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for further action see

I checked today that
action on §6 is well in
hand. A paper will probably
go to the European Council
next week.

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Mr. Stour to see

Mr Wright

+ p.a.

(b.f. 1 Sept., plan
nr §6)

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EUROPEAN COUNCIL

Last night the Prime Minister gave me the following account of the conversation amongst Heads of State and ~~the~~ Government following dinner at Palais d'Egmont.

Presidency of the Commission

2. The following formula was informally agreed:

"The Heads of Government noted that the British Government proposed to nominate Mr Roy Jenkins as a Member of the Commission from 1 January 1977. They intend to support his appointment in due course. Under the procedures laid down in the Treaty, as President of the new Commission which will take office from that date, it was agreed also that Mr Jenkins would be free to talk to anyone who wanted to talk to him."

Membership of the Commission

3. The Governments of Member states intended to maintain their right to make their own appointments. M. Tindemans asked what would happen if a Government were asked by Mr Jenkins to nominate a financial commissioner? President Giscard thought this was not the right way to go about appointing a commissioner. In his view, Mr Jenkins would be free to talk ~~with the nominees~~. But it would not be right for Mr Jenkins to chose the portfolios for Governments' nominees. President Giscard took the historical view. The Commission were a college. It was important not to place the accent on the commissioners' portfolios.

not names

Size of the Commission

4. Chancellor Schmidt asked whether the Commission needed to have thirteen members. What would be the position after Greek accession? In subsequent discussion, both Herr Schmidt and President Giscard said they would be ready to reduce their representation to one. Mr Callaghan said in this case he would be willing to follow suit. Sen. Moro on the other hand said that for Italy to have less than two commissioners would create

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problems of imbalance amongst the Parties.

Role of the Commission

5. At this point Herr Schmidt launched into a tirade against the Brussels bureaucracy. President Giscard said he had been furious about the way the proposed statement on Fisheries had been treated by the Commission during the Council's discussion. The UK, France, Germany, Denmark, Ireland and others all wanted the statement to be made but they had been frustrated by the intervention of the bureaucracy.

6. In response to Herr Schmidt's criticism of the size of the staff of the Commission of the Council Secretariat, Mr Callaghan said that he would undertake to submit to the new European Council the terms of a remit to the new President of the Commission to report on the structure and staffing requirements of both the Commission and the Council Secretariat. Herr Schmidt said that the remit should make it clear that this was with a view to reducing the number of staff in both institutions. This should be Mr Jenkins' first task. In discussion the suggestion was also made that Mr Jenkins remit should include the possibility of appointing a Commissioner for the Budget.

7. After giving this account of the discussion, the Prime Minister commented that, throughout, the attitude of President Giscard had been extremely friendly. He had been more relaxed, more positive than on previous occasions.

MSP

8. Mr Callaghan said he had raised this with President Giscard who said he needed more time to discuss our formulae.

Sir D. Maitland

13 July 1976

c.c.

Mr Weston

Sir M Palliser