

MR FERGUSSON

Sir John Hunt  
cc Mr Patrick Wright ✓  
Sir Michael Palliser  
Sir Alan Campbell  
Mr Pearson  
Mr Fretwell

BRIEFING FOR THE EUROPEAN COUNCIL JULY 12/13

Since the Foreign and Commonwealth Secretary will only be returning to this country on the evening of Sunday, July 11, I thought it might be helpful if we sent out - in addition to the briefs which will be reaching you separately - a copy of the minute (Flag A) which we put to the Prime Minister for the briefing meeting he held with officials yesterday and a short note of the main points which arose at the briefing meeting (Flag B).

2. This Council will, of course, be dominated by the issue of direct elections. The Foreign and Commonwealth Secretary's paper was endorsed yesterday by Cabinet, although after some fairly extensive discussion. What struck the Prime Minister in particular was the apprehension voiced by Mr Rees and Mr Morris about the allocation of seats to Northern Ireland and Wales. For the purposes of yesterday's Cabinet these apprehensions were effectively countered by the explanation that the allocation of seats within a total figure for the United Kingdom would be a matter for Cabinet and Parliament later to decide; the figures for Scotland, Wales and Northern Ireland had been produced only to illustrate our thesis that we wanted a reasonable balance between the number of seats allocated to the smaller members of the Community and the share for the constituent parts of the United Kingdom. But the Prime Minister foresaw that this would lead to difficulties later when we would be trying to get the necessary legislation through the House.

3. For the rest the Foreign and Commonwealth Secretary will, of course, want to look particularly closely at the brief on the Common Fisheries Policy and he will note that the Prime Minister was anxious that he should have a careful look at the statement on the Common Fisheries Policy which it is suggested we might try and

get the European Council to endorse and consider whether it is advisable to circulate a piece of paper which might not secure full approval in the Council.

4. For the sake of completeness I might just mention in this note that arrangements have been made ~~for a briefing meeting with officials on Monday morning and~~ for the Foreign and Commonwealth Secretary then to travel out with the Prime Minister arriving in Brussels at 1415 ie shortly before the Council is due to start.

G R DENMAN

9 July 1976

THE EUROPEAN COUNCIL JULY 12/13  
BRIEFING MEETING WITH THE PRIME MINISTER 8 JULY

The main points which emerged were:

- a) Direct elections . Cabinet had that morning approved the general line set out in the Foreign and Commonwealth Secretary's paper (CP(76)46). Our variant (390 seats including 6 extra for the major countries) is now officially before the European Council in the form of a paper circulated by the Presidency and attached as an addendum to the brief on direct elections.
- b) Common Fisheries Policy . The Prime Minister was content with the draft statement (Annex D to the brief on Common Fisheries Policy) which it was suggested we should try and get the European Council to endorse. But he was anxious that the Foreign and Commonwealth Secretary should look carefully at the text. In discussion it was agreed that it would be easier to get agreement to (a) and (b) than to the reference to adaptations in subparagraph (c). Attention was drawn to the danger - if a statement of this kind did not prove acceptable to the European Council - of it becoming publicly known that we had attempted to secure a decision on the Common Fisheries Policy and had been rebuffed. Subject to these points the FCO are preparing translations of the text in order to have them ready for distribution at the appropriate moment. It is not certain that there will be room for the CFP on the first afternoon given the length of time which direct elections will take. So the Prime Minister envisaged that he might, if necessary, hand round the text towards the close of play on Monday with a request that his colleagues reflect on it in time for a discussion the following morning.
- c) Energy . The Prime Minister was disinclined to let the matter drop at this Council. Sir Jack Rampton was accordingly asked to draft a form of words (possibly two alternative formulations) which could be tried bilaterally on the French at official level at the opening of the Council with a view to the Prime Minister possibly asking the Council to endorse the formulation as a basis for further work by the Energy Council.

- d) Puerto Rico . Sir Michael Palliser commented that the brief envisaged rather too passive a role for the United Kingdom. It might, for example, be helpful if Heads of Government could agree - without necessarily referring the whole matter to Foreign Ministers - to the President of the Council and of the Commission being invited to future occasions of this kind.
- e) Tindemans . The Prime Minister said he would reflect on the line he would take on this. The point was made that in discussion with President Giscard a reasonable identity of view had emerged between him and the Prime Minister and President Giscard might feel some surprise if the Prime Minister were to take a markedly different line in discussion in Brussels next week.
- f) Italy. The Prime Minister asked for a short note on the latest state of play in case this came up in the margins of the Council. A short brief is being prepared by the FCO.
- g) Discussions between President Giscard and Herr Schmidt in Hamburg on July 6.  
The FCO will be preparing a short note summarising the outcome as far as we can establish it of the discussions.

QZ 0321

MR PATRICK WRIGHT

cc Mr Weston  
 Sir John Hunt  
 Sir Michael Palliser  
 Sir Donald Maitland  
 Mr Pearson  
 Mr Fretwell

Prime Minister

The Brief for <sup>discussion at</sup> ~~Tindemans'~~ meeting (at which the Treasury, Energy and ~~Matters~~ with also be represented) are attached.

BRIEFING FOR THE EUROPEAN COUNCIL JULY 12/13

Perhaps it might help in advance of the briefing meeting at 4.30 p.m. tomorrow with the Prime Minister if I suggested where we might seek to concentrate discussion. ps

Arrangements

2. The proceedings should start with a lunch hosted by the Dutch - the time and place are still (Wednesday midday) under negotiation. We are planning on the basis that the Prime Minister and the Foreign and Commonwealth Secretary (who will only have returned from the United States on Sunday) will be able to get to Brussels for at least half an hour's discussion before the meeting starts. A dinner for Ministers is arranged for 12 July and the meeting should end after lunch on the Tuesday. The Dutch Prime Minister will be giving a press conference at 1700 hours on 13 July.

Scenario

3. We have not yet got the order in which the topics listed in the steering brief will be taken. But we think it likely that the Council will kick off with direct elections and probably devote at least a couple of hours to this. And it seems that Tindemans (from a preparatory discussion fixed between officials on the afternoon of 12 July) will probably be taken on the morning of 13 July, together with the remaining items.



Areas of particular concern

4. What do we want out of this European Council? The areas of main concern are
- a) Direct elections; a success here - which now seems within reach - will greatly improve the general atmosphere and this will tend to make progress on our other objectives easier. The brief is comprehensive. But the Prime Minister might find it useful to glance in addition at the two telegrams attached - one dealing with Mr Fitzgerald's point about Northern Ireland, the other with a misunderstanding on the part of the Dutch. (Most of the argument in fact is likely to be with the smaller countries.) Is there anything else the Prime Minister wants in the way of briefing?
- b) Common Fisheries Policy. Is the Prime Minister content with the draft statement which we want the European Council to endorse at Annex D to the brief on the CFP (EHG(B)(76) 8)?
- c) JET. The Prime Minister agreed with Herr Schmidt in Bonn on June 30 that there was no need as far as we were concerned to raise this question at the European Council since there is little likelihood - in advance in particular of the German elections - of any settlement. But the question probably will be raised by others. The essential points which it is suggested we make (para 4 of the brief) (EHG(B)(76) 6) are that the Community should take a decision in principle either now or when Foreign Ministers meet later this month that the JET project will be carried out on a Community basis, that a decision on the site will be taken by Research Ministers at their meeting in October, that, in the meantime, the availability of Community funds to keep the JET design team together and doing useful work should be confirmed and that the right site on scientific, operational and political grounds is Culham.
- d) The Presidency. We may have some stop press news before the meeting tomorrow on the latest reactions to the formula we have proposed for the appointment of the new British President of the Commission.



5. Another major area - energy - will be awkward. What do we do about MSP? Mr Benn has suggested (his letter to the Foreign Secretary - copied to the Prime Minister - of 6 July) that we should not raise the issue at the Council and "if others raise it simply suggest that the matter be referred to Energy Ministers for settlement."

6. As Mr Benn recognises we face here a dilemma. If the Prime Minister tackles President Giscard head on in the Council there might well be a row with no useful result. We have had hints from the French that President Giscard well realises the nature of the bargain he struck in Rome but faces a good deal of opposition in his own Cabinet and wants to find some face saving formula. But on grounds of time, it does not seem likely that we could put together for discussion among Ministers concerned here a face saving formula and agree this with the French in time for the beginning of next week. The other extreme would be to let the matter slip. But this would carry with it the danger of seeming to indicate to the French (as the Germans seem already to think) that the pressure was off and that we had largely abandoned our stance.

7. The best course therefore seems to us for the Prime Minister

- a) to raise the matter again privately with President Giscard. He could refer to the discussion in London and ask him whether on reconsideration he felt able to proceed on the lines agreed at Rome
- b) to secure agreement in the Council - raising this if necessary ourselves but in general terms - that the development of energy policy should be pursued as rapidly as possible by Energy Ministers and that the European Council should be asked to endorse some form of indirect confirmation of the formula agreed at Rome - possibly as Mr Benn suggests - by agreeing to review the position reached on the protection of investments against a fall in oil prices and other energy matters in the light of the Rome Summit.


8. On the remaining items there is likely to be some discussion of the follow up to Puerto Rico in the sense that the smaller countries will probably



want a procedure to govern prior consultation and Community representation at any future meeting. The brief suggests that we should allow France and Germany to make the running, to agree that there should be prior consultation within the Community before any Member State accepts any future invitation to an Economic Summit, but if discussion focusses on Community representation, to suggest that these complex issues should be considered further and a report prepared for the next meeting of the European Council.

9. On the economic and social situation in the Community, it is suggested that we welcome the declaration issued by the Tripartite Conference (which Mr Healey attended on 24 June) and recommend that Ministers of Finance and Social Affairs should keep an eye on the follow up to it, above all since it is important to continue to demonstrate to the unions that their views can be heard in the Community and that the Community is relevant to their problems.

10. On Tindemans there will be a progress report from Ministers. We want to approve this and give further impetus to the work in hand so that a comprehensive report will be ready for the November European Council.

  
G R DENMAN

7 July 1976