS

The Foreign Secretary recommends that you should see a group of Brussels-based European journalists in June, as a curtain-raiser for our Presidency. Apparently other Heads of Government have seen them in similar circumstances.

Bernard and I are a bit dubious. Our Presidency is not going to be a wildly exciting one, and there will not be a great deal to say about it. The journalists in question regard themselves as self-appointed keepers of the European flame and are likely to ask a lot of niggling questions about your European-ness.

They are already seeing several of your Cabinet colleagues. That seems enough and I suggest that you decline to see them.

Agree?

Charles Powell

30 May 1986

DG2BCR

W. R.

Mrs. Ryder (d/d)

EUROPEAN COUNCIL IN LONDON

When the European Council is held here in December, the Prime Minister will have to present her eleven European colleagues with a gift to mark the occasion. She would like to give them Henry Moore sketches (but not the one of the girl's head). Could you please discuss this.

CDP

CDP

29 May 1986

Matilda Edward
3395 - FCO.

CONFIDENTIAL

FM BONN

TO PRIORITY FCO

TELNO 442

OF 291725Z MAY 86

INFO PRIORITY UKREP BRUSSELS, PARIS

INFO ROUTINE OTHER EC POSTS, WASHINGTON

YOUR TELNO 258 (NOT REPEATED)

CONVERSATION WITH CHANCELLOR KOHL: 28 MAY: EC QUESTIONS

FILES ON GERMANY Relation 1973

1. I WENT THROUGH OUR OBJECTIVES FOR THE BRITISH PRESIDENCY IN THE FORM AGREED WITH NO 10 (BUDD'S LETTER TO POWELL OF 22 MAY), EMPHASISING THE PRIME MINISTER'S WISH TO COOPERATE CLOSELY WITH KOHL: THE NEED TO STAY BELOW THE 1.4 PERCENT CEILING: THE NECESSITY OF BUILDING ON THE TOKYO COMMUNIQUE AND THIS YEAR'S PRICE FIXING TO TACKLE THE BEEF SECTOR: THE PROBLEM OF PROTECTIONISM: AND THE MESSAGE TO THE UNITED STATES THAT ANYTHING COULD BE THE SUBJECT OF NEGOTIATION, BUT THAT UNILATERAL MEASURES COULD ONLY LEAD TO RETALIATION.

2. KOHL NODDED FROM TIME TO TIME, SAYING THAT UNILATERAL MEASURES WOULD NOT IN FACT HELP THE US EITHER. HE FULLY AGREED ABOUT THE 1.4 PERCENT CEILING. HE COULD NOT MAINTAIN HIS BUDGETARY POLICY AT HOME IF A "TOTALLY MAD" BUDGET IN BRUSSELS WERE LET THROUGH. THANKS TO CHIRAC, THIS WAS ALSO THE FRENCH VIEW: FRANCE SEEMED TO BE STARTING OUT ON THE ROAD THAT KOHL HAD TAKEN THREE YEARS AGO. ON AGRICULTURE, HE SAID THAT THE FARMERS' PSYCHOLOGY WAS CHANGING BUT THAT THE PROCESS WOULD TAKE TIME. THE PROBLEM HAD BEEN NEGLECTED FOR FAR TOO LONG.

[COPIES SENT TO NO 10 DOWNING ST]

BULLARD

LIMITED

WED

SOV D

ACDD

DEF D

EED

ECD (E)

ECD (I)

NED

FID

PLANNING STAFF

PS

PS/LADY YOUNG

PS/PUS

MR DEREK THOMAS

MR RATFORD

MR DAUNT

**THIS TELEGRAM
WAS NOT
ADVANCED**

CONFIDENTIAL

CONFIDENTIAL

GRS 150

CONFIDENTIAL

FM BONN

TO PRIORITY FCO

TELNO 444

OF 281805Z MAY 86

YOUR TELNO 258: CONVERSATION WITH CHANCELLOR KOHL, 28 MAY

1. WHEN I SAW KOHL TODAY I SPOKE AS INSTRUCTED ON THE PRIME MINISTER'S BEHALF (BUDD'S LETTER TO POWELL OF 22 MAY), WISHING HIM LUCK IN THE COMING ELECTIONS, THANKING HIM FOR HIS LETTER ABOUT CHERNOBYL AND LOOKING FORWARD TO THEIR NEXT MEETING AT THE EUROPEAN COUNCIL IN THE HAGUE.

2. KOHL SENT HIS WARM REGARDS TO THE PRIME MINISTER. LATER, IN THE COURSE OF DISCUSSION ABOUT EC QUESTIONS, AND AGAIN AS HE WAS SEEING ME OUT, KOHL ASKED ME TO REPORT THAT IF EVER THE PRIME MINISTER WANTED SOMETHING SAID OR PROPOSED WHICH SHE FELT THAT SHE COULD NOT INITIATE ON ACCOUNT OF BRITAIN'S PRESIDENCY ROLE, HE WOULD BE WILLING TO HELP IN WHATEVER WAY HE COULD. HE ASKED THAT THIS SHOULD BE ARRANGED NOT THROUGH BUREACRATIC CHANNELS BUT BY A TELEPHONE CALL FROM ME TO HIM OR TO TELTSCHIK.

BULLARD

LIMITED

WED

SOV D

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ECD (E)

ECD (I)

NED

FID

PLANNING STAFF

PS

PS/LADY YOUNG

PS/PUS

MR DEREK THOMAS

MR RATFORD

MR DAUNT

COPIES SENT TO
No. 13 DOWNING STREET

THIS TELEGRAM
WAS NOT
ADVANCED

CONFIDENTIAL

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

CBI

With the compliments of

David Nickson
President

EDD

29/5

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

From
Mr David Nickson CBE DL
President



The Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for Foreign &
Commonwealth Affairs
Foreign & Commonwealth Office
Downing Street
London SW1A 2AL

28 May 1986

Dear Secretary of State

The monthly meeting of our CBI Council last week discussed industry's priorities for the British Presidency of the European Community, and unanimously approved a paper on them. I now have pleasure in enclosing a copy of this paper.

As you will see, the paper goes a little wider than the Presidency programme, by re-stating established CBI positions on some issues like the EMS which are in the gift of the British Government. It concentrates, however, on what we hope can be achieved in the Community generally during the Presidency period.

I very much look forward to discussing these priorities - and your own - on 3 June when I am calling on you with John Raisman and Fred Warner.

In the meantime I am copying this letter and its enclosure to the Secretary of State for Trade and Industry, the Minister for Trade, the Secretary of State for Employment and the Private Secretary at No. 10. I have also sent the CBI Council paper to NEDO, for circulation to NEDC members in connection with the "European" discussion at NEDC on 4 June.

Yours sincerely
David Nickson

Confederation of British Industry
Centre Point
103 New Oxford Street
London WC1A 1DU
Telephone 01-379 7400
Telex 21332
Facsimile 01-240 1578

Director-General
Sir Terence Beckett CBE

Secretary
Maurice Hunt

CBI
INDUSTRY
YEAR 1986

C 30 86

28 May 1986

PRIORITIES FOR THE UK PRESIDENCY OF THE EUROPEAN COMMUNITY, JULY-DECEMBER 1986

INTRODUCTION

- 1 The CBI welcomes the adoption of a "rolling programme" to ensure continuity between successive Presidencies. It notes that this programme concentrates mainly on legislative measures expected to come to fruition this year or early next. We wish to stress, however, the importance of keeping up pressure in less advanced areas, in order to maintain momentum towards the longer-term goals of the Community.
- 2 The CBI welcomes the "Single European Act" and looks forward to its general ratification. In the meantime the Presidency should take opportunities to introduce as many as possible of the new procedures - especially those for more qualified majority voting in the Council - without awaiting the Act's formal entry into force.
- 3 While the Commission normally consults interested parties before submitting proposals to the Council, this does not always ensure that business opinion is given due weight. In any case, many of the constraints on progress derive from the positions of Governments. Given that European industry is more united in support of measures to develop the Community than are the Governments, the Presidency could profit from invoking this support more at the stage of Council discussion when national reservations are encountered.
- 4 A pre-condition for progress on the internal market is that the Commission should keep up to schedule with its drafting, which it is evidently finding difficult to do. The Presidency should give the Commission any help it can to ensure this.

THE INTERNAL MARKET (IM)

- 5 The CBI and UNICE have long defined the completion of the internal market as the top business priority, and warmly welcomed the new timetabled approach in the Cockfield White Paper. We are wholly in accord with HMG on this programme, and call on the UK Presidency to pursue it with maximum vigour.
- 6 Completion of the internal market is a paramount requirement in its own right. We oppose the view that it should be contingent on progress towards other desirable goals in the regional, social, environmental or consumer policy fields. Indeed it is a pre-requisite for the economic growth which permits such progress.
- 7 Fortunately measures to complete the IM are largely cost-free and therefore not at risk from budgetary crises. They depend almost wholly on the political will to make reciprocal concessions in the long-term interest of all Member States.

- 8 Recommendations on individual aspects of the IM programme, and on other policies deserving priority during the Presidency, follow below.

Border Formalities

- 9 Some work on reducing these formalities would be redundant if it were certain the Community could abolish its internal economic frontiers by 1992. However, it is more realistic to move step by step; and in case it should prove impossible to complete the whole IM process by then, half a loaf would be better than no bread. The CBI therefore believes that pressure should be kept up for the adoption of measures which take the Community some distance towards the IM though not the whole way. Such are the Single Administrative Document, the CD project for customs documentation and the 14th VAT Directive.

Technical Standards

- 10 The CBI applauds the recent use of two methods of speeding-up the reduction of technical barriers. One is the "new approach" to technical harmonisation and standards, which is being applied first of all to simple pressure vessels. Under this approach, Community agreement will be reached on essential safety requirements, but details of how to achieve them will be left to the European standards bodies, while allowing limited recourse to recognised national standards as an interim measure.
- 11 The other is the "mutual acceptability" principle, based on the Cassis de Dijon judgment of the European Court, intended to permit the free circulation throughout the EC of products satisfying the standards of the producing Member State. The CBI would like to see more Cassis-type cases taken to the Court, to establish this principle firmly and encourage its frequent application. We strongly urge the use of these two methods for short-circuiting delay.

Freedom of Services

- 12 This is a vast field, in which liberalisation is far behind that achieved (however imperfectly) in visible trade. It includes transport, banking, insurance, recognition of qualifications, and freedom of establishment. Action on services tends to have a multiplier effect, since their cost affects the production and marketing of all goods.
- 13 The CBI therefore believes that measures to liberalise the provision of services should be given high priority in the IM. We welcome the European Court's judgment on air transport, but hope that timely agreement in the Council will render future cases of this kind unnecessary.

Public Purchasing

- 14 Progress here is slow, which particularly hampers development of Europe's high-technology industries. We call on the Presidency to ensure that the promised Commission proposals for improving existing legislation are pushed as far as possible before the end of the year, and to work for better compliance by Member States. The Presidency should also seek to build Council support for reducing the informal domestic preference which is common in many Member States.

State Aids and Competition Policy

- 15 The Presidency should support the Commission's declared intention to interpret competition rules more favourably to the development of European-scale industries. It should also press the Commission for more action to eliminate distortions to competition through state subsidies. The Presidency should continue attempts to negotiate down those given by Member States to cushion adjustment in traditional industries, and to discourage the practice of out-bidding each other in incentives to attract new ones.

Deregulation

- 16 Over-regulation of business attributable to the EC itself is minimal compared with that deriving from national law. The Community's main role should therefore be to prevail on Member States to simplify their legislation and reduce its burdens on business, as the UK, Germany and the Netherlands are doing.
- 17 Burdensome Community legislation is mainly potential so the object must be to avoid its adoption. The recent agreement that new proposals from the Commission should always incorporate a cost-benefit analysis is therefore most important. The UK Presidency should hold the Commission strictly to this agreement, and ensure that such analyses are automatically considered in the Council as a relevant factor in deciding approval or rejection of a measure, whatever the political pressures.
- 18 The Presidency should lend every support to the work of the Commission's new De-regulation Task Force, and press it to concentrate on the above changes, which are important to firms of all sizes, not only to small and medium-sized ones.

Fiscal Harmonisation

- 19 This area, for reasons of national sovereignty, is seen as the most difficult of all to advance in and is bound to provoke long debate at national and EC level.
- 20 The CBI wishes to stress two points. First, as stated in its response to the IM White Paper, misgivings on the longer-term fiscal question must not hold up progress in reducing physical and technical barriers. Second, it is essential that Governments should take a balanced view of the transitional problems of approximating their VAT rates and bases. To this end the UK Presidency should promote technical studies on possible routes towards fiscal harmonisation and the removal of the fiscal barriers to the operation of the free market represented by price controls and extremes of taxation.
- 21 The CBI recognises that some fiscal harmonisation is a pre-requisite of a single internal Community market. It appears likely that the adjustment required to achieve this state would be more difficult for some other Member States than for the UK, whose overall burden of indirect taxes is close to the Community average. However we are still unable to comment fully on the proposed fiscal harmonisation programme because some of the draft texts are still awaited from the Commission.

CURRENCY STABILITY

- 22 It is the firm CBI view that full British membership of the exchange rate mechanism of the EMS provides the best chance of greater stability for sterling. Provided that conditions remain as favourable as they are at present, we strongly believe that HMG should take the occasion of its Presidency to negotiate entry to the ERM.
- 23 Although this step would have a useful political effect, our advocacy of it is based on the economic arguments which we have repeatedly advanced, plus the distinct psychological gain in terms of encouragement to more UK companies to increase their business with the other EMS countries.

ECONOMIC GROWTH

- 24 The recent plunge in the oil price, the movements in the dollar and the yen, and the reduction in interest rates are good omens for economic growth in Europe. It is essential that this favourable conjuncture should be exploited.
- 25 We would wish to see the UK Presidency continuing to give every encouragement to the convergence of the Member States' macro-economic policies. Compatible if not actually co-ordinated policies on monetary conditions, demand and public expenditure are essential to faster economic growth. The Presidency should press for the abandonment of exchange controls where they still exist. The CBI welcomes the increasing private use of the ECU and believes the Presidency should do all it can to promote this trend.
- 26 The CBI reiterates its conviction that faster growth, achieved through greater world-competitiveness of European goods and services, is the only effective way of reducing the Community's high unemployment. The UK Presidency can promote recognition of this reality by keeping macro-economic policy on its Council agendas, and by encouraging the Commission to concentrate on measures which will improve competitiveness and business performance.

SOCIAL AFFAIRS

- 27 UK employers do not challenge the need for legislation to prevent employment malpractice, and they are deeply concerned at the Community's high unemployment rate. But they believe that current socio-employment proposals from the Commission threaten the necessary improvement in European business performance and so reduce the prospects of creating durable new jobs.
- 28 The UK Presidency should press the Commission to concentrate its work on measures which will improve the competitiveness and profitability of business, for example by helping to develop a more flexible labour market and a more skilled workforce. This should be the prime focus of the "social dialogue" which the Commission is now conducting with the European employers' and trade union organisations.

- 29 The case for changing Commission priorities in the social affairs field has been set out in full in "The European Community and Social Engineering - A Second CBI Memorandum", published in March 1986.

THE CAP AND THE COMMUNITY BUDGET

- 30 The freeze on farm prices resulting from the latest price-fixing round represents a modest step towards the containment of CAP costs. However, much more than this will be needed both to avoid a trade war with the US and to keep the Community solvent. Since expenditure on the CAP continues to dwarf other items in the Community budget, any enforced economies should fall on agriculture and not deprive other areas (such as the modest technology programmes) of resources.

TECHNOLOGY PROGRAMMES

- 31 The CBI would wish to see the Presidency maintaining interest in and support for the European programmes, including EUREKA, while keeping sensible control of their budgetary implications. The importance to these programmes of Community work on state aids, competition rules and public purchasing needs to be borne constantly in mind.

EXTERNAL TRADE

- 32 The Presidency's most important commitment here will be to get the new GATT Round off to a good start. The CBI has already submitted its views on what the Community's negotiating objectives should be. We welcome the prospect that both agricultural trade and trade in services will be included in the agenda.
- 33 Effective negotiation on external trade matters clearly depends on a solid Community position (which will of course be progressively easier to reach as measures are taken to complete the IM). This applies to trade with the US and Japan as much as to the GATT Round. Among these related issues, priority must go to EC/US relations, so powerfully influenced by agriculture. Without reasonable trade harmony with the US, little progress can be foreseen over Japan or the GATT.

POLITICAL CO-OPERATION

- 34 This is not a sphere of normal CBI interest, but is relevant because of pressures developing for economic sanctions in connection with international terrorism and South Africa. The CBI position has long been that such sanctions should be imposed only as a last resort and provided that the economic consequences are fully weighed, that the sanctions are given legal force, and that competitor countries enforce the same sanctions.
- 35 These conditions should be fully applied to any political situation facing the Community during the UK Presidency. In the case of South Africa, Britain should continue to give the lead, to which its vastly greater stake there entitles it, in resisting pressure for sanctions which would be an ineffective and indeed counter-productive way of seeking to hasten the end of apartheid.

AREAS FOR NEW INITIATIVE

- 36 Shortage of resources means that new Community programmes will be difficult to mount, and useful ways of consolidating and reviving Europe at low cost will therefore be at a premium. The most promising area for initiative is that of combining existing national efforts (whether in the formal EC framework or outside it like EUREKA) to make the Community whole greater than the sum of its parts.
- 37 One such sphere is the European Year of the Environment (EYE) in 1987, for which the Commission needs to accelerate and broaden its preparatory work (and the UK to show a rather more positive image).
- 38 Another opportunity is the so-called "People's Europe". This could be advanced by some small but visible steps to emphasise the Community's identity, ranging from the cheap-but-difficult (eg free movement of the professions) to the expensive-but-easy (eg common communications tariffs). Any such chance of attracting favourable notice from the ordinary British citizen at an acceptable cost should be seized. To him or her, a statement that 49% of UK trade is with the rest of the Community is an abstraction: but a cheaper flight to Rome is a reality.

OVER-RIDING PRIORITIES

- 39 To sum up, the UK Presidency should try to make ground whenever possible in all the ways indicated above: but we believe it should concentrate its principal effort on the following:
- a achieving substantial progress towards completion of the Internal Market, as set out in the Cockfield White Paper;
 - b continuing the pressure for reform of the Common Agricultural Policy, to reduce surpluses and de-fuse the trade tensions they create and diminish their burden on the Community budget;
 - c consolidating the EC's external trade policy, as a contribution to resolving current disputes with the US and Japan and embarking on an effective negotiation in the GATT;
 - d enhancing the competitiveness of European industry, by promoting the introduction of new technology and a more flexible and responsive labour market.

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10 DOWNING STREET

From the Private Secretary

6 April 1986

Dear Sir,

BRITISH PRESIDENCY OF THE EC: ORGANISATION OF THE
LONDON EUROPEAN COUNCIL

Thank you for your letter of 4 April about photographs at the European Council.

I agree that the main "family photograph" should be that taken with The Queen at Buckingham Palace on 5 December, and also that there should be separate photographs of Heads of State/Government before the dinner at No.10.

Yours sincerely,
Charles Powell

Charles Powell

Colin Budd, Esq.,
Foreign and Commonwealth Office.

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OS



Foreign and Commonwealth Office

London SW1A 2AH

4 April 1986

CCP
 Prime Minister
 Content with
 this?

CDP
 s/4-

Dear Charles,

British Presidency of the EC:
Organisation of the London European Council

In your letter of 26 February you expressed doubts about the feasibility of taking the European Council family photograph at No 10 when a separate dinner elsewhere is envisaged for Foreign Ministers.

After consulting the Press Office at Buckingham Palace (who agree) we suggest that the main family photograph should be that customarily taken with The Queen at Buckingham Palace when Heads of State and Government attend her luncheon on 5 December.

In addition we propose that separate photographs be taken of Heads of State/Government before the dinner at No 10 and of Foreign Ministers at their dinner venue.

I should be grateful if you could let me know whether the Prime Minister is content that we should plan on this basis.

Yours ever,

Colin Budd

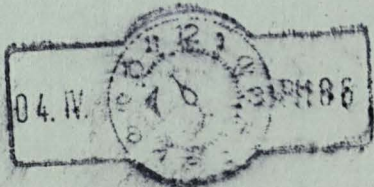
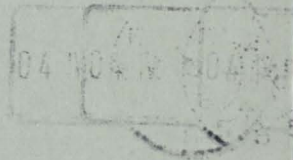
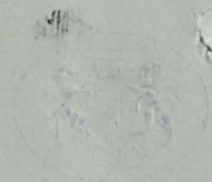
(C R Budd)
Private Secretary

C D Powell Esq
 PS/10 Downing Street

EUR. POL: London Euro. Council: Pt 23

Foreign and Commonwealth Office

London SW1A 2AH





bc. PC

10 DOWNING STREET

From the Private Secretary

6 March 1986

**UNITED KINGDOM PRESIDENCY OF THE
EUROPEAN COMMUNITY -
JULY-DECEMBER 1986**

The Prime Minister has considered the Foreign Secretary's minute of 4 March conveying the conclusions of OD(E) on objectives and priorities for the United Kingdom Presidency of the European Community later this year. She is content with what is proposed.

I am copying this letter to the Private Secretaries to members of OD(E), Joan MacNaughton (Lord President's Office), Stephen Boys Smith (Home Office), Rob Smith (Department of Education and Science), Geoff Dart (Department of Energy), Tony Laurance (Department of Health and Social Security), Andrew Lansley (Chancellor of the Duchy of Lancaster's Office), Richard Allan (Department of Transport), John Lambert (Department of Employment), Robin Young (Department of the Environment) and Michael Stark (Cabinet Office).

(Charles Powell)

Colin Budd, Esq.,
Foreign and Commonwealth Office.

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PRIME MINISTER

UNITED KINGDOM PRESIDENCY OF THE EC

The Foreign Secretary's minute (attached) reports the outcome of OD(E)'s discussion on objectives and priorities for the United Kingdom Presidency.

The minute suggests that we should concentrate on:

- pressing ahead with completion of the internal market including liberalisation of transport;
- following up our initiative on deregulation by pushing measures to promote labour market flexibility and dragging the Community away from social engineering;
- reform of the CAP;
- completion of the Multifibre Arrangement and launching of the new GATT round.

We shall be duty bound as Presidency to undertake some dreary tasks: negotiations on the 1987 budget, clearance of a 1986 supplementary budget, emissions from large combustion plants.

Our European Council would concentrate on further progress to complete the internal market and measures to secure labour market flexibility.

It's a worthy programme but a bit dull and unlikely to get the government much good publicity, with the exception of liberalisation of transport and air fares. (I am not quite sure what greater labour market flexibility actually means.) That's all right if your aim is a quiet life with the Community over the next eighteen months or so. But if you want a higher profile issue which will demonstrably have you battling for Britain, thorough reform of the CAP is probably the hottest issue (though you could not expect early results).

In that event, you would probably want to make it a if not the major theme at our European Council.

Content with Foreign Secretary's proposals?

Yes

or

Ask Foreign Secretary to look again at possible initiatives during our Presidency (though this might encourage some to re-open the question of our membership of the ERM) and the scope for holding a discussion at the European Council on longer term reform of the CAP?

C.D.P.

CHARLES POWELL

5 March 1986

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PM/86/006

PRIME MINISTER

United Kingdom Presidency of the European Community:
July-December 1986

1. The preparations for the United Kingdom Presidency of the Community are now well advanced. I discussed our main objectives and priorities with colleagues in OD(E) this week and there was a broad measure of agreement on them.
2. First, we are agreed that the Presidency does offer an opportunity to put across to the public the relevance of this Government's approach to the Community. We must avoid arousing public expectations which cannot be fulfilled. But the Presidency does provide a ready made platform for speeches and other occasions covering a whole range of Community business. We shall want to derive good publicity from events during the Presidency and to ensure that the key themes are given public prominence. We intend to do all we can to ensure this by timing initiatives with a European flavour to coincide with our Presidency. Examples of such initiatives which should be well received by the public are those connected with road safety and with the forthcoming programme of employment for the disabled.
3. Secondly, we have reached agreement on our own main priorities for the substantive issues which must be carried forward during our Presidency. These are the action programme on the completion of the internal market (including the liberalisation of transport). We have already established the

/main



main elements of the joint action programme with the Dutch Presidency in all the areas in which our main priorities coincide. This should enable us to give a sustained impetus to Community work on these issues on the basis established at the Milan European Council. We shall want to give particular attention to the internal market in high technology, with the emphasis on market led opportunities and liberalising public procurement, as well as using our Presidency to advertise Britain's own technological strengths.

4. Our other main priority is to follow through our initiative on deregulation and to seek agreement on measures which would promote labour market flexibility. David Young believes that we are beginning to make some ground in moving the Community away from its earlier attention to social engineering proposals such as the parental leave directive and that we can begin to make some real progress in our Presidency on our views about promoting labour market flexibility.

5. We shall also want to give priority to continuing efforts to adapt the common agricultural policy. These problems are clearly acute, although not - let it be noted - confined to the Community: all developed countries are facing difficulties as a result of the agricultural revolution, no matter what their system of agricultural support. The situation in our Presidency will depend crucially on what - if anything - is achieved in the Price fixing negotiations during the Dutch Presidency.

6. On external policy we shall want to conclude the negotiations on the renewal of the Multi-Fibre Arrangement and to put real impetus behind the new round of GATT negotiations. We shall take as much credit as we can for the successful opening of the new Round if, as seems likely, it occurs during our Presidency. We shall have to steer as best we can the continuing Community/United States trade conflicts but sustain

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real pressure on the Japanese to do more for the open trading system from which they have benefited so much.

7. In political cooperation East-West relations and the Middle East will still be the dominant issues, both heavily influenced by United States electoral considerations. From the Presidency we shall be better placed to ensure that moves or statements by the Community will be to the point and constructive. On South Africa we shall be working hard to ensure that the Twelve concentrate on positive action likely to promote peaceful change and we shall continue to divert pressure away from sanctions. On international terrorism cooperation will, by our Presidency, have become more substantive. We shall want to continue to develop it in practical ways.

8. In addition to our priorities above we shall also, of course, have certain obligations to carry forward Community business, some of which will clearly be difficult. During the second half of 1986 there will be the negotiations on the 1987 budget, and this will be against the background of the case which the Council and a number of member states, including the United Kingdom, have launched in the European Court of Justice against the European Parliament's position on the 1986 budget. We shall also have to deal with the 1986 supplementary budget, increasing our Fontainebleau abatement in respect of 1985 and probably containing proposals for extra expenditure on agriculture (in excess of the guideline) and the structural funds. We shall, of course, be working firmly to keep pressures for an increase in the 1.4% ceiling on the back burner.

9. A good deal of time will also need to be spent on the new research and development framework programme which will set priorities and levels of Community financing until 1991. In principle, we are in favour of this type of approach which should

/enable



enable us to steer Community research and development in a better direction, as we have succeeded in doing recently on programmes such as ESPRIT and RACE. The excessive ambitions of the Commission, however, will need to be brought down to size and we shall need to work closely with the French and with the Germans.

10. An area which will be difficult for us will be the Environment Council, since there will be a revived effort by other member states to reach agreement on the draft directive on emissions from large combustion plants during our Presidency.

11. We have fixed the dates of the European Council for 5-6 December and you have also agreed that you will make your report to the European Parliament on 9 December. I recommend that the themes of the European Council should be progress on the action programme on the completion of the internal market, including that in high technology, and new directions in labour market flexibility. It is probable, of course, that some specific issues which develop during the second half of the year will also be submitted to that Council. We have already agreed that we shall improve procedures and aim for a much shorter communique highlighting only the key points.

12. In summary, OD(E) agreed that our priorities in the Presidency should be:

- (a) to make maximum progress towards the objective of completing the internal market (including high technology) by 1992 in accordance with the rolling action programme agreed between Dutch, United Kingdom and Belgian presidencies; and with the liberalisation of transport, deregulation and labour market flexibility;
- (b) subject to developments between July and November, to make these the main themes at the December European

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- 5 -

Council and to aim to generate favourable public and political impact from them as from other events during the Presidency;

- (c) to lead the work of political cooperation in the spirit of the new United Kingdom-inspired Treaty;
- (d) to look for positive initiatives which, while not involving more than marginal new expenditure, can be given a European slant and publicised to our advantage in our Presidency. Such areas might include: the reduction of burdens on businesses; youth training; consumer benefits and especially safety issues including road safety and transport for the disabled; and development questions, especially relating to agricultural production and alleviation of famine in Africa;
- (e) to follow through and get firmly established the reforms we have agreed with the Dutch on the handling of the European Council.

We shall be developing these themes and giving them, as far as possible, a human face.

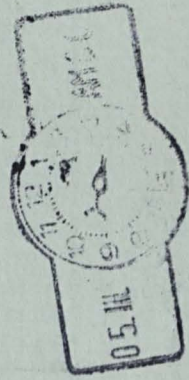
13. I am sending copies to members of OD(E), the Lord President of the Council, the Home Secretary, the Secretary of State for Education and Science, the Secretary of State for Energy, the Secretary of State for Social Services, the Chancellor of the Duchy of Lancaster, the Secretary of State for Transport, the Secretary of State for Employment, the Secretary of State for the Environment and to Sir Robert Armstrong.

(GEOFFREY HOWE)

Foreign and Commonwealth Office
4 March 1986

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10 DOWNING STREET

From the Private Secretary

26 February 1986

Dear Len,

BRITISH PRESIDENCY OF THE EC: ORGANISATION OF THE LONDON
EUROPEAN COUNCIL

I have now had a chance to discuss with the Prime Minister Colin Budd's letter and enclosure of 17 February and your letter of 25 February.

Generally the Prime Minister is content with the outline programme enclosed with Colin's letter of 17 February. She agrees that it would be wise to leave open the possibility of having to hold a first session on the morning of 5 December, though we should not offer this until it is clearly necessary. She is content for the dinner for Heads of Government to be at 10 Downing Street and for it to be preceded by an informal discussion among Heads of Government over drinks beginning at 1930.

Your letter of 25 February proposes that the family photograph might take place just before the dinner at 10 Downing Street. I am not sure how this would fit in with plans for Foreign Ministers to have a separate meeting and dinner. I do not think that we could cope with two dinners here.

I am confident that the Prime Minister would be content with the various proposals for improving the conduct of the European Council set out in Colin's letter of 17 February, notably that topics should not be raised at the last moment, that conclusions should relate solely to matters actually discussed by Heads of Government, that we should avoid a cumbersome set-piece discussion on the economic and social situation, that no political co-operation text should be submitted to Heads of Government before being fully considered by Foreign Ministers and that the European Council should make statements on political co-operation matters only if it has something new and important to say.

Yours sincerely,

(Charles Powell)

Len Appleyard, Esq., C.M.G.,
Foreign and Commonwealth Office.

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EUROPEAN COUNCIL: DECEMBER 1986

Although its a long way ahead, we need to reach some decisions on the programme for the European Council during the United Kingdom Presidency. The Council itself will be held at the new Conference Centre.

I attach an outline programme and add the following questions:

(i) although it should be possible to compress all the business into two main sessions on the afternoon of 5 December and the morning of 6 December - particularly if we avoid a cumbersome set-piece discussion on the economic and social situation - we need to keep in reserve the possibility of starting on the morning of 5 December if there turns out to be more business than expected.

Agree?

Yes

No

(ii) it is proposed that your dinner for Heads of Government should be here at 10 Downing Street, both because they would like it and its best for informal discussion.

Agree?

Yes

No

(iii) it is proposed to invite Heads of Government to an informal discussion over drinks from 7.30 - 8.30 followed by dinner. The alternative is to have the informal discussion over or after dinner. But this seldom works well in practice.

Agree to discussion over drinks?

Yes

No

We propose to introduce other improvements viz: no last-minute circulation of papers, conclusions to relate solely to matters actually discussed by Heads of Government, all POCO texts to be considered formally by Foreign Ministers and anyway limited to issues on which the European Council has something useful to say.

Agree

Yes

No

C.D.P.
C D P

25 February 1986

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OUTLINE PROGRAMME FOR LONDON EUROPEAN COUNCIL

5 December

- | | |
|-----------------|--|
| a.m. | Arrival of delegations |
| 1.00 -3.00 p.m. | Luncheon given by HM The Queen |
| 3.00-3.30 p.m. | Arrival of delegations at
Queen Elizabeth II Conference
Centre |
| 3.30-6.00 p.m. | First session of European Council |
| 7.30-8.30 p.m. | Heads of State/Government informal
discussion over drinks at
10 Downing Street |
| 7.30-8.30 p.m. | Foreign Ministers Political
Co-Operation meeting over drinks
(venue to be decided) |
| 8.30-10.00 p.m. | Heads of State/Government Dinner
at 10 Downing Street |
| 8.30-10.00 p.m. | Foreign Ministers' Dinner (venue
to be decided) |

(The Heads of State and Government informal discussion could be after dinner if the Prime Minister preferred)

6 December

9.30 a.m.

Family photograph

9.45-12.30 p.m.

Second session of European
Council, ending with short
Presidency conclusions

1.00-2.15 p.m.

Lunch at Conference Centre

2.30 p.m.

Presidency Press Conference
Followed by National Press
Conferences and Departures

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10 DOWNING STREET

From the Private Secretary

25 February 1986

**UK PRESIDENCY: REPORTING ON THE
LONDON EUROPEAN COUNCIL**

Thank you for your letter of 24 February about the Prime Minister's report to the European Assembly in Strasbourg on the outcome of the London European Council.

The Prime Minister has agreed to deliver her report on Tuesday 9 December, following the timetable set out in your letter of 3 February. This means that she will plan on making a statement to the House on the outcome of the Council on Monday 8 December.

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

(Charles Powell)

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

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Foreign and Commonwealth Office

London SW1A 2AH

25 February 1986

*Dear Charles,*London European Council

Thank you for your letter of 17 February. To take your points in order: *at 11am*

(i) Timing

Subject to the Prime Minister's views, we think it should be feasible to confine the main sessions of the European Council to the afternoon of 5 December and the morning of 6 December, plus the informal discussion between heads of government before or after dinner. This would be in keeping with the general attempt we shall be making to simplify the agenda, make the proceedings more businesslike and, above all, avoid lengthy discussion of unnecessarily elaborate draft conclusions. Furthermore, the Prime Minister's lunch on the second day would be held in a room in the Conference Centre where discreet interpretation facilities can be provided. If absolutely necessary, therefore, discussion could continue through that lunch. We suggest that we should plan on that basis, but that we should not rule out the possibility that we might need to add a short session (say from 11.00 am) on the morning of the first day if, nearer the time, it was apparent that there are more matters to be dealt with than could be discussed in the time available.

(ii) The Prime Minister's Dinner

We have given thought to alternative venues for the Prime Minister's dinner. But we thought that the other heads of government would appreciate being entertained at No 10; and that it would be convenient also in terms of the informal discussion before or after dinner. Should the Prime Minister wish to consider other options, we will of course submit recommendations.

/(iii)



(iii) Afternoon of 5 December

The reason for proposing informal discussion over drinks before or, alternatively, after dinner was that we understood the Prime Minister's view to be that general discussion is very difficult to sustain during dinner. Should she prefer, nevertheless, to hold it over dinner, we could adjust timings accordingly.

(iv) Family Photograph

On reflection we think that the best place for the family photograph might be in No 10 Downing Street, if the Prime Minister agrees to hold her dinner there, when the guests have arrived.

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

EURO POL
London Council Meeting



PRIME MINISTER

UK PRESIDENCY: REPORTING ON THE LONDON EUROPEAN COUNCIL

You agreed to deliver a report to the European Assembly on the outcome of the European Council held during our Presidency. But you were not happy with the proposed date of Wednesday 10 December because it would run you up against a planned speaking engagement to the Birmingham Chamber of Commerce. The advice of the business managers is that you should report to the House before you report to the European Assembly. Moreover the European Assembly does not roll up on the Monday until well into the evening.

This points to a Statement in the House on Monday 8 December; and a report to the European Assembly on Tuesday 9 December (missing Questions).

Content?

Yes not

CDP

CDP

24 February 1986

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Foreign and Commonwealth Office

London SW1A 2AH

24 February 1986

Dear Charles,

UK Presidency: Reporting on the London European
Council

Thank you for your letter of 4 February about the Prime Minister's report to the European Parliament in Strasbourg on the outcome of the London European Council.

Sir Geoffrey Howe considers that it would be undesirable for the Prime Minister to give the report on Monday 8 December. The Parliament's monthly session does not normally begin until 1700 hours and many MEPs will not have arrived in Strasbourg by then. Moreover, reporting first to Strasbourg and only afterwards to the House of Commons would seem liable to attract criticism in the House.

The Foreign Secretary recommends that the Prime Minister should make her report on Tuesday 9 December, within the timetable indicated in my letter of 3 February.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

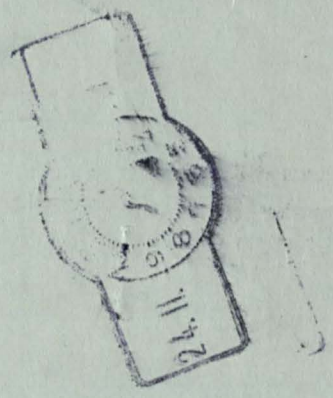
C D Powell Esq
PS/10 Downing Street

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ΕΠΙΣΤΟΛΗ ΕΥΡΩΣΥΜΒΟΥΛΙΟΥ in The Hague: Pt 25

Foreign and Commonwealth Office

London, ENGLAND



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10 DOWNING STREET

From the Private Secretary

17 February 1986

BRITISH PRESIDENCY OF THE EC: ORGANISATION OF THE
LONDON EUROPEAN COUNCIL

88/1
Thank you for your letter of 17 February about the organisation of the London European Council next December. Before putting this to the Prime Minister, it would be helpful to have guidance on the following points:

- (i) are we reasonably confident that we shall be able to fit discussion into the afternoon of 5 December and the morning of 6 December, and that we shall not need the morning of 5 December?
- (ii) Has consideration been given to possible alternative sites to No. 10 Downing Street for the Heads of Government Dinner? The Prime Minister might want to consider options.
- (iii) Might it not be more realistic to budget for three hours of discussion on the afternoon of 5 December (1530-1830), inviting Heads of Government for 1945, with dinner at 2015 and informal discussion over and after dinner?
- (iv) Where would the 'family photograph' on 6 December be? If it were to be somewhere more photogenic than the Queen Elizabeth II Conference Centre, has enough time been allowed?

CHARLES POWELL

Colin Budd, Esq.,
Foreign and Commonwealth Office.

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CCP



Foreign and Commonwealth Office

London SW1A 2AH

17 February 1986

*Dear Charles,*British Presidency of the EC : Organisation
of the London European Council

Our objectives and general strategy during our Presidency of the Community in the second half of the year will be discussed in OD(E) on 26 February. The Foreign Secretary will be sending a minute to the Prime Minister following that discussion. Meanwhile we have been giving thought to the organisation of the European Council to be held during our Presidency on 5-6 December.

The Prime Minister will recall that we were able last year to get Mr Lubbers to put forward proposals for reform which we had concerted beforehand with the Dutch (copies of the Prime Minister's exchange of messages with Mr Lubbers are attached). The changes agreed with the Dutch were :

- (a) the reduction in the number of European Councils to two per annum (though it would remain possible to organise a special meeting if circumstances required);
- (b) participants should not be permitted to raise new topics or distribute new documents or declarations after the President has finalised the annotated agenda for the Council. The discussion would be based on the Presidency document and thus avoid time-consuming discussion of papers circulated at the last minute by the Commission or others which heads of government had barely had time to read;
- (c) the conclusions drawn by the Presidency at the end of the session should be based on the agenda and relate solely to matters discussed by the heads of government. The purpose is to ensure that the discussion is focused on the substantive issues and not dominated by textual points on elaborate draft conclusions.

/In addition



In addition we propose that :

- (a) we should avoid a cumbersome set piece discussion on the economic and social situation, selecting instead themes on which to focus the discussion against the background of the Commission's customary economic report. A main focus of the European Council should be a review of the progress achieved throughout the year on the internal market; and a key objective should be to give a further impetus to that work which will need to be carried forward under the Belgian Presidency;
- (b) on political co-operation subjects, there should be prior discussion by the Foreign Ministers of any texts which the Political Directors have prepared. We should limit any declaration to the one or two really important issues of the day on which the European Council has something useful to say and ensure that any statement is brief and to the point.

/ I attach an outline of the programme we propose. The proceedings should end with a short informal lunch at the Conference Centre hosted by the Prime Minister, followed by press conferences and departures. This would ensure that the Prime Minister was free of all engagements by 1630 (your letter of 4 February).

The Foreign Secretary will wish to discuss the arrangements with the Prime Minister in greater detail nearer the time. Meanwhile it would be helpful to know if we can proceed with planning on the basis proposed.

*Yours ever,
Colin Budd*

(C R Budd)
Private Secretary

C D Powell Esq
No.10 Downing Street

OUTLINE PROGRAMME FOR LONDON EUROPEAN COUNCIL

5 December

a.m.	Arrival of delegations
1.00 -3.00 p.m.	Luncheon given by HM The Queen
3.00-3.30 p.m.	Arrival of delegations at Queen Elizabeth II Conference Centre
3.30-6.00 p.m.	First session of European Council
7.30-8.30 p.m.	Heads of State/Government informal discussion over drinks at 10 Downing Street
7.30-8.30 p.m.	Foreign Ministers Political Co-Operation meeting over drinks (venue to be decided)
8.30-10.00 p.m.	Heads of State/Government Dinner at 10 Downing Street
8.30-10.00 p.m.	Foreign Ministers' Dinner (venue to be decided)

(The Heads of State and Government informal discussion could be after dinner if the Prime Minister preferred)

6 December

9.30 a.m.	Family photograph
9.45-12.30 p.m.	Second session of European Council, ending with short Presidency conclusions
1.00-2.15 p.m.	Lunch at Conference Centre
2.30 p.m.	Presidency Press Conference Followed by National Press Conferences and Departures

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TO FLASH THE HAGUE
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OF 290800Z NOVEMBER 85
AND TO FLASH LUXEMBOURG (FOR SECRETARY OF STATE'S PARTY)
INFO IMMEDIATE UKREP BRUSSELS
INFO SAVING OTHER EUROPEAN COMMUNITY POSTS, MADRID AND LISBON

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ORGANISATION OF EUROPEAN COUNCILS
1. LUBBERS HAS SENT THE PRIME MINISTER A COPY OF A LETTER HE HAS WRITTEN TO THE LUXEMBOURG PRIME MINISTER WITH PROPOSALS FOR FUTURE ORGANISATION OF EUROPEAN COUNCILS. TEXT IS AS FOLLOWS (TRANSLATION BY DUTCH EMBASSY):

QUOTE I AM WRITING THIS LETTER IN THE HOPE THAT, DURING THE EUROPEAN COUNCIL MEETING IN LUXEMBOURG ON 3 AND 4 DECEMBER 1985, THE COUNCIL WILL BE ABLE TO AGREE ON THE NUMBER OF SESSIONS IT SHOULD HOLD. AS OUR MINISTERS FOR FOREIGN AFFAIRS HAVE FOUND, THERE IS A LARGE MEASURE OF AGREEMENT ON THE DESIRABILITY OF REDUCING THE NUMBER OF SESSIONS FROM THREE TO TWO EACH YEAR, IE ONE PER PRESIDENCY. THIS WOULD ALSO BE IN ACCORDANCE WITH THE RECOMMENDATIONS OF THE DOOGE REPORT. NATURALLY IT WOULD REMAIN POSSIBLE, JUST AS IT IS NOW, TO ORGANISE A SPECIAL MEETING OF THE EUROPEAN COUNCIL IF CIRCUMSTANCES SO REQUIRED. I AM VERY KEEN TO SEE A DECISION ALONG THESE LINES MADE DURING

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THE FORTHCOMING EUROPEAN COUNCIL MEETING, SO THAT THE NEW ARRANGEMENTS CAN ENTER INTO FORCE AT THE BEGINNING OF 1986. I SHOULD LIKE TO EMPHASISE THAT MY WISH TO REDUCE THE NUMBER OF SESSIONS IS NOT MOTIVATED BY ANY DESIRE TO LESSEN THE ROLE PLAYED BY THE EUROPEAN COUNCIL. ON THE CONTRARY, THIS STEP IS INTENDED TO ENHANCE THE COUNCIL'S ROLE. SINCE THE EUROPEAN COUNCIL WAS FORMALISED DURING THE CONFERENCE OF HEADS OF GOVERNMENT IN DECEMBER 1974 IN PARIS, IT HAS BEEN SHOWN THAT THE COUNCIL CAN PLAY AN IMPORTANT PART IN INITIATING AND DIRECTING THE GROWTH OF EUROPEAN UNITY AND IN TAKING ACTION TO RECONCILE AND MEDIATE WHEN DECISION-MAKING IN THE ORGANS OF THE EUROPEAN COMMUNITY IS IN DANGER OF COMING TO A HALT. NONETHELESS, THE EXCESSIVE NUMBER OF SESSIONS HAS RESULTED IN A CERTAIN EROSION OF THE COUNCIL'S ABILITY TO OPERATE EFFECTIVELY. I ALSO BELIEVE THAT WE SHOULD TAKE ADVANTAGE OF THE OPPORTUNITY WHICH WE WILL HAVE IN LUXEMBOURG TO IMPROVE THE OPERATION OF THE COUNCIL BY EFFECTING PREPARATIONS IN A MORE ORGANISED FASHION. I SHOULD LIKE TO PROPOSE, FOR EXAMPLE, THAT PARTICIPANTS SHOULD NOT BE PERMITTED TO RAISE NEW TOPICS OR DISTRIBUTE NEW DOCUMENTS OR DECLARATIONS AFTER THE PRESIDENT HAS FINALISED THE ANNOTATED AGENDA FOR THE COUNCIL. THE CONCLUSIONS DRAWN BY THE PRESIDENT AT THE END OF THE SESSION SHOULD ALSO AS A RULE BE BASED ON THE AGENDA AND SHOULD RELATE SOLELY TO MATTERS DISCUSSED BY THE HEADS OF STATE AND OF GOVERNMENT.

LASTLY, WE MIGHT PERHAPS DEVOTE SOME ATTENTION TO THE SIZE OF DELEGATIONS. NOW THAT A LARGER NUMBER OF MEMBER STATES WILL BE PARTICIPATING IN THESE SESSIONS, THERE IS ALL THE MORE REASON TO REDUCE THE TOTAL NUMBER OF OFFICIALS INVOLVED IN THEM. I HAVE THE IMPRESSION THAT THERE IS A LARGE MEASURE OF AGREEMENT AMONG PARTICIPANTS IN THE EUROPEAN COUNCIL WITH REGARD TO THE VIEW THAT THE SIZE OF CIVIL SERVICE DELEGATIONS COULD BE SUBSTANTIALLY REDUCED WITHOUT DAMAGE.

I HAVE FORWARDED THE TEXT OF THIS LETTER ALSO TO THE OTHER MEMBERS OF THE EUROPEAN COUNCIL. UNQUOTE

2. PLEASE PASS URGENTLY THE PRIME MINISTER'S REPLY AS IN MIPT.

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AND TO FLASH LUXEMBOURG FOR SECRETARY OF STATE'S PARTY
INFO IMMEDIATE UKREP BRUSSELS
INFO SAVING OTHER EUROPEAN COMMUNITY POSTS, LISBON, MADRID

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MIPT: ORGANISATION OF EUROPEAN COUNCILS

1. FOLLOWING IS TEXT OF PRIME MINISTER'S REPLY TO MR LUBBERS.
BEGINS

THANK YOU FOR SENDING ME A COPY OF YOUR LETTER TO JACQUES SANTER ABOUT THE FORTHCOMING EUROPEAN COUNCIL. I WARMLY WELCOME YOUR PROPOSAL THAT THE NUMBER OF EUROPEAN COUNCILS HELD EACH YEAR SHOULD BE REDUCED FROM THREE TO TWO. AS YOU KNOW, WE TOO HAVE BEEN IN FAVOUR OF THIS AND SEE IT AS A USEFUL CHANGE WHICH, LIKE YOU, WE WOULD LIKE TO SEE INTRODUCED EARLY NEXT YEAR. I ALSO AGREE WITH THE OTHER PROCEDURAL SUGGESTIONS IN YOUR LETTER FOR IMPROVING PREPARATION FOR, AND CONDUCT OF, BUSINESS AT FUTURE EUROPEAN COUNCILS AND WILL BE HAPPY TO GIVE SUPPORT IN DISCUSSION NEXT WEEK. I LOOK FORWARD TO SEEING YOU IN LUXEMBOURG.
ENDS

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10 DOWNING STREET

From the Private Secretary

4 February 1986

UK PRESIDENCY: REPORTING ON THE LONDON EUROPEAN COUNCIL

Thank you for your letter of 3 February on the need for the Prime Minister to report to the European Assembly in Strasbourg on the outcome of the European Council held during the British Presidency.

BF 11
The Prime Minister agrees to do this but cannot manage Wednesday 10 December. Her preference would be to do it on Monday 8 December. The only disadvantage with this date is that it would make it impossible for her to report beforehand to the House of Commons. You may like to consult with the Business Managers as to how serious a problem this is. If they think it would be taken badly by the House, the alternative might be for the Prime Minister to make a statement to Parliament on the Monday and go to Strasbourg on Tuesday 9 December. I suspect that we may have to settle for this.

On the European Council itself, you may like to note for planning purposes that the Prime Minister has an unbreakable engagement on Saturday 6 December which will necessitate her being free from the Council and all follow-up press briefings by 1630 that day at the latest.

SWA

Charles Powell

Colin Budd Esq
Foreign and Commonwealth Office.

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Part 25.



Foreign and Commonwealth Office

London SW1A 2AH

3 February 1986

Dear Charles,

UK Presidency : Reporting on the London
European Council (5-6 December)

Further to my letter of 22 January, I am glad to report that Mr Lubbers has now said that he will report to the European Parliament on 8 July on the European Council held under his Presidency. We now need to work out the best day for the Prime Minister's report to the European Parliament on our own European Council (5-6 December). The European Parliament will meet for the last time in 1986 from 8-12 December.

Given the commitments the Prime Minister has on Tuesdays and Thursdays, the best day would seem - as in 1981 - to be the Wednesday (10 December). It is usual for the Head of Government concerned to begin his or her report at about 10.00 am and to reply to the short following debate between 12.15 and 12.30 pm. At that point the Prime Minister would be able to give the traditional end-of-Presidency lunch for the President and Bureau of the European Parliament and members of the Commission who are in Strasbourg. It would then be possible for her to leave Strasbourg at about 2.45pm.

I should be grateful to know whether these timings are acceptable.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
PS/10 Downing Street



Handwritten initials: 'He', 'cpc', and 'DA'.

10 DOWNING STREET

From the Private Secretary

6 January 1986

Dear Sir,

EUROPEAN COMMUNITY: UK PRESIDENCY

Thank you for your letter of 20 December setting out proposals for the Prime Minister's contacts with other European Community Heads of Government next autumn, particularly in the run up to the European Council.

The Prime Minister would wish to get away from the notion that the President of the European Community automatically has to have bilateral meetings with every one of the other eleven Heads of Government in the run up to a European Council. She believes that the task of preparing for such Councils is properly one for Foreign Ministers and that we should try to move matters back in that direction. The Prime Minister is unwilling therefore to undertake any commitment to an extensive programme of contacts in the autumn.

As your letter points out we have already scheduled Anglo-German bilateral consultations for September and shall be due for an Anglo-French Summit in November. It will clearly be appropriate for the Prime Minister to see the President of the European Commission in advance of the Council and we should invite M. Delors to visit London at the appropriate moment. In principle, the Prime Minister would wish the Foreign Secretary to undertake the necessary contacts with the other Member States of the Community. She recognises that there are arguments for seeing both Mr. Lubbers and Mr. Martens who came over here for bilateral consultations last year and would be prepared to look at the possibility of separate meetings with them rather nearer the time (though this of course carries the risk of leaving the Italians and Spaniards discontented).

Clearly this matter will need to be looked at again in a few months' time. But the Prime Minister holds strong views on the desirability of getting away from the practice of Heads of Government travelling round to prepare meetings of the European Council and will be reluctant to go beyond the programme I have indicated.

Handwritten notes: 'BF' with a slash and 'Overtaken'.

Handwritten signature of Charles Powell and the typed name '(Charles Powell)' below it.

Colin Budd, Esq.,
Foreign and Commonwealth Office.

Handwritten initials 'JC' at the bottom right.

PRIME MINISTER

EUROPEAN COMMUNITY: UNITED KINGDOM PRESIDENCY

Your colleagues will soon be discussing in OD(E) what the objectives of the UK Presidency of the European Community in the second half of this year should be.

It is straightforward to list the routine items of business we shall have to conduct during our Presidency: the annual budget round, further steps towards completing the internal market etc. That's not the problem.

The crucial consideration is what you regard as the best posture to be in with the Community in political terms (bearing in mind the political calendar).

So far you have appeared very successful as a strong fighter for a fair British budgetary contribution, not afraid to take on the whole Community and win. That has served Britain very well and you very well.

But that particular issue is now solved (though we shall probably have to resist further attempts to raise the VAT ceiling). We need either to find a new issue for a major battle in the Community or change your tactics and present EC matters in a lower key altogether.

It's not clear yet what line the Opposition will take about the EC as the next election approaches. My guess is that they won't give it much prominence: will avoid a firm commitment to come out: but will make a good deal of fuss about its failure to help solve unemployment and about agricultural surpluses: and may talk about renegotiating the terms of our membership à la Callaghan.

There seem to me good reasons for continuing the tactic of 'Community-bashing' both because it is necessary in its own

right to get some sense into the institution and because you will be a much more convincing exponent of it than the Opposition and will therefore cut the ground from under their feet.

It needs a good issue. The obvious one is reform of the CAP to reduce surpluses. Realistically there is not much chance of achieving thorough-going reform before the date of an election. But what is important is to be seen to be working at it. (The process has of course started both with the introduction of milk quotas and some thoroughly inadequate proposals by the Commission for reform in other sectors.) We would need to escalate the problem rapidly to Head of Government level.

I can't think of any comparable issues. Abolishing the European Assembly would be desirable but sadly not realistic. Liberalisation of transport, air services and insurance are all desirable and we shall be pursuing them anyway. But they are not really the stuff of major political battles.

I suspect you will find that your colleagues preference will be to keep the Community in a lower key, giving the impression of working steadily for modest goals and avoiding 'I want my money back' drama.

You may like to give the Foreign Secretary a steer at your next bilateral, before matters become comfortably settled.

C.D.P.

Charles Powell

3 January 1986

DP

It would appear that
you minute to the PM
went into the box
without the FCO letter.

Julie

4. 1.86

PRIME MINISTER

EUROPEAN COMMUNITY: UK PRESIDENCY

The attached letter gives the Foreign Office's advice on your contacts with other EC Heads of Government in the run up to 'our' European Council in December. Their plans are clearly too ambitious and would involve you seeing every EC Head of Government, either home or away, in the three months before the Council.

I think we want to get away from the notion that the President of the European Community automatically has to have bilateral meetings with every one of the other eleven Heads of Government in the run up to a European Council, even if there is no really burning issue on the agenda. It is in danger of becoming a routine: and of course the smaller ones love it.

Anyway, the basic task of travelling round to canvass views and promote solutions belongs properly to the Foreign Secretary. You should do only the most important.

You have already agreed to a bilateral Summit with Chancellor Kohl in September; and we shall be due for another Anglo-French Summit anyway in November. This will take care of the two principal Heads of Government.

You ought to see Delors as President of the Commission shortly before the European Council. But he can come to London.

The Italians, Greeks, Spaniards, Portuguese, Danes, Irish and Luxembourgers should be covered by the Foreign Secretary travelling round capitals.

The only question mark is over Lubbers and Martens. You had them both over to Chequers early last year. Both have invited you back, but you have been unable to go. There is a case for a brief visit to The Hague and Brussels, covering both in one day. But in that case the Italians and Spanish will probably be miffed.

My recommendation is that at this stage anyway we should tell the Foreign Office that you intend to leave most of the travelling to the Foreign Secretary, and your only firm plans will be to attend the Anglo-French and Anglo-German Summits and have Delors here. But we might have to revise this nearer the time if some exceptionally difficult item seems likely to dominate the December Council, on which you will need personally to obtain the support of fellow EC Heads of Government.

Agree?

Yes not

CDP

Charles Powell

3 January 1986

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Foreign and Commonwealth Office

London SW1A 2AH

20 December 1985

Dear Charles,

European Community: UK Presidency

In your letter of 11 December you asked for advice about contacts with other EC Heads of Government next autumn, particularly in the run-up to the European Council.

It is well established practice that the President of the European Council (including President Mitterrand during the French Presidency) sees the other members of the European Council including Delors during the preparatory weeks. Obviously it is not possible at this stage to forecast the main subjects for discussion next December. We shall be aiming to get away from detailed negotiation and revert to the original concept of European Council meetings. It is certainly the Foreign Secretary's view that we should seek to simplify the proceedings and reduce paper to a minimum. But we shall aim to use the European Council to further important objectives (eg on the internal market). In any event all the other Heads of Government will expect to have an opportunity to meet the Prime Minister at some point in the three months before the European Council.

We need to use the regular pattern of bilateral summits in such a way as to reduce the burden on the Prime Minister, in particular as regards foreign travel. The autumn summit with Chancellor Kohl has already been fixed for September in Germany. Nearer the time of the European Council, the Foreign Secretary might visit Bonn to see Chancellor Kohl on the Prime Minister's behalf. President Mitterrand will not be able to fix a date for the Prime Minister to visit France until after the elections on 16 March. We should aim for the last two weeks of November. This will enable the Prime Minister also to meet the new French Prime Minister if, as is probable, there is a change after the French elections.

The Prime Minister will be seeing Signor Craxi in Florence on 12 March. He could, therefore, be invited to London - perhaps in mid-November. An Anglo/Irish summit meeting may well need to be scheduled during the autumn anyway, though details of timing and location obviously can not be settled at this remove. In the case of Spain Senor Gonzales' invitation to the Prime Minister to visit

/Spain

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Spain, repeated during Sir Geoffrey's recent visit to Madrid, is a complicating factor. It may be difficult to insist on Gonzales coming here. In any event we should ensure that any meeting with him is set firmly in the context of our Presidency.

M. Martens could be invited here. He has however been to Chequers this year and has not received a return visit. The Prime Minister may like to consider making a short visit to Brussels fairly close to the European Council.

Mr Lubbers will of course be President of the European Council during the first half of 1986. He may well himself wish to arrange a meeting with the Prime Minister next June, as part of his preparations for the European Council in The Hague on 26-27 June. Such a meeting would in any event be most useful, in the Presidency handover context. As regards preparations for our own European Council, the Prime Minister could either invite Lubbers to London, or seek to combine a visit to The Hague in late November with a visit to Brussels.

For M. Delors and the other Heads of Government it would be reasonable to think in terms of inviting them to London, limiting their visits to a meal preceded by an hour or so of formal talks. This would produce the following rough schedule:

Early September to
10 November

Kohl - summit in Bonn.
Schluter, Santer, Papandreou,
Cavaco Silva, Fitzgerald,
Craxi - all in London.
Gonzales ?London.

Last 3 weeks of
November

Mitterrand - summit in Paris;
further contact with Kohl.
Delors (London). Lubbers and
Martens (Brussels and The Hague).

If the Prime Minister agrees to this general plan, perhaps you could let me know your preferences about dates.

Yours ever,
Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
PS/10 Downing Street

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10 DOWNING STREET

From the Private Secretary

11 December, 1985.

EUROPEAN COMMUNITY: UNITED KINGDOM PRESIDENCY

BF // I know that detailed planning for the UK Presidency of the European Community in the second half of next year is already under way. One point on which it would be helpful to have an early view is of what additional visits to European capitals it may be necessary for the Prime Minister to make and when. I can well understand the difficulty of making any firm prediction about this. But the Prime Minister's programme for the autumn is already filling up to an alarming degree, and if we think some visits are almost inevitable it would be as well to reserve some time in the diary now. I imagine, in fact, that the most likely time will be in the immediate run-up to the European Council, that is round about the middle of November. Would you like to let me have a bid?

(C.D. Powell)

Colin Budd, Esq.,
Foreign and Commonwealth Office.

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Re VB.
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10 DOWNING STREET

From the Private Secretary

18 July 1985

1986 UK PRESIDENCY OF THE COMMUNITY: SITE AND DATES
OF EUROPEAN COUNCIL

Thank you for your letter of 15 July about the site and the dates for the European Council during the United Kingdom Presidency.

The Prime Minister agrees that the Council should be held in the new International Conference Centre and to the dates of 5/6 December.

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

CHARLES POWELL

Len Appleyard, Esq.,
Foreign and Commonwealth Office.

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Prime Minister

You are asked to

Foreign and Commonwealth Office

London SW1A 2AH

agree:

- Yes
Mr
Presidency should be held in the new International Conference Centre, and
15 July 1985
Dear Charles, Saturday, to minimize traffic disruption).
CDD 16/7.

1986 UK Presidency of the Community: Site and Dates of European Council

As the Portuguese finally decided not to seek the Presidency of the EC next year, our own tenure is thus fixed for the second half of 1986. The centrepiece of the Presidency will be the European Council. The purpose of this letter is to seek the Prime Minister's agreement that the working sessions of the European Council should take place in the new International Conference Centre (ICC), and to seek her agreement, at least on a provisional basis, to one of two possible dates. This will enable us to reserve the ICC and to advise Buckingham Palace, since it is customary for The Queen to give lunch to members of the European Council on the first day.

Site

The 1981 London European Council took place in Lancaster House, which provided a prestigious and reasonably convenient setting. Unfortunately Lancaster House would be unable to house the event, since the accommodation used for delegation offices will have reverted to St James's Palace and would not in any event be adequate in the new Community of 12.

The Foreign Secretary therefore recommends that the 1986 European Council should be held at the ICC, which is expected to be ready for use in April 1986. The arguments in favour are strong:

- (a) The PSA and their architect have been careful to design the ICC in such a way that it can accommodate European Council meetings, and have consulted the Department regularly in order to ensure that they understand how a European Council works. The ICC therefore is well-adapted to the purpose; and its equipment and furnishing should reflect credit on British industry.
- (b) Because the cost of building the ICC is being met from public funds, the Government would be open to criticism from Parliament and press if the European Council were to take place elsewhere. Furthermore,

/adapting



adapting any other location to the purpose would inevitably incur additional expenditure which will not be necessary in the case of the ICC.

- (c) Holding the European Council in the ICC will give it a welcome boost in its efforts to attract private sector business.

Dates

It has become the pattern for European Councils in the second half of the year to take place at the end of November or the beginning of December. The European Council needs to be fairly near to the end of the Presidency in order to mark its culminating point. But the dates chosen need to allow time for immediate follow up work, eg by Foreign Ministers, before the Christmas break, and for the Prime Minister to report to the December sitting of the European Parliament.

As to choice of day an important consideration will be to minimise the disruption to traffic in Westminster which the event will certainly cause, which will in turn make access to the ICC awkward for participants. We therefore suggest that it should take place on a Friday/Saturday, following the pattern of recent European Councils, including that at Milan. These days will also have the advantage of avoiding clashes with Cabinet meetings. (The Dutch do hold their Cabinet meetings on Fridays but seem to be able to finish in time to arrive for lunch.)

In practice, therefore, the choice of dates may be between 28/29 November and 5/6 December. We understand that The Queen has no lunchtime engagement on 28 November nor on 5 December. The Foreign Secretary recommends choosing the December dates, allowing a little more time for preparation. It would be helpful if the Prime Minister were able to express a preference between these dates, so that we can make a reasonably firm booking with the ICC, subject to the agreement of other Member States to the dates. The ICC are naturally keen to start taking bookings from the private sector during the Presidency period at times when their facilities are not required by HMG.

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

Yours ever,

Len Appleyard

(L V Appleyard)

