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*Electors
CFP (CAF Hall)
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Presidency*

EUROPEAN COUNCIL, BRUSSELS
12/13 JULY 1976

STEERING BRIEF

Brief by Foreign and Commonwealth Office

Introduction

1. While a considerable number of subjects are likely to be discussed at this meeting its success will be largely judged by whether agreement can be reached on direct elections, on which all Member States are now anxious to achieve agreement. The Dutch, who have just assumed the Presidency, have over the years invested much political and emotional capital in direct elections and will be particularly anxious for Heads of Government to take a final decision. The failure in public relations terms of the last European Council will make them all the keener to pronounce this Council a success.

Agenda

2. Although there is no formal agenda as such, topics which are certain to be discussed include the following:

- ✓ (i) Tindeman's Report
- ✓ (ii) Direct Elections to the European Assembly
- (iii) Economic and social situation in the Community
- ✓ (iv) Puerto Rico and the problem of Community representation
- (v) JET

- (vi) Energy policy
- ✓ (vii) Common fisheries policy (at our request)
- (viii) The Presidency of the Commission

Communique

3. If past precedents are followed, there will be no final communique, but a number of separate statements or agreed working papers may be released to the press. We shall want to watch carefully the statement proposed on direct elections, in particular to ensure that we maintain the possibility of deferring elections in the UK if it proves impracticable to hold them as soon as the others wish. It would be helpful if any drafts which are tabled could be passed out for officials to work on in a drafting group. It is also desirable clearly to establish the status of any drafts that may be agreed. We will wish to make any published texts available to Parliament.

Background

4. Three factors will largely set the stage for this meeting.
- (a) Although the last Council did not go at all badly from our point of view, the absence of major decisions inevitably led to an impression (exaggerated in the press who were abetted by M Thorn) of disillusion within the Community. The impression was given of a state of aimless drift at best and total stalemate at worst. Member States will therefore be anxious for a success both for their own internal political reasons and to avoid the impression

gathering strength of the Community being on the verge of breakdown.

- (b) There has been the expected grumbling from the smaller Member States about the Puerto Rico Summit. Some of them may want to register their concern at the European Council.
- (c) Our major partners will have their own pre-occupations. Chancellor Schmidt has his eyes on the Federal elections in October. President Giscard has continuing preoccupations with the Gaullists; and the Italians face a period of internal wrangling before they can form an effective government to deal with a grave economic situation.

UK Objectives

5. Against this background our general objective is to promote our interests by taking a generally helpful part in discussions, while avoiding a prominent role where our interests are not affected particularly on contentions matters. On specific subjects our objectives are:

- (1) To break the deadlock on direct elections and to reach an agreement on the distribution of seats which will take account of our need to have adequate representation for the constituent parts of the United Kingdom. Discussion looks like concentrating on variants, in particular our own, of the German/Presidency proposal.

- (ii) To contribute to a discussion of the arrangements for dealing with future Puerto Rico Summits.

We wish to see this issue played down as far as possible at the European Council.

- (iii) to make real progress on the issues associated with the Common Fisheries Policy;
- (iv) to underline the importance we attach to Culham being chosen as the site for JET. We should put the case on scientific grounds - and not simply on grounds of national prestige;
- (v) to review the progress made so far by the Foreign Ministers on the Tindemans Report, and possibly to set a pattern for discussion of the institutional aspects. (But we do not want to spend too much time on Tindemans which will be the main item for the November European Council);
- (vi) to ensure that a general discussion on the Economic and Social Situation takes account of the results of the Tripartite Conference. This is of importance as evidence to the unions that the Community can be of relevance to their problems and that they can influence Community decisions;
- (vii) to ensure in any discussion on Energy Policy that the agreement struck on MSP at the European Council in Rome last December is recognised;

- (viii) to secure agreement on the Presidency of the Commission.

Objectives of other Governments

6. Apart from the general aim of breaking the deadlock on direct elections, the signs are that other Member States have been relatively late in focussing their minds on this meeting and have set themselves few precise objectives. The Dutch, who have taken over the Presidency on 1 July have done relatively little to set the stage for the meeting. All Member States, from their different viewpoints, will be anxious to prevent a repetition of the difficulties over Community representation at future economic summit meetings. The Italians will be in a particularly difficult post electoral situation, and the Italian problem will preoccupy the other Heads of Government too. But any formal discussion of aid to Italy would be inappropriate while a Government is still being formed.

Specific Subjects

7. On the specific subjects likely to be discussed, the situation is as follows:

FOLLOW-UP TO THE TINDEMANS REPORT (BRIEF NO 2)

8. At the last European Council, Foreign Ministers as members of the European Council, were charged with examining and making recommendations on the Tindemans Report. After a certain amount of argument over procedure, it was agreed that an ad hoc group of officials (the "collaborators") should be formed to assist Foreign Ministers in their consideration of the Report. Officials have worked on the

first two chapters, General Principles and External Relations, and in particular have worked out a formula whereby the Community and political cooperation aspects of a given problem can be taken at the same time at Ministerial level. The understanding is that agreement among the Nine on which recommendations are to be accepted should wait until the whole Report has been considered.

9. It seems likely that the Dutch Presidency will also propose that there should be a "second reading" discussion of the Chapter on Institutions. This is to ensure that some work has been done on this Chapter, discussion of which the French have previously insisted be reserved to Heads of Government, before the November meeting of the European Council. We would not expect a very detailed discussion.

DIRECT ELECTIONS (BRIEF NO 3)

10. In the light of the Prime Minister's discussions with President Giscard during the State Visit, there now seems a good prospect of securing general agreement on Direct Elections at the European Council. Although the groundwork for agreement has been laid, it will be important not to give the rest of the Community (particularly the smaller members who are still sensitive over the question of Community representation at Puerto Rico) the impression that the matter has been settled over their heads. Assuming the French confirm their willingness to accept a settlement on the lines we put to them in London

(and Giscard will not wish to be taken for granted), the Germans and Italians can be expected to back it. The smaller Member States will be under great pressure to fall into line, but may try to hold on to a variant of the Presidency proposal under which they would give up less than six seats each - the precise numbers to be determined according to population. Some haggling may ensue.

*Wohl
Paris
Fisch*

11. Assuming the question of seats is settled, the Community will expect the European Council to give a broad endorsement to the direct elections package as a whole. There are still however some difficult issues outstanding, principally of a legal nature, including the wording of the UK derogation, and the precise date of the first election. There may well be an attempt at the European Council to reach a decision on the date in 1978. It would seem preferable to entrust Foreign Ministers with completing work on the outstanding issues and in due course signing the agreement. (Some Member States may wish to set the Council of 18/19 July as a deadline for signature. This could well fall foul of practical difficulties but there is no need for us to take a lead in pointing them out.)

ECONOMIC AND SOCIAL SITUATION IN THE COMMUNITY (BRIEF NO 4)

12. Although a detailed discussion of the economic situation may seem unnecessary so soon after the Puerto Rico Summit,

the smaller countries will no doubt wish to have a discussion on this subject and the Commission have promised a paper reviewing the outcome of the OECD Ministerial meeting, the Tripartite Conference and the Puerto Rico Summit. The European Council will wish to take account of the relative success of the Tripartite Conference on 24 June at which Governments agreed to quantified targets for employment, growth and inflation over the next four years; and the unions accepted a commitment to assist in bringing the growth of incomes into line with objective economic criteria. We hope that the European Council can record satisfaction at the results of the Tripartite Conference and invite Finance, Economic and Employment Ministers to keep progress under review as a follow-up to the Conference. There will also be a role for the Economic Policy Committee and the Standing Committee on Employment.

COMMUNITY PARTICIPATION IN PUERTO RICO (BRIEF NO 5)

13. The Foreign and Commonwealth Secretary made a short statement on the Puerto Rico Summit at the Foreign Affairs Council on 29 June. There was no further discussion then, but the smaller countries are likely to want at the European Council to get an agreed procedure for Community participation at future Economic Summit meetings. We were careful at Puerto Rico not to aggravate matters by agreeing to anything that might be seen as an institutionalisation of such meetings. And by emphasising this and the need to respect Community competence the Foreign Secretary's statement removed some of the grounds for the criticisms and much of the resentment of the smaller countries. But French rejection of the compromise

worked out following the informal Foreign Ministers meeting on 12 June has not helped. An attempt will be made to agree on arrangements which will prevent any repetition of the recent difficulties which have had a very divisive effect between the smaller and larger members of the Community. But we need not take the lead in promoting a solution on this. It may be hard to find and could arouse strong feelings amongst some of the member States.

JET

14. The Prime Minister and Herr Schmidt agreed in Bonn on 30 June that as far as they were concerned there seemed no great point in discussing JET at this European Council mainly because with the Italians still in disarray and with the imminence of the German elections there seemed no prospect of any decision.

Nevertheless, it is likely that JET will be raised, partly because the Commission will wish to obtain endorsement by the European Council that the project should go ahead on a Community basis and partly because some of the smaller Member States are anxious that a major Community project should not be held up any longer by what they consider to be haggling among those Member States contending for the site.

D. Against this background our aims will be to reiterate the importance which we attach to JET within the Community Fusion Programme and to make clear our own desire to see the right decision taken soon on the site question. We will want to continue to press the claims of the UKAEA Laboratory at Culham as the correct site on scientific and technological grounds. We should also seek a clear undertaking that, pending an eventual decision on the site, sufficient funds will be made available to keep the JET design team at Culham together and to allow it to continue to work productively.

COMMUNITY ENERGY POLICY (BRIEF NO 7)

16. Although the European Council decided at Rome last December that the Community should decide as soon as possible on appropriate mechanisms to protect existing sources and ensure the development of alternative sources of Community energy, no progress has been made. At the 25 March Energy Council the French blocked progress on the proposals which had been put forward by the Commission. The subject was not discussed at the European

Council on 1/2 April. No date has yet been finally settled for a further Energy Council.

17. The European Council will thus be obliged to take stock of the situation now reached since its instructions have, to all intents and purposes, been ignored. This presents us with a delicate tactical situation at the Council. President Giscard has indicated to the Prime Minister that progress on this point need not be ruled out, but even though the French aim will probably be to get the Rome decision watered down, it would be a tactical error to put Giscard into a corner. Further consideration is being given to a formula which might secure general agreement and be brought forward before the European Council.

COMMON FISHERIES POLICY (BRIEF NO 8)

18. Our first aim at this European Council is to bring home to the heads of Government the urgent need for them to face up to the general trend towards 200 mile fishery limits and to take action to protect the Community's fishery resources against the real threat of over-exploitation by third countries. We are therefore looking for early agreement (if possible at the Council on 19 July) on a declaration of intent by the member states that they will extend their fishery limits to 200 miles as soon as circumstances warrant this, probably early in 1977.) The Community will also need to move quickly to decide its position on opening negotiations with third countries generally and more urgently on mandates for negotiations with Iceland and Norway which ought to be completed by the end of the year.

The logic of this situation requires that the Community should accept the need for changes in the common fisheries policy.

We can explain that we are not seeking to overturn the general principles of the CFP, but to adapt it to the new circumstances in which all the coastal members find themselves. We must impress on the European Council the overriding need to safeguard the Community's fish resources. Our claim for coastal belts wider than 12 miles has so far received no sympathy except from the Irish who share our interests. Other member states have important interests in the waters we are seeking to enclose. But in certain cases there is also resistance, mistaken in our view, to the whole concept of reserved coastal bands, on the grounds that they offend against the Treaty's rules on non-discrimination.

19. Difficult though it may be it would be worthwhile to try as far as possible to seek a general endorsement of the approach underlying the ideas put forward by the Commission ie coastal belts, the allocation of quotas on a basis compensating for losses in third country waters and effective conservation, as the basis for a future Community fisheries policy. It is essential that other member states grasp the political importance to the UK of the modification of the CFP and of the inclusion of wide coastal belts in the future arrangements.

20. It is just possible that there might be some discussion of enlargement of the Community. A defensive brief (No 9) is provided.

Foreign and Commonwealth Office SW1

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