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European Policy



Foreign and Commonwealth Office

London SW1A 2AH

23 November 1979

Dear Michael,

President of the Commission

/ As requested in your letter of 9 November, I enclose a brief for the Prime Minister's use at her meeting with Mr Jenkins on 26 November.

Your office agreed that the brief could reach you today to allow it to take account of the Commission's latest paper on budget/convergence (UKREP telegram No 6251). More extensive briefing is in the briefs prepared for the European Council.

Yours etc

A handwritten signature in cursive script, appearing to read 'Paul'.

(P Lever)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

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CALL ON THE PRIME MINISTER BY THE PRESIDENT OF THE
EUROPEAN COMMISSION, 26 NOVEMBER

POINTS TO MAKE

BUDGET/CONVERGENCE

1. Ready to discuss latest Commission paper.
2. Commission ideas on improving budget balance in favour of structural policies worth considering. Not an answer to immediate problem but we can build on it for future. The best prospect for the Community is to reduce agricultural expenditure in order to shift resources to other sectors.
3. Welcome Commission recognition in principle of need for action on receipts side. But would have preferred a specific receipts mechanism. Much the best way of tackling the problem. Intend to raise at Dublin.
4. Studying Commission's ideas on increasing Community expenditure in UK. It would be of more interest to us if it operated as an automatic allocation than if it were dependent on long arguments about each of the policy areas covered.
5. No weakening in our determination not to make an unreasonably large net contribution in 1980 or thereafter.

COMMON AGRICULTURAL POLICY

CAP Expenditure

6. We welcome the Commission's recommendation on Italian proposals to cut CAP guarantee share of the Community budget and shift resources to structural policies. Must be done within the 1% ceiling.
7. Understand Commission want European Council to look at resumé of Commission proposals on CAP financing. We are against substantial discussion on these. Proposals only just out. No

/time

time to prepare discussion. Matter for Agriculture Ministers first.

Sheepmeat

8. No question of conceding intervention-type regime or unbinding of Community's GATT obligations towards New Zealand as a trade-off for budget concessions. What do the Commission propose to do to keep up pressure on the French to comply?

ENERGY

9. Agree that energy should be discussed on basis of Commission paper. No link between energy and budget. No valid complaint against UK oil pricing and disposal policy.

EMPLOYMENT AND SOCIAL POLICY: WORK SHARING

10. Need for caution but could accept a compromise provided it is generally acceptable to employers and does not fuel inflation.

THREE WISE MEN

11. Remit report to Foreign Ministers for study.

Reduction in Number of Commissioners

12. Major change. Needs study.

EUROPE IN 1990. AND "TELEMATIQUE"

13. Agree that "telematique" is important. Prepared to examine the Commission proposals constructively.

FISH

14. No need for substantive discussion at Dublin.

15. Now clear we are serious about seeking satisfactory overall settlement. Welcome Commission's recommendation of urgent need to safeguard stocks and start with Community conservation regime.

/ESSENTIAL FACTS

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BUDGET/CONVERGENCE

1. Latest Commission paper covered in Brief for European Council submitted separately.

CAP

2. The Commission recommend that Italian ideas for changing balance of expenditure from CAP to structural policies be pursued. They are therefore on the table despite signs of Italian change of heart. But Commission approach is geared to more rapid expansion of structural funds alongside continued slower growth of agricultural expenditure. We want a direct shift from agriculture to other areas. A Summary of Commission proposals for cutting CAP expenditure by 1 billion EUA is expected to be before European Council. Main proposals on milk (to increase the existing general co-responsibility levy plus an additional much higher levy on those who have increased production compared with a base period).

ENERGY

3. The Germans have criticised the UK for allowing North Sea oil to lead price rises, most recently at the latest Finance Council which was preparing the Dublin Summit.

EMPLOYMENT AND SOCIAL POLICY: WORKSHARING

4. A draft resolution will be discussed at the Social Affairs Council on 22 November. Issue also likely to be raised at European Council. This follows 18 months of discussion regarding a Community position on working time.

THREE WISE MEN

5. The Council is to have a preliminary discussion of the Three Wise Men's Report on 29/30 November. Mr Jenkins will have had a copy since 20 November, when the Report was distributed to Member States.



EUROPE IN 1990 "TELEMATICS"

6. The Commission have asked that their Report, submitted to the Strasbourg European Council in June, on structural development prospects until 1990 should be discussed further. It is platitudinous and objectionably interventionist. The Commission intend to submit a supplementary paper on "telematics" (i.e. the convergence of computer and telecommunications technologies) and the implications for a Community approach to information technology. Mr Jenkins and Commissioner Davignon want to rouse the Community to the challenge of the information era. Heads of Government will probably be asked to give a general endorsement of the importance of this sector with specific proposals for Community action to be discussed later. We shall not want to take the lead but will be prepared to examine proposals on their merits.

FISH

7. Little progress recorded at 29 October Fish Council but atmosphere improved. Next Fish Council on 3/4 December.

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