

CONFIDENTIAL

PRIME MINISTER

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25/11

Briefing for the European Council

I attach the briefs prepared for the European Council meeting on 29/30 November, together with a briefing note by Mr. Denman for your briefing meeting tomorrow at 1700. Briefs numbers 3 ~~and 4~~ (Economy ~~and North/South Dialogue~~) ^{is} ~~are~~ still in preparation and brief number 7 (EEC/Japan) will need further revision in the light of continuing discussion in Brussels (on which I have submitted papers to you separately). (x in the front of the folder below)

Apart from the Foreign and Commonwealth Secretary, both the Chancellor of the Exchequer and the Secretary of State for Trade would like to attend your briefing meeting tomorrow. In addition to the officials attending the European Council (Mr. Denman, Sir M. Palliser, Sir D. Maitland and Mr. Hibbert), Sir John Hunt will be present and has recommended that officials should also be present from the Departments of Trade and Energy and the Ministry of Agriculture. Mr. Healey would like to bring with him Mr. Jordan-Moss (and has suggested that it would be useful if Mr. Jordan-Moss were to be available in The Hague during the European Council).

This will I am afraid mean a rather large meeting, but it seems sensible, if you agree, to have all those involved as well as advisers from the relevant Departments, in case you have questions to raise on the briefs.

PHW

24 November 1976

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MR PATRICK WRIGHT

cc Mr Fergusson
 Sir John Hunt
 Sir Michael Palliser
 Sir Donald Maitland
 Mr Hibbert
 Mr Butler
 Mr Fretwell
 Mr Whyte

Prime Minister

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BRIEFING MEETING WITH THE PRIME MINISTER ON 25 NOVEMBER
FOR THE EUROPEAN COUNCIL (29/30 NOVEMBER)

Perhaps it might help if I let you have a few suggestions in order to focus attention at the Prime Minister's briefing meeting tomorrow on the main issues.

2. First the practical arrangements. The Prime Minister will be arriving by HS125 from Gatwick at 11.30 on the Monday morning. This will give him and the Foreign and Commonwealth Secretary the opportunity of a briefing meeting with us at noon in the Central Hotel - when we can report any latest developments - before they leave for the luncheon given by the Queen of the Netherlands for Heads of Government and Foreign Ministers. The European Council meeting starts at 3 p.m. in the Binnenhof; a dinner for Heads of Government and Foreign Ministers (plus five members of each delegation) will be given at 8 p.m. The Council meeting will resume at 10 the next morning - the Prime Minister might find it convenient to have a further short briefing meeting with us before it starts, say, at 9.15 - and is due to finish with luncheons given separately for Heads of Government (and the President of the Commission) and for Foreign Ministers.

3. In looking at the ground to be covered, perhaps we could conveniently divide up what we want out of this Summit meeting into three categories.

a) What we want to bring away

This covers

- i) a satisfactory declaration on EEC trade with Japan (Brief No 7). The Prime Minister will recall that we circulated a text last week; this has



been under negotiation in COREPER and we hope that a satisfactory version will emerge by the end of the week. Sir Donald Maitland might be asked to report on any latest developments in Brussels and Sir Michael Wilford and the DOT representative on the latest developments in Japan;

- ii) the siting of JET at Culham (Brief No 10). The Council of Ministers (Research) on 18 November went some way to narrowing the choice of site to between Garching and Culham. The Prime Minister has approved today a message to Herr Schmidt asking for his help in resolving this difficulty in our favour;
- iii) terms of reference for the review of the Commission (Brief No 8). The Prime Minister was invited to propose such terms of reference by the meeting of the European Council in July. We have circulated in capitals draft terms of reference intended to give Mr Jenkins a pretty free hand. We have heard that Herr Schmidt is in agreement with our draft. But the Dutch - and to some extent the Irish - have shown apprehension about the European Council seeming to interfere with the Commission (traditionally regarded by the smaller States as their guardian against the major powers). The Dutch and Irish may dispute that any decision was taken at the European Council in July to review the Commission and M. Thorn may express some alarm about the motives for the review. But all this is less an argument about the terms of reference than the basic issue as to whether there should be a review at all. The Prime Minister might wish to establish this to begin with, leaving perhaps Herr Schmidt and President Giscard to make the running. If there is to be a review then the terms of reference we have suggested bend over backwards to give the new President of the Commission a free hand.

b) Points which we want to establish

We want

- i) to round off discussion on the Tindemans Report (Brief No 5) on a quiet but constructive note so that it does not drag on into the UK Presidency. (The French could have a form of words to suggest here which we should need to look at carefully);



- ii) to focus attention on the necessary measures arising out of the Community decision to extend its fishing limits to 200 miles on 1 January and to stress yet again the political importance to the UK of satisfactory new arrangements under the Common Fisheries Policy (Brief No 9);
 - iii) to stimulate an exchange of views on the likely implications for world developments of the new US Administration and to offer to help from the (EEC) Chair to get US-EEC relations off on the right foot (Brief No 1); and
 - iv) to welcome the new more realistic mood in which the Community is now approaching economic and monetary questions and to emphasise in particular the need to counter unemployment and to halt and then reverse the increasing divergence in the economic performance of Member States (Brief No 2).
- c) We want to avoid
- i) a lengthy and inconclusive wrangle on the CIEC (with headlines such as "EEC split on North/South dialogue"). This will not be easy because we do not know what precisely Herr Schmidt intends to raise at the Council and the subject is, as a lengthy discussion at the Foreign Affairs Council on November 15/16 showed, a very complex and divisive one. But we would hope that Foreign Ministers could be asked to continue coordination of the Community position in a way that avoids breakdown of the dialogue but without giving major concessions (Brief No 4);
 - ii) being isolated on the Green Pound. ("UK under attack on Green Pound"). Cabinet will be discussing CAP strategy - and its relationship to the Green Pound - tomorrow (Brief No 11).

Cw

G R DENMAN

24 November 1976