

Mr Sherbourne

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LIAISON COMMITTEE

Tuesday 20 March

AGENDA

1. Apologies for absence: Sir Christopher Lawson (USA)
Mr Bernard Ingham (EEC Summit)
2. Bernard Ingham's diary of forthcoming events
3. Any other business

PERSONAL AND CONFIDENTIAL

THE NEXT FORTNIGHT

This note sets out the issues for the next fortnight so far as they can be established in advance:

- Miners' strike (picketing; High Court judgement; national ballot);
- European Council - success, failure or payment deferred?
- The Queen in Jordan;
- Conservative Party Central Council (Prime Minister speaks, Saturday);
- Liverpool City Council rate meeting (March 29);
- Rugby Football Union to decide on South African tour (March, 29);
- Mark Thatcher and Oman.

PERSONAL AND CONFIDENTIAL

March

- 20 European Council, Brussels ends.
Foreign Affairs Council, Brussels (on UK rebate).
UN Day against racism.
US Presidential Election: Democrat Primary, Illinois.
Pay: Water supply manuals.
Statistics: GDP for 1983; Regional Trends.
Mr Jenkin at Central and Local Government Show, Wembley.
Environment Ministers from 8 Western countries discuss acid rain, Ottawa.
Occupation Pensions Schemes (Contracting Out) (Amendment) Regulations.
Treasury and Civil Service Committee Report - Government Expenditure Plans 1984/85-86/87.
Deaths from accidents and violence (Sept qrtr 1983).
- 21 Prime Minister's statement to House on European Council.
Conservative Party political broadcast.
Prime Minister attends awards for export and technology reception, Buckingham Palace.
Secretary of State for the Environment gives evidence to Commons Select Committee on green belt and land for housing.
Chief Executive of Falkland Islands Government gives evidence to Commons Select Committee.
Mr Fowler meets Regional Health Authority Chairmen.
Polish debt re-scheduling talks
Statistics: Cyclical indicators (Feb); new construction orders (Jan).
British Crime survey - Scottish results.
Commons debate on fuel costs and poverty, on an Opposition Motion; motion on European Community Document on developments in information technology (ESPRIT).
- 22 Flat racing begins.
Commons debates on foreign affairs and CAP.
Foreign Secretary addresses Diplomatic and Commonwealth Writers' Association.
EC Transport Council.
Prime Minister makes presentation of a bible to Lord Tonypany, Westminster Abbey.
Scottish Liberal Party annual conference.
Pay: Agricultural workers.
Mr Kinnock at Self Employed and Small Businesses Conference.
UNESCO - 1 minute "World of Silence for Peace" (11.59).

PERSONAL & CONFIDENTIAL

March

- 22 Statistics: Capital expenditure by manufacturing and service industries and manufacturers' and distributors' stocks (1983).
CBI/FT Survey of distributive trades (end-February).
Boundary Commission for Scotland - report on European constitutencies.
Media: BBC TV Question Time - Cecil Parkinson, Rodney Bickerstaffe, Sir Adam Thomson.
- 23 Conservative Party Central Council meeting, Birmingham.
Scottish Liberal Party annual meeting continues.
Sarah Tisdall due to appear at Old Bailey on Official Secrets Act charge.
Mr Brittan visits Humberside police.
2-day conference on US\$ and Japanese yen rates, Tokio.
Shopworkers' statement on Sunday opening and late night shopping.
Media: BBC Radio 4 Any Questions? - Tony Benn, Jock Bruce-Gardyne, David Alton, Germaine Greer.
Statistics: Sales and orders in the engineering industries (December).
- 24 Prime Minister addresses Conservative Party Central Council meeting, Birmingham.
Mr Jenkin addresses Council for the Protection of Rural England (CPRE) Conference, London.
Mr Channon begins visit to Algeria (until 27 March).
Mr Baker visits USA.
- 25 British Summer Time begins.
Princess Anne presents British Academy of Film and Television Arts (BAFTA) awards.
The Queen (including Foreign Secretary) departs for State visit to Jordan (to March 30).
First round of Presidential elections, El Salvador.
US Presidential Election: Democrat caucus, Montana.
Local elections, Turkey.
- 26 The Queen begins State visit to Jordan.
Prime Minister attends Design Council car design exhibition and reception.
EC Agriculture Council, Brussels.
European Parliament special plenary session begins Strasbourg.
Trade Union Bill - remaining stages.
- 27 The Queen in Jordan.
EC Economic and Social Committee, Brussels.
EC Agriculture Council, Brussels.
EC Political Committee meeting, Paris.
Mr Younger meets Scottish Council (Development and Industry)
US Presidential Election: Democrat primary, Connecticut.

PERSONAL & CONFIDENTIAL

March

- 27 Memorial Service for Viscount Macmillan of Ovenden, St Margaret's Westminster.
British Airways begin London-Miami Concorde flights.
Balance of payments and trade figures (February).
- 28 The Queen in Jordan
Prime Minister attends Tate Gallery Dinner.
TUC General Council; Labour Party National Executive.
EC informal meeting of Agriculture Minister, Angers.
EC Economic and Social Committee, Brussels.
EC Political Committee, Paris.
Home Office launches 'CLASP' - Crime, law and society schools package.
Pay: NHS Ambulancemen.
- 29 The Queen in Jordan.
Prime Minister hosts reception for British Winter Olympics Competitors (Princess Anne and Princess Michael of Kent also attend).
Liverpool City Council budget meeting (one day strike in support).
'Democracy Day' - national day of action in support of local democracy.
'Stop the City' protest in the City of London against financial institutions supporting the international weapons trade.
London Transport possible 'one day stoppage' in protest over Government plans to take over running of LT.
Rugby Football Union decide on possible South African tour.
Mr King at Westminster Chamber of Commerce and Industry.
EC informal meeting of Agriculture Ministers, Angers.
Publication of "74 days" by John Smith, accounting the Falklands War (foreword by the Prime Minister).
Statistics: strike figures (February); overtime and short time working in manufacturing (January).
- 30 The Queen's visit to Jordan ends.
Twelfth Anniversary of introduction of Direct Rule, Northern Ireland.
Fianna Fail National Convention begins.
EC informal meeting of Agriculture Ministers, Angers, ends.
Pay: NHS ancillaries.
Sir Keith Joseph at Careers Research and Advisory Council, Cambridge.
Mr Younger at Convention of Scottish Local Authorities' conference.
Car and commercial vehicles production (February).

16 March 1984

Mr Ingham
cc Mr Sherbourne

LIAISON COMMITTEE

I understand that in your absence Romilla will be attending the meeting on 20 March. Various items have been suggested to me for discussion at the meeting (most of which I am sure you will have):

1. European Community - request for payment in advance and consequent Supplementary Estimate etc.
2. Miners - picketing.
3. Liverpool. (a) Decision on 29th March
(b) Potential problem over educational reorganisation in the City. The Secretary of State has shortly to make a decision which if approved would have very far reaching effects on freedom of choice.
(c) Pamphlet distributed to householders
4. Mark Thatcher.
5. Post Budget situation.
6. PM's Central Council speech
7. ILEA
8. RPI



Alison Ward



Foreign and Commonwealth Office

London SW1A 2AH

13 March 1984

Alison Ward
Chief Whip's Office
12 Downing St

Dear Alison,

CONFLICTS WITH EUROPEAN INSTITUTIONS BEFORE EUROPEAN ELECTIONS

1. I attach a copy of some material on potential conflicts with European institutions over the next few months. It seems to me relevant to the "banana skins" exercise. I am not sure that there is anything immediate to be done but it may be useful for you and Advisers in the Departments most directly concerned. to be aware of the risks that such issues could provide useful material for the Labour Party to knock the Community.

Yours

J Houston

cc
Mr Sherbourne
Mr Ridley
Mr Dobbs

CONFIDENTIAL

Note on tape

MR HOUSTON

CONFLICTS WITH EUROPEAN INSTITUTIONS

1. Your minute of 10 February. I attach:
 - (a) a note on State Aid cases which are likely to arise in the next months.
 - (b) A note on infraction cases in the area of taxation (your (c)).
 - (c) A copy of a letter from Mr Smith in UKRep Brussels in which he provides a timetable of cases which are going up (there is some duplication with Mr Paul's note on State Aids) and points out the difficulty of forecasting what cases will come to the European Court of Justice.
 - (d) Notes for Supplementaries on the latest Court of Auditors Report. These cover the main points.

I think that our habit of copying to you virtually all our submissions of substance will give you the intelligence on a continuing basis on likely areas of conflict over the next few months leading up to the European Parliament elections. The biggest question is of course withholding. I hope you will let me know, however, if you need anything more.

MFairweather

P S Fairweather
European Community Department
(Internal)

27 February 1984

Baroness ? learn to be & sub.
Rum protocol to Lane - pass learn. act?
Dayton; Sugar - Pakistan.
Sugar reports (exporters).



DRAFT: minute/letter/teleletter/despach/note

TYPE: Draft/Final 1+

FROM:

Reference

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

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PRIVACY MARKING

SUBJECT: CONFLICTS WITH EUROPEAN INSTITUTIONS

.....In Confidence

LOCAL AUTHORITY CAR LOANS (Articles 30 to 36)

CAVEAT.....

The Commission have opened Article 169 proceedings in respect of alleged discrimination by certain UK local authorities over 'Buy British' car loan schemes. The local authorities in question are Kirklees, Doncaster, and Brent. After contacts and correspondence between Mr Heseltine and subsequently Mr Jenkin on the one hand and Mr Narjes of the Commission on the other, the Commission have agreed, in view of the political sensitivity, to treat the case as a low priority. There is therefore no immediate prospect of the case going to the ECJ, but this could change if, for example there was a sudden rush of new complaints against UK local authorities (or if public purchasing became a more pressing priority for the Commission).

Mr Fairweather
 (As requested
 by Mr Howson)
 W 14/2

Enclosures—flag(s).....

STATE AID CASES

The Commission will open article 93(2) proceedings in respect of at least three state aid cases currently

/under

under consideration. These are:

(i) proposed aid to encourage an inward investment by Yamazaki for machine tools factory with flexible manufacturing systems (FMS).

The Commission believe the investment will add to the already excessive machine tool manufacturing capacity in Europe to the detriment another Community producers.


(ii) Dean Dove. HMG gave assistance to this synthetic fibre manufacturing company without notifying it to the Commission. The cause of the oversight was the fact that the aid was given through regional channels and was not properly monitored by DTI. Aid in this sector is contrary to Community policy and a procedure is inevitable. If HMG are obliged to stop or even seek repayment of the aid, they may well be sued by the Company.

(iii) British Shipbuilders. Once Ministers agree on the level and intensity of aid to BS, package will have to be cleared with the European Commission. A procedure is inevitable, and clearance may well be a protracted affair.

as a result) → If HMG are prevented from paying Intervention ^{Fund} ~~Fee~~ assistance to BS to enable them to secure badly needed contracts, there could be serious criticism in Parliament and domestically.

(iv) The Commission have already opened a procedure in respect of the final tranche of aid for BL. They maintain that in 1981, when the BL rescue package was put to them, Mr Tebbit gave an assurance that no further aid would

/be



be needed. DTI need to convince the Commission that this is not what Mr Tebbit said or meant and that the remaining aid is genuinely required by the Company. We shall probably win this one but it may take time and could delay payment to the Company.

DSR 11 (Revised)



DRAFT: ~~XXXXXX/letter/field/telex/airmail/telex/telex~~

TYPE: Draft/Final 1+

FROM:

Reference

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

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PRIVACY MARKING

SUBJECT: CONFLICTS WITH EUROPEAN INSTITUTIONS :
INFRACTION PROCEEDINGS IN THE AREA OF TAXATION

.....In Confidence

CAVEAT.....

VAT, Excise Duties, Etc

1. We find ourselves in difficulty with the Commission in several areas including Beer/Wine, Cider/Made Wine VAT Zero Rates and the small trader VAT exemption limit. Whether or not the Commission begin infraction proceedings against us will depend ^{in part} on what the Chancellor does in the Budget.

Butterships and TAX-Free Shops

2. The European Court is to give its ruling on 14 February 1984 on the Rewe Supermarket case, which has implications for the legality of tax-free shops on board ship and at airports in the Community. The Commission have produced a draft directive to safeguard the tax free shop, but several Member States are holding up Council working group discussion pending the Court judgement and an Opinion on the Directive from the European Parliament. The French Presidency have given this measure no priority.

Enclosures—flag(s).....

Possible - but not likely to attract publicity:
Non-implementation of the three Stock Exchange Directives

3. The Commission have issued a mise en demeure letter

(the prelude to a reasoned opinion) to several Member States for failing to introduce legislation implementing the EC Stock Exchange Directives by the due date. We have until mid-March to reply. The DTI and the Stock Exchange differ over the legislative instrument needed to ensure UK compliance. One possibility is that the Stock Exchange itself would be named as the responsible authority required for supervisory purposes by the Directives. It is not yet clear whether the Commission would accept this form of self-regulation without Governmental back-up.

RESTRICTED



Office of the United Kingdom Permanent Representative
to the European Communities

Rond-Point Robert Schuman 6
1040 Brussels
Telephone 736 99 20

Your reference

Our reference

Date 23 February 1984

P Fairweather Esq
ECD(I)
FCO

Dear Mr. Fairweather,

CONFLICT WITH THE INSTITUTIONS

1. I have been asked to collect information from UKREP about the timing of possible conflicts over the next 5-6 months. We have already tried something similar ourselves but found it hard to look more than a fortnight ahead. Nonetheless I now enclose:-

- / (a) The Greffe of the European Court giving forthcoming hearings. The cases of interest to us are normally those whose language of procedure is English. As you will see, it gets less and less detailed the further forward it looks into the future.
- / (b) A list of potentially difficult decisions on the State Aid side. Once again, the details become vague as forecasting shades into prophecy.

2. As you will know, the butterships decision has already been issued while the Court of Auditors report is generally published in the official journal around the end of the year. Member States' comments are currently being given and the request for discharge should go forward to the Parliament in the next month or so. The date is uncertain.

Yours sincerely,
S. Lawes

pp. L B Smith

RESTRICTED

TIMETABLE OF POTENTIAL PROBLEMS ON STATE AIDS / INDUSTRIAL SIDE

- 22 February - Commission (probably) to decide to open a procedure on Yamasaki.
- 29 February - Procedure (probably) to be opened on Dean Dove (company will go bankrupt if aid not cleared retrospectively)
- early March - Extension of UK intervention fund for shipbuilding to be cleared until end of April.
- (timing unclear) DTI probably want to notify doubling UK aid before we can offer any further capacity reduction (latter depends on British shipbuilding plans which will not be ready until May and ministerial decisions on those plans could be as late as July).
- mid-March - UK reply to the procedure already open on British Leyland. We are asking for clearance of a final £100 million.
- April - Commission decision on above.
- April - British Steel present their corporate plan to the Government which needs to decide on notification to the Commission in good time before the tranche approved at the end of January runs out.