

EHG(D)(75)(1)

6 March 1975

EUROPEAN COUNCIL MEETING (DUBLIN)

10/11 MARCH 1975

STEERING BRIEF

Foreign and Commonwealth Office

INTRODUCTION

1. This is the first meeting of "Heads of Government in the Council of the Communities and in the context of political cooperation". This ambiguous phrase from the Paris Communiqué of 10 December 1974 reflects continuing disagreement among the Nine about the nature and function of this new institution. The Dublin meeting could create important precedents for future meetings.
2. Our partners hope that this meeting will mark the final stage in the diplomatic process of renegotiation. The "British problem" will be the centre of attention. No other member state is, as yet, seeking decisions in its national interest (unlike Paris, where the Italians and Irish wanted agreement on the regional fund, and French prestige was committed to getting agreement on various "institutional" questions). But the French may be looking for their partners' support in preparing the Consumer/Producer Conference. They may try to link their objectives on the Anglo/French Continental Shelf (see Brief No EHG(D)(75)(9A)) with renegotiation: we should of course resist this.

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1. OUT OF BRIEF

This brief deals with:

The Agenda: British objectives

Renegotiation

Economic Issues

Other Community items

The Arrangements for the Dublin meeting

THE AGENDA: BRITISH OBJECTIVES

4. The Foreign Ministers' Council of 3 March agreed on the following agenda:

- (a) Questions relating to UK membership of the Community
(Brief No. 2)
- (b) The World Economic and Social Situation (Brief No.3)
- (c) Preparations for the Consumer/Producer conference
(Brief No.4)
- (d) The United Nations and the "New International Economic Order (NIEO)" (Brief No.5)
- (e) Political Cooperation:
 - (i) The Conference on Security and Cooperation in Europe (Brief No 6(a))
 - (ii) Current Problems (Questions d'actualité) possibly Cyprus (Brief No 6(b)).

5. Our objectives in relation to the agenda items are:

(a) Renegotiation

Our main objective will be to get satisfactory agreements on our two remaining renegotiation demands: the budget corrective mechanism and New Zealand dairy products. We shall need to reassure our partners that if we have satisfaction on these two items the Government will make its final judgement on

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renegotiation as a whole; and that we will pursue other matters to which they know we attach importance - notably steel and aid - only in the course of normal business.

(b) Economic Issues

We want to get our partners to share our general views on the major problems facing the West in its relations with the developing world and the suppliers of raw materials, and to act together in the many international economic gatherings due to take place in 1975 (see paragraphs 14-20); and we want to prepare the ground for the Prime Minister's initiative at the Commonwealth Prime Ministers' meeting in April. There could be some meeting of minds with the French here.

(c) Political co-operation: CSCE and Cyprus

Our main aim will be to promote a more general discussion of East/West relations in which the Prime Minister could give an account of his visit to Moscow. A detailed discussion of outstanding points at the Conference would almost certainly be unproductive and could prove divisive. There are no decisions to be taken by Heads of Government at this stage. But they will probably be asked to issue a public statement. The Italians may also press for a public declaration on Cyprus. The Foreign Ministers decided on 4 March that we would have to see how the debate went in the Security Council before deciding - in Dublin itself - whether Heads of Government could have a useful discussion.

6. Apart from these specific objectives, we have a general interest in ensuring that the Dublin meeting is a success. If it goes well, it should help to demonstrate the practical usefulness of regular meetings between European Heads of Government. It is

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likely to be the last such meeting before the British referendum and its general success or failure is bound to influence British opinion.

RENEGOTIATION (see also Brief No. 2)

7. We have made it clear that the British Government expects to make its overall judgment about renegotiation before Easter. Our partners hope that Dublin will mark the final act of renegotiation, and that it will enable the bargain to be struck on which the British Government will take its decision about the new terms. All our partners, including the French, want that decision to be favourable. They will try to avoid doing anything which might endanger the generally satisfactory progress made so far. They will do what they can to meet us, without undermining fundamental principles to which they attach importance and trying to limit the cost to themselves. We are getting warnings from the French that any concessions Giscard makes must be made without appearance of defeat. He was criticised in the French press for accepting a defeat at Paris in December.

8. In return for final concessions to us, our partners are beginning to indicate that they will seek assurances from the Prime Minister that a deal at Dublin will complete renegotiation satisfactorily from our point of view; that he will recommend the outcome to his colleagues in the Cabinet; and that he will campaign for a positive outcome to the referendum. They may also want to be further reassured that, if we stay in the Community, we shall settle down to co-operate fully and constructively in the developing European enterprise.

9. At the Foreign Ministers' Council on 3/11 March there was no progress on our two remaining renegotiation demands:

New Zealand and the budget mechanism. The French, who may hope to secure concessions from us on the budget in exchange for something on New Zealand, refused to negotiate except at the highest level. The Germans, worried about the cost to them of the budget mechanism, have still not decided their position. The outcome in Dublin is therefore likely to be a strenuously negotiated package.

10. The Foreign Secretary's statement at the Council on 3 March that we want to secure adequate powers over private investment in steel which might involve a review of certain aspects of the Treaty of Paris, seems to have led to considerable misunderstanding. The others fear that it is a sign that we will continue to put pressure on them to change the Community's existing arrangements, including its Treaty foundations, even after renegotiation is formally over. It might be as well to explain our position briefly. An appropriate note is attached to Brief No 2.

11. Dr Fitzgerald has suggested to the Minister of Overseas Development that we should also put forward at Dublin our ideas about Community financial aid for non-associates. Now that the agenda has been settled, there will be no opportunity to raise the question of aid as a formal separate item. But it might be useful to make it clear that we do not seek final decisions on aid in the renegotiation context: we shall pursue our ideas in the course of normal business, eg in the Development Council at the end of the month. The Germans are particularly nervous about all this - they know that our ideas on aid, like the budget

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Mechanism, will cost them money. (see note attached to Brief No 2).

12. The renegotiation item is first on the agenda. We want the Irish to get the Heads of Government to concentrate early on the substantial problems of the budget mechanism. It is likely that Mr Gosgrave will ask the Prime Minister to open the discussion. The Prime Minister may wish to begin with a general statement about renegotiation, and then lead straight into a detailed discussion of the budget. He will also wish to get quickly into the substance of discussion on New Zealand. In the light of this first round on both subjects, official working parties will need to be set up to draft suitable documents for approval by the Heads of Government on the following day.

13. Notes for the Prime Minister's opening remarks, speaking notes and background on the budget mechanism and New Zealand, and material on steel, aid, and regional policy, are at Brief No 2.

ECONOMIC ISSUES (see Briefs Nos 3-5)

14. In the next few months we shall be involved in a number of important international meetings involving, directly or indirectly, the issues raised by the Prime Minister in his speech of 9 February in Leeds. These meetings include the Preparatory Meeting for the Consumer/Producer Conference; the current exchanges about the "trade pledge" in the OECD; the Kingston meeting of Commonwealth Heads of Government in April; the Special Session of the UN General Assembly in September; the Multilateral Trade Negotiations.

1. (f) The issues which these meetings will tackle include the problems of world inflation, recession and unemployment; the need for trading countries to avoid beggar-my-neighbour policies; the problems of world food production and distribution, which were high-lighted by last year's World Food Conference in Rome; the conflicts of economic interest between developed and developing countries; the different conflict of interest between the producers and consumers of raw materials (some of the poorest developing countries produce no exportable raw materials at all); the political confrontation to which these conflicts of interest give rise, which is symbolised by the growing demand for a "New International Economic Order" at the United Nations.

16. We do not at present foresee any major controversy arising on the three economic agenda items. The Dublin meeting will, however, provide an opportunity for the Prime Minister to put his ideas across, and to gain support for a constructive and coherent approach to the problem of developing a cooperative, rather than a conflicting relationship with the developing world. We understand that President Giscard too is interested in an "integrated approach" to the economic problems of the less developed countries, and in particular commodity problems, and that he would be inclined to welcome and follow up the Prime Minister's remarks. The agenda item on The UN and "NIEO" (which was suggested by the Foreign and Commonwealth Secretary) is the obvious one for discussion of these broad issues (Brief No 5). In particular, it will enable the Prime Minister to prepare our partners for the initiative he proposes to take in Kingston; and for joint action later this year in the institutions of

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to OIN, especially the General Assembly and UNCTAD (an aim to which the Germans also attach importance). There may be a move in Dublin for the Heads of Government to issue a declaration.

17. We do not expect the item on the Consumer-Producer Conference (Brief No 4) to give rise to detailed discussion of energy policy (eg. floor prices and alternative sources of energy). But the procedural preparatory meeting for that conference should take place on 7 April. Discussion of procedure (which might itself cause difficulty eg. over how member states should be represented) could lead to discussion of substance. But because we want the meeting to concentrate on renegotiation, we should try to ensure that any such discussion is kept to a minimum.

18. The agenda item on "The World Economic Situation" (Brief No 3), may give rise to discussion - at least by implication - about the economic policies of member states, as it did in Paris. We will wish to encourage the Germans and others whose balance of payments is strong or improving to continue with the reflationary policies they adopted at the end of last year. The French have indicated that President Giscard will raise the establishment of a European unit of account. He will not seek a decision, but will emphasise that the French would like the Community to decide soon to move, in a pragmatic way, towards a uniform unit of account. Good progress has already been made at official level, and this should not cause difficulty in Dublin. The point is covered in paragraphs 20-25 of Brief No 3.

19. The Community as a whole has so far done little preparatory work for the economic discussions in Dublin (there has been no repetition of the frenetic drafting exercise which preceded the Paris meeting). The Commission has however produced three papers which will formally be on the table on the world economic situation; on raw materials; and on new sources of energy.

Annex A 20. The Irish have now circulated in Brussels a document which looks very like the "annotated agenda" for which we are calling. It covers the Commission papers referred to (copies of which are attached to the appropriate subject briefs). Heads of Government will not need to concentrate on these papers. The Irish have in any case not yet decided whether this document is to become a formal agenda for the Dublin meeting.

OTHER COMMUNITY ITEMS

21. Officials of other member states have indicated that their Ministers may wish to raise specific issues (eg. hill farms. It seems unlikely that Heads of Government will in fact want to get involved in detailed issues better left to the normal Community institutions. But a contingency brief is attached (Brief No 7a). It is also possible that M. Tindemans will wish to speak at some point about his report on European Union. This is covered in Brief No 7(b), which suggests that the Prime Minister might if necessary remind M. Tindemans privately about some of the political difficulties.

BACKGROUND

22. The Irish have taken full responsibility for arranging

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the meeting, and there has been little disposition among the other Europeans to challenge their ideas. Dr FitzGerald has taken a firm grip. Like ourselves he wants the minimum of formality; small meetings, few officials present (or none) no elaborate communiqués. But Paris showed the importance of good chairmanship. And there is no reason to hope that Mr Cosgrave will be in the same league as M. Giscard d'Estaing 23. Like some of the other smaller countries, the Irish tend to be rather formal about preserving the institutional arrangements of the Community (which they see as a protection against the greater political weight of the three major member states). But Dr FitzGerald has already shown in Brussels that, while preserving the distinction between business conducted under the Treaty of Rome, and business connected in the informal framework of political cooperation, he does not in practice want to get involved in elaborate procedural arguments about which hat Ministers may be wearing on any particular agenda item.

Annex B 24. A note circulated by the Irish is attached: it sets out briefly the detailed arrangements envisaged for Dublin including a rough timetable.