

IMMEDIATE

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FM UKREP BRUSSELS 131520Z

CONFIDENTIAL

FRAME DEPTL

TO IMMEDIATE FCO TELNO 3708 OF 13 JULY.

INFO IMMEDIATE TO ALL OTHER EEC POSTS ROUTINE WASHINGTON.

EUROPEAN COUNCIL: 12/13 JULY 1976

1. THE SECOND MEETING OF THE EUROPEAN COUNCIL IN 1976 TOOK PLACE IN BRUSSELS ON THE AFTERNOON OF 12 JULY AND THE MORNING OF 13 JULY. DEN UYL (NETHERLANDS) WAS IN THE CHAIR. THE PRIME MINISTER AND YOURSELF REPRESENTED THE UK AND ALL THE OTHER HEADS OF STATE OR GOVERNMENT OF THE NINE WERE PRESENT WITH THEIR FOREIGN MINISTERS. PRESIDENT ORTOLI AND COMMISSIONER HAFERKAMP REPRESENTED THE COMMISSION.

2. THE MAIN SUBJECTS DISCUSSED WERE:-

- (A) DIRECT ELECTIONS
- (B) FISHERIES
- (C) ECONOMIC AND SOCIAL SITUATION OF THE COMMUNITY
- (D) TERRORISM
- (E) TINDEMANS REPORT
- (F) PRESIDENCY OF THE COMMISSION
- (G) PUERTO RICO.

DIRECT ELECTIONS

3. HAD THE EUROPEAN COUNCIL BEEN UNABLE TO SETTLE THE QUESTION OF THE NUMBER AND DISTRIBUTION OF SEATS IT WOULD HAVE BEEN JUDGED A FAILURE. AWARENESS OF THIS CONTRIBUTED TO THE AGREEMENT IN ONLY A FEW HOURS ON THE FORMULA SET OUT IN MY FIRST IFT. DISCUSSION WAS BASED LARGELY ON THE UK VARIANT OF THE FIRST LUXEMBOURG VARIANT OF THE GERMAN VARIANT OF THE GISCARD PROPOSAL AND BOILED DOWN TO WHETHER OR NOT THE "BIG FOUR" COULD AGREE TO 81 SEATS IN RETURN FOR A JUGGLING OF SEATS AMONGST THE SMALLER COUNTRIES. WE HAD TO

RESERVE OUR POSITION UNTIL THE OUTCOME OF THE PARLIAMENTARY DEBATE ON THE SELECT COMMITTEE'S REPORT WAS KNOWN. IN HIS CONCLUDING PRESS CONFERENCE THE PRIME MINISTER SAID THAT THE FORMULA AGREED STRUCK A REASONABLE BALANCE BETWEEN A SATISFACTORY NUMBER OF SEATS FOR THE UK AND OVER-INFLATION OF THE SIZE OF THE EUROPEAN ASSEMBLY.

FISHERIES

4. AFTER AN HOUR'S DISCUSSION IN THE EUROPEAN COUNCIL ON 12 JULY AND A 2 HOUR MEETING OF EXPERTS DURING THE NIGHT, THE EUROPEAN COUNCIL AGREED ON THE TEXT IN MY SECOND IFT. THE COMMISSION, WITH SUPPORT FROM THE DUTCH AND ITALIANS, PRESSED FOR THE INCLUSION OF A PHRASE EXTENDING COMMUNITY LAW TO A 200-MILE ZONE BUT WERE OVERRULED THROUGH THE COMBINED EFFORTS OF THE PRIME MINISTER AND PRESIDENT GISCARD.

ECONOMIC AND SOCIAL SITUATION

5. AN HOUR AND A HALF'S DISCUSSION ON THE MORNING OF 13 JULY GAVE THE PRIME MINISTER THE CHANCE TO PRESS THE UK VIEW THAT WHILE BUDGET DEFICITS WERE A PROBLEM, SO WAS UNEMPLOYMENT, PARTICULARLY AMONG THE YOUNG. THE DUTCH PRESIDENCY WERE DETERMINED TO HOLD A FINANCE COUNCIL BEFORE THE END OF JULY. THE PRIME MINISTER ACQUIESCED, BUT SAID THAT THE CHANCELLOR WOULD PROBABLY NOT BE ABLE TO ATTEND.

TERRORISM

6. ON GERMAN/DUTCH INITIATIVE THE EUROPEAN COUNCIL AGREED A DECLARATION ON TERRORISM (TEXT IN MY THIRD IFT). THIS WILL BE DEPLOYED DURING THE CURRENT SECURITY COUNCIL DEBATE IN A MANNER TO BE CONCERTED BY PERMANENT REPRESENTATIVES IN NEW YORK.

TINDEMANS REPORT

7. THE VERY BRIEF DISCUSSION IS ADEQUATELY SUMMARISED IN THE STATEMENT IN MY FOURTH IFT.

PRESIDENCY OF THE COMMISSION

8. AFTER DINNER ON 12 JULY, HEADS OF STATE OR GOVERNMENT DISCUSSED THE PRESIDENCY OF THE NEXT COMMISSION. PRESIDENT GISCARD WAS RELUCTANT TO AGREE TO A DECLARATION BEING ISSUED ABOUT THE APPOINTMENT OF MR JENKINS, BUT DID NOT OBJECT TO ITS BEING MADE PUBLIC THAT THE HEADS OF STATE OR GOVERNMENT HAD TAKEN NOTE OF THE BRITISH GOVERNMENT'S INTENTION TO APPOINT MR JENKINS TO THE COMMISSION AND HAD EXPRESSED THEIR INTENTION TO SUPPORT HIS APPOINTMENT IN DUE COURSE, UNDER THE PROVISIONS OF THE TREATY, AS PRESIDENT OF THE COMMISSION FROM JANUARY 1977. THE PRIME MINISTER CONFIRMED THIS AT HIS PRESS CONFERENCE AS DID DEN UYL. THE PRIME MINISTER ADDED THAT IT WAS UNDERSTOOD THAT MR JENKINS WOULD BE FREE TO CONSULT HEADS OF STATE OR GOVERNMENT ON THE COMPOSITION OF THE NEXT COMMISSION OVER THE NEXT FEW MONTHS.

PUERTO RICO

9. DEN UYL SENSIBLY SUGGESTED THAT THERE HAD BEEN ENOUGH DISCUSSION OF PUERTO RICO ALREADY. HE SIMPLY PROPOSED THAT IN FUTURE THERE SHOULD BE PRIOR CONSULTATION AMONGST MEMBER STATES ON COMMUNITY MATTERS AND THAT ON MATTERS WITHIN COMMUNITY COMPETENCE COMMUNITY PROCEDURES SHOULD BE RESPECTED. NO ONE OPPOSED THIS.

10. A NOTABLE FEATURE OF THIS EUROPEAN COUNCIL, WHICH THE PRIME MINISTER DESCRIBED IN HIS PRESS CONFERENCE AS "SATISFACTORY", WAS THE SUPPORT WHICH PRESIDENT GISCARD GAVE US ON DIRECT ELECTIONS AND FISHERIES AND THE CLOSE IDENTITY OF VIEW THROUGHOUT BETWEEN THE PRIME MINISTER, PRESIDENT GISCARD AND CHANCELLOR SCHMIDT.

MAITLAND

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