

① Agree para 5.

② See notes on file
being difficult
about Community

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Ref. A09535

MR. CARTLEDGE

1
Prime Minister

You raised this question
on Sir John Hunt's brief
below. Agree para. 5?
But
11/r

accession to
conventions
when we ourselves
are a party to

European Issues

In your letter of 8th May conveying the Prime Minister's comments on Sir John Hunt's minute of 4th May and the accompanying paper you said that the Prime Minister had asked for advice on the protocols to the Bonn and Barcelona Conventions. The position is as follows.

2. The United Kingdom is at present alone in withholding agreement to accession by the Community to three international instruments dealing with marine pollution. They are:

- (i) The 1969 Bonn Agreement for Co-operation in dealing with Pollution of the North Sea by Oil.
- (ii) The Second Protocol to the Barcelona Convention for the Protection of the Mediterranean Sea against Pollution.
- (iii) The Oslo Dumping Convention (for the North Sea/North East Atlantic).

3. The Bonn and Barcelona Agreements are concerned essentially with measures to remedy the effects of pollution. They deal with research and exchange of information, cleaning up arrangements after an incident and reporting of oil slicks. The Oslo Convention provides for control and licensing of dumping at sea by ships, aircraft and oil platforms. The United Kingdom is a party to the Bonn Agreement and the Oslo Convention. The Community at present has observer status for these agreements, though it is a party to the basic Barcelona Convention and its First Protocol.

4. Community accession to the Bonn agreement and Barcelona Second Protocol was proposed by the Commission to give effect to the April 1978 European Council conclusion that the prevention and combating of marine pollution should be a major Community objective. The proposal to accede to the Oslo Convention likewise flowed from a Council request (to which the United Kingdom assented) for action against dumping at sea. The United Kingdom has maintained a reserve on Community accession to the first two Agreements since May 1978

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and on the third since the end of 1977. In all three cases accession is supported by all other member states. We have no difficulties on any aspects of substance. Our reserves have been because the previous Ministers concerned felt that accession might entail an extension of Community competence. This risk however is largely theoretical and could probably be contained by a suitable entry in the Council minutes.

5. The issue will come up again soon, probably at a June Environment Council. The Prime Minister may wish to suggest that the Ministerial Sub-Committee on European Questions should review the United Kingdom position on this and other similar competence questions.

6. The Prime Minister might also wish to be aware of a development on North Sea oil which has occurred since the submission of Sir John Hunt's minute. In a letter dated 2nd May the Commission notified us that the United Kingdom Interest Relief Grant scheme (IRG) is contrary to the EEC Treaty because it discriminates against offshore equipment suppliers in the other member states. The timing of this decision was politically inept but it was not unexpected. The IRG scheme has been under scrutiny by the Commission since 1976 and its legal validity under the Treaty has long been in doubt. We have two months to comply with the Commission's decision.

7. Three other aspects of our North Sea oil policy are being scrutinised by the Commission: the requirement for oil and gas to be landed in the United Kingdom, the operations of the Offshore Supplies Office, and the rule that United Kingdom Continental Shelf licensees must have their central management and control in the United Kingdom. The Commission has shown considerable understanding of the political sensitivity of North Sea oil in the United Kingdom and has made genuine efforts to find a mutually acceptable solution to these problems. Mr. Roy Jenkins has in the past discussed it with the Prime Minister's predecessor. It will be desirable for the new Secretary of State for Energy to follow this up with the competent Commissioner. These are all issues which the Ministerial Sub-Committee will need to consider during the next few weeks.

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8. I confirm that arrangements are being made to ensure that those directly concerned with the other issues on which the Prime Minister has commented are made aware of her views.

MJV.

(M. J. Vile)

11th May, 1979



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FILE

VLB
European Policy



10 DOWNING STREET

BF 18/5/79

From the Private Secretary

MR. VILE
CABINET OFFICE

European Issues

The Prime Minister has seen your ^{11.5.79} minute (A09535) to me, in response to her request for advice on the protocols to the Bonn and Barcelona Conventions.

The Prime Minister has noted that U.K. reserves on Community accession to the Bonn Agreement and the Barcelona Second Protocol have derived from the previous Government's opposition to the extension of Community competence which accession might entail. The Prime Minister considers that, as Sir John Hunt suggests, the Ministerial Sub-Committee on European Questions should review the U.K. position on this and other similar questions of Community competence before the June Environment Council. I should be grateful if you would arrange for this to be done. The Prime Minister has made the general comment that she sees no reason for being difficult about Community accession to Conventions to which the U.K. is herself a party.

The Prime Minister has noted from paragraph 6 of Sir John Hunt's minute that, according to the Commission, the U.K. Interest Relief Grant Scheme is contrary to the E.E.C. Treaty because it discriminates against offshore equipment suppliers in the other Member States. The Prime Minister would be grateful for advice on this question and on how it is proposed the U.K. should react to the Commission's ruling. I should be grateful if advice on this point could reach me by 18 May, so that the Prime Minister is aware of it when she meets Mr. Roy Jenkins on 21 May.

As you know, the question of the Bonn Agreement and the Barcelona Protocol was raised briefly in OD this morning. The Secretary of State for Trade made it clear that he wished to comment on this issue from the point of view of the interests of the U.K. shipping industry.

B. G. CARTLEDGE

14 May 1979

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