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THE CONSERVATIVE EUROPEAN MANIFESTO 1984

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Manifesto Briefing

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European Social Fund

'We have secured reforms in the European Social Fund so that it provides more help to Britain's unemployed, particularly young people training for new jobs' (Page 7).

Background

1. The UK took the lead in securing reforms under which, from 1984, at least 75% of the European Social Fund has been earmarked for schemes for young people.
2. The UK is now the biggest beneficiary of the European Social Fund. In 1983 we were allocated over £320 million for training and employment schemes, of which over £53 million went to Northern Ireland. Altogether we have been allocated £1,280 million from the Social Fund since 1973.
3. £209 million of the UK's 1983 allocation went to the Manpower Services Commission's Youth Training Schemes. It is estimated that 1 in 5 of the places on these MSC schemes have been paid for by the Fund.
4. Priority in the allocation of the European Social Fund goes to those regions worst hit by the recession and unemployment.

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Agricultural Price Support

'For the first time in the history of the Common Agricultural Policy, support prices have been reduced and open-ended guarantees removed for products in surplus. While bringing about these reforms, we have fought for a fair deal for British farmers' (Page 7).

Background

1. The following table sets out the average price changes for main commodities since UK accession:

May	1973 + 7%
March	1974 + 8.3%
September	1974 + 5%
February	1975 + 9.8%
March	1976 + 6.6%
April	1977 + 3.6%
May	1978 + 2.1%
June	1979 + 1.1%
June	1980 + 4.6%
April	1981 + 9.1%
May	1982 + 10.2%
May	1983 + 4.1%
March	1984 - 0.6%

(Source: MAFF)

Under the price settlement for 1984/5 virtually all support prices have been reduced, on main commodities by 1%. In addition, open-ended guarantees have been removed; on milk by the imposition of a supplementary levy on production over quotas (themselves reduced in the UK by 6% over 1983 production); on other main commodities, notably cereals, changes in production over and above the guarantee threshold would lead to reductions in the intervention prices. Further, changes in the intervention arrangements, including notably delay in payment, have considerably reduced the effective level of intervention price, so that cereal prices in the UK estimated for 1984 have fallen by the order of £10 per tonne.

2. Essential British interests which have been safeguarded include:
- Maintenance of the British beef variable premium scheme at a level still worth more than before 1982;
 - Maintenance of the sheep variable premium scheme, with some variations in the seasonal scale of support;
 - Inclusion of all Community countries and all small producers within the milk quota arrangements.

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Record of Economic Achievement

'Our firm economic policies at home are restoring the economic health of Britain, giving us the fastest growth rate of the Ten, and we are helping to lead the Community out of recession' (Page 7).

Background

1. Since 1979 the Government has steadfastly followed a strategy designed to halt the rise in inflation, to return the British economy to stability and sound finance and to provide an environment in which industry can plan for the future with confidence.

- Inflation has been reduced to around 5 per cent; this is the lowest rate for fifteen years.
- Public borrowing has been cut. For 1984-5 the PSBR as a proportion of GDP is set to fall to 2 per cent compared with 5½ per cent in 1978-9. Britain's overseas debt has been virtually halved since May 1979.
- British industry is becoming increasingly competitive with manufacturing productivity currently rising at between 5 and 6 per cent a year for the third year running. The value of British exports reached a record level of just over £6 billion in February 1984.
- Company profits have continued to recover. Gross trading profits of non-North Sea industrial companies rose by 25 per cent in 1983. The net rate of return on capital employed is the highest since the 1960s. The latest survey on investment intentions indicates that in 1984 investment in manufacturing industry is likely to be around 9 per cent higher than in 1983. Business confidence, as measured by the CBI's latest quarterly survey of industrial trends is at its highest level since 1977.
- In the nine months to December 1983 the number of people in employment rose by 200,000.

2. Comparisons of growth rates in GDP among Member States of the European Community are as follows:

% change. 1983 on 1982

1. United Kingdom	2.5
2. Denmark	1.75
3. West Germany	1.25
4. Netherlands	1.25
5. France	0.5
6. Ireland	0.5
7. Belgium	0
8. Greece	0
9. Italy	-1.5
10. Luxembourg	-2.5
EEC average	0.8

3. Some of our partners in the European Community have become increasingly aware of the need to maintain stricter financial and monetary controls. The Commission's Economic Annual Report 1983-4, published in October 1983, forecast that growth was going to be strongest in the UK and West Germany; both have followed strict anti-inflationary policies.

The French Socialist Government was forced to introduce drastic measures to cut inflation and reduce its balance of payments deficit following a period of reflation. In March 1983 Mr Mitterrand introduced an austerity package to curb public spending.

The Commission has been critical of Belgium, Denmark, Greece, Italy and Ireland for allowing national debts to get out of hand. The Commission in September 1983 called for 'vigorous policies in these countries in the coming years to turn the tide of overspending and borrowing in the public sector'.

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Labour's Record

'The warring factions within the Labour Party have made it incapable of achieving anything for Britain in Europe' (Page 7-8).

Background

1. Labour have always had a half-hearted approach to the Community. They have changed their minds on membership five times. This has weakened Britain's credibility and alienated our European partners. When not formally committed to withdrawal from the Community, the Party has pursued a policy of disruption and equivocation. The Party was opposed to membership from 1961 to 1966; supported membership from 1967 to 1971 and opposed it again from 1971 to 1974. It was divided during the 'renegotiation' and referendum campaign in 1974 and 1975. After the referendum, the Labour Government supported membership, although the Left-wing of the Party continued to oppose it. In 1980, the Labour Party Conference voted in favour of withdrawal, which remained the Party's policy until October 1983. At the 1983 Conference the Labour Party decided to retain the option of withdrawal 'as a last resort' if it was unable achieve fundamental reform of the Community.

2. The last Labour Government's commitment to 'renegotiate' the terms of our Community membership was a policy designed to overcome the deep divisions in the Party on the question of membership. The process of 'renegotiation' was backed by the threat that if the resultant terms were unsatisfactory, the Government would not recommend them to British people in the referendum, which had also been promised. Labour's renegotiation lasted for about a year and final agreement was reached in Dublin in March 1975. On 26th April 1975, Mr Callaghan said of the Budget:

'Long and arduous negotiation produced a satisfactory result. Britain will now pay less'.

The Labour Government recommended that the people should vote in favour of membership in the referendum, although a few Cabinet Ministers were given permission to campaign for withdrawal. On 5th June 1975, the British people voted two to one in favour of membership.

3. Despite claims to the contrary, the Labour Government failed to secure any proper reforms. Having been in Government for five years and having claimed that 'renegotiation' had been successful, Labour's Manifesto for the European Elections in June 1979 stated:

'Labour seeks fundamental reform of the CAP...to end the scandal of food surpluses, improve access for cheap food from countries outside the EEC, reduce EEC support prices'.

At 1982-3 prices our net payment in the last two years of the Labour Government (when the transitional arrangements for entry had expired) averaged £1.1 billion; the average for the first four years of Conservative Government was £562 million. Labour's renegotiations produced no adequate solution to Britain's Budget problem. (See also Labour's failure, p.18).

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Foreign Policy Co-operation

'We have taken the lead in strengthening co-operation among the Ten on foreign policy. We will continue to strengthen the arrangements for working together, though we will insist that the procedures remain flexible and unbureaucratic' (Page 9).

Background

1. The London Report on European Political Co-operation was signed during the UK Presidency in October 1981. It reviewed and consolidated progress made in European Political Co-operation and suggested a number of procedural improvements, notably in relation to crisis management and to the more efficient transfer of responsibility from one Presidency to another. It also contained explicit provision for involving the European Parliament more extensively in EPC.
2. This strengthening of the machinery of political co-operation has led to closer collaboration on foreign policy. The Ten co-operate closely at international organisations and conference. At the United Nations the Ten are probably the best organised and most effective of the regional groupings.
3. The Ten also work closely together in the Conference on Security and Co-operation in Europe (CSCE), established to discuss disarmament and East-West tensions. Other practical measures have included:

The Venice Declaration (1980) containing proposals on the Arab-Israeli dispute.

The imposition of sanctions on Iran following the taking of US citizens as hostages in 1980.

The banning of arms exports to Argentina in 1982 following the invasion of the Falkland Islands.

Curtailement of the sale of cut-price EEC food to Poland after the imposition of martial law in 1982.

Firm support for the group for four Central American States (the Contadora Group) which is seeking a peaceful solution to the problems of the region.

Nato and Western Defence

'We would also like to see even greater co-operation on defence and security among members of the Community. We welcome recent moves towards more discussion among the Ten of the political and economic aspects of security' (page 9).

Background

1. The UK has consistently backed efforts to achieve a united West European approach to foreign policy questions, and has always taken the view that security matters should eventually form part of this. We believe that West Europe's developing role in foreign policy would be severely limited if such an important aspect of foreign affairs were perpetually excluded from discussion by the Ten. Where there is a distinctive West European input to be made on these questions, it should be explored. We are confident that the Ten's well established links with the US, together with the acknowledged primacy of NATO as a forum for discussion of defence questions, would prevent any danger of transatlantic security links being weakened.

2. As a step in this direction, it was agreed during the British Presidency of the Community in 1981 that the Ten should extend the scope of Political Co-operation to include 'political aspects of security. Under this heading, the Ten have been able to make a major contribution to the CSCE process. The UK further supported German and Italian attempts to provide for European discussions on security in the Solemn Declaration on European Union. This caused problems to some Member States, but it was agreed that the Ten should discuss 'political and economic' aspects of security. Thus, for example, the Ten have been able to co-ordinate policy on the export of chemicals to the Gulf following the UN Secretary General's report on the use of chemical weapons in the Gulf War. Recently the UK has been taking part in discussions on another route towards greater European Defence Co-operation, through the revival of the Western European Union.

3. The United Kingdom is fully alive to the potential economic, operational and political advantages of collaboration with our allies in the development and production of new weapons systems. Effective collaboration can make our money go further and is important in achieving greater standardisation and inter-operability of equipment within the Alliance. It can also complement and reinforce trends towards more extensive co-operation between European firms, particularly in high technology areas. This would help them to become more competitive in international markets. We are at present involved in a wide range of collaborative projects. The development of a new self-propelled gun (SP70) is being shared with West Germany and Italy. Italy is also our partner in the development of the next generation of ASW helicopter (the EH101): And we are co-operating with France and West Germany on new generation anti-tank weapons. We are putting our full weight behind efforts to extend these existing areas of co-operation to new fields.

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Trade in Services

'We have won agreement on measures to make the Common Market more effective' (Page 7).

'Conservatives will work for freer trade in services, a field in which Britain leads the World' (Page 10).

'In particular, we shall strive to...create a common market for financial and other services, which is particularly important to Britain as the financial centre of Europe' (Page 13).

Commitment

'I am determined to see that the European insurance market is opened up so that British companies can benefit from the creation of a real Common Market in services, as well as in goods, in accordance with the objectives of the Treaty of Rome' (Mr Paul Channon, 8th May 1984).

Background

1. Since accession, our trade in services with the Community has grown both in volume and real money terms. Britain possesses a large and very competitive services sector. Worldwide, our exports of services are running at about £20 billion a year. Our exports of services to the Community are about £4 billion a year. Since joining the Community our trade in virtually all services has grown in both volume and real money terms.
2. But further development of trade in financial services, within the Community is constrained by the differing national laws and practices of Member States, often with the positive aim of protecting investors and consumers.
3. The Community has been slow to dismantle barriers to trade in invisibles. Some progress has been made; Community insurers are now all supervised according to common standards and, as long as they satisfy those standards, can establish branches in all the countries of the Community. But national markets are not open to insurers from other Member States.
4. The Government takes the view that the arrangements for harmonisation and supervision that already exist, and the powers of Member States to enforce their own legislation, provide a secure basis on which to establish a free Community insurance market.
5. The Government believes that an elaborate system of government controls over the precise terms and conditions on which insurance is traded across frontiers is an unnecessary barrier to trade. Companies should not be immune from the law, but authorities should step in only if and when problems arise; rather than apply a set of conditions before allowing access to insurers of other Member States to national markets, as in 'prior notification', legislation should only be applied in cases where there is an abuse or a breakdown in existing practices. The UK has allowed freedom of services on that basis for many years and it has worked very satisfactorily.

Anti-Dumping

'Measures to deal effectively with unfair practices by other countries and to provide breathing space for Community industries in difficulties' (Page 10).

Background

1. The Community has taken action against goods introduced into its markets at a price below the cost of production in the country of origin, for example on 6th March 1984 the Commission re-opened anti-dumping proceedings against imports of certain acrylic fibre from the United States. Under the GATT an anti-dumping action can be brought in the event of actual or potential injury being caused to the domestic industry of the importing country and where there is a price differential between markets. The Commission on behalf of the Member States, has the responsibility for investigating cases of alleged dumping and for taking corrective action where necessary.
2. Multifibre Arrangement. The Community has negotiated an extension until 1986 of the 1974 Multifibre Arrangement which limits textile imports from a number of Third World States. In total, 27 countries have agreed to a voluntary restraint of their exports to the Community.

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Trade with the United States

'Action to solve our trading differences with the United States in a way which defends our legitimate interests, notably on agriculture, company law and taxation' (Page 10).

Commitment

'If the recovery is to spread and strengthen, it is clearly vital and an outbreak of protection should be avoided, especially by those countries in the van of economic recovery...as close and long-standing friends it seems to me vital that we think aloud sufficiently frankly and frequently to ensure that we make the right and only sensible choice' (Mr Norman Tebbit, Washington 8th February 1984).

Background

1. The size of the US trade deficit (\$60 billion in 1983) has contributed to a hardening of resolve in international trade matters. The Secretary of State for Trade and Industry in visits to the United States in February and May 1984 has taken the opportunity to air some of our current trading differences. He has in particular mentioned the most persistent source of tension, extra-territoriality. This is the US practice of imposing on actions outside the USA; in particular the imposition of export controls on technology for strategic and political reasons.
2. The United States objects strongly to the external trade effects of the CAP. It has initiated retaliatory measures such as the recent agreement to sell wheat flour to Egypt at prices significantly below those prevailing on the World market.

Despite the external trade effects of the CAP, the Community remains the world's largest importer of agricultural goods. The current developments to reduce the levels of Community over-production is a positive step to easing these tensions.

3. Taxation. Since 1972, the Community has been countering under GATT the fiscal arrangement of the American Domestic International Sales Corporation, which amounts to an export subsidy. The Community has pointed out that this arrangement is contrary of the GATT. The United States has accepted this and is taking action slowly to improve this situation. US exporters operating under this system are spared a portion of their turnover tax. Following pressure from the Community, the US Administration recently promised that it would put before Congress an alternative system which would be more compatible with international trade agreements.

An additional irritant has been the imposition of 'unitary taxation' in a number of American States - a system of taxing companies on an imputed percentage of their profits worldwide, effectively taxing money made outside the United States.

4. The Community has also frequently drawn the attention of the US Authorities to the very damaging consequences of attempts being made in Congress to pass so-called 'domestic content' legislation to force foreign investors and importers into the US market to include a certain proportion of locally-made components and in the final products they sell.

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Trade with Japan

'Action to ensure that Japan opens her market more rapidly to imports and investment' (Page 10).

Background

1. Although Japanese exports to Europe in volume terms constitute only 5 per cent of total Community trade (compared with 16 per cent of Community trade represented by imports from the United States), problems have occurred because of the huge trade deficit caused by Japanese exports. Japan exports three times as much to the Community than the Community exports to Japan. These exports are mostly concentrated in particular sectors; cars, television sets, hi-fi, video recorders and certain machine tools. Japanese video recorders have already captured 80 per cent of the Community market.
2. Partly in response to Community pressure, Japan has to some extent recently liberalised entry to its domestic market, and the overall level of tariffs remains no higher than those of the Community. However, non-tariff barriers often prove a decisive hurdle; high productivity in the domestic markets; social patterns of the Japanese; and the close links between Japanese industry, bankers, distributors and Government officials.
3. Talks opened on 15th May 1984 between the European Commission and the Japanese Government to discuss the possibility of holding another Ministerial round of trade negotiations. In 1983 the European Commission concluded a major trade deal with Japan. The Japanese agreed to moderate their exports to the Community of 10 products, notably videos and colour television tubes. The Community has also asked Japan to increase its volume of manufactured imports to a level comparable with other industrialised countries ie the USA and the European Community. The Community has suggested concrete changes, for example the removal of customs duties, taxes and quotas on a series of agricultural products, foodstuffs and industrial goods.

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Harmonisation

'Trade within the Community is too often obstructed by a jungle of conflicting national laws. We shall work for simpler laws and common trading standards across Europe. But we shall resist harmonisation for its own sake' (page 13).

'Community consumer measures are justified when barriers to trade are caused by different national approaches to consumer protection; and when safety is involved' (Page 17).

Background

1. Significant achievements have already been gained particularly in the development of common health and safety standards and improvement in the information shown on product labels.
2. In a statement to the Council of Ministers' meeting on consumer affairs on 2nd March 1984 Mr Alexander Fletcher, Minister for Consumer and Corporate Affairs, made it clear that the Government wishes to see the removal of technical barriers to trade and the effective functioning of the internal market in goods and services, and that the UK would support action at Community level on consumer affairs subjects which contributed to this objective. But the Government believes that legislation is not always appropriate and the Council should be given an early opportunity to discuss what form action should take in any particular case; some consumer problems are best dealt with at a national rather than a Community wide level. Further discussion of this subject will be pursued in greater detail at the next consumer affairs Council in June.

Two recent Directives illustrate the Government's approach:

Agreement has recently been reached on the introduction of a Community system for the rapid exchange of information on dangers arising from the use of consumer products.

However, the Government has pressed for improvements in a Directive on misleading advertising, which required a disproportionate upheaval in our present law and practice.

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Inward Investment

'Already over 2 million British jobs depend on our trade with the rest of the Community, which provides by far our largest market. And much investment from other countries such as the United States and Japan comes to Britain, bringing new jobs in advanced industries, because we are guaranteed tariff-free access to this vast common market' (Page 13).

Background

1. Well over 40 per cent of our total trade is now with our European partners; the CBI have estimated that at least 2½ million jobs in Britain already depend on our trade with the rest of the Community.
2. Total inward investment plays an important role in the UK economy; foreign owned manufacturing industries represent only 2.6 per cent of the UK total, but these accounted for 15 per cent of employment, 19 per cent of net output and 26 per cent of net capital expenditure.
3. The UK is by far the largest beneficiary of US and Japanese investment coming into the Community. On a cumulative basis between 1971 and 1982 the UK has received 43 per cent by monetary value of Japanese investment over the period; West Germany, the second largest beneficiary took only 15 per cent. US companies account for 50 per cent of all direct inward investment into the UK; while West Germany takes 21 per cent of US investment into the Community, the UK accounts for over 36 per cent.
4. Now that the political uncertainty of the 1983 General Election and the Labour Party's threat to withdraw from the EEC are behind us, there has never been a better time to invest in the UK; there are firm indications of economic recovery. This has been reflected in a 50 per cent increase in the number of inward investment projects concluded in 1983 - the best performance since 1977.
5. The Government's direct role in attracting inward investment is carried out through the 'Invest in Britain Bureau'. Foreign owned companies are eligible for assistance under Sections 7 and 8 of the Industrial Development Act 1982. Offers of selective financial assistance worth £210 million were made between 1979-80 and 1982-3, and contributed to total project costs of over £2 billion.

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Transport

'We have won agreement...to move towards freer trade in...transport services' (Page 7).

'We shall strive to...eliminate costly delays and bureaucracy at frontiers within the Community' (Page 13).

Background

1. The Commission estimate that delays and formalities in the transport of goods across the Community's internal frontiers cost EC industry £7 billion a year. Agreement on streamlined frontier formalities, free intra-Community trade in goods and services, free lorry movement, and more competition in air transport will reduce industry's costs.
2. The Regional Air Services Directive 1983, implemented as a result of a Conservative initiative, reduces Government control over scheduled flights by aircraft with less than 70 seats between EEC regional airports (all in the UK save Heathrow, Gatwick, Stansted, and Luton).
3. The Frontier Facilitation Directive, most of which will come into effect at the end of this year, will ensure that major customs posts are open for standard hours.
4. The May 1984 Council of Transport Ministers agreed that a timetable should be established for the liberalisation of road transport. The Community road haulage quota is to be raised by 30 per cent in 1985 and 15 per cent in each of the following four years.
5. As a result of the continuing Conservative campaign, the Council also agreed that officials should report by the end of the year on ways of introducing greater flexibility and competition into European aviation.
6. The Government has announced that it is no longer insisting that British airlines consult partner carriers on fare levels. On the same day BA and KLM proposed significantly cheaper fares for London/Amsterdam flights.

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Professional Qualifications

'We shall strive to...promote faster progress towards mutual recognition of proper professional qualifications' (Page 13).

Background

The free movement of labour is one of the Community's main objectives, and agreement on the mutual recognition of diplomas and qualifications represents one of the most important ways in which this can be achieved. Directives have been agreed covering doctors, dentists, nurses, midwives and vets, while lawyers are free to provide their services in Member States other than their own although they still have no right of permanent establishment.

Proposals currently under discussion cover architects, pharmacists, engineers, auditors and accountants.

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Public Purchasing

'We shall strive to ... make public purchasing more open and competitive' (Page 13).

Background

Progress in this field has been comparatively slow. Purchases by national or local authorities can account for as much as 10 per cent of GDP in Member States and there are considerable benefits both to industry and to the Community's taxpayers to be derived from opening public contracts to free competition. Under the Treaty of Rome many types of national discrimination in public purchasing are banned, but resistance by some governments has inhibited progress. A Council Directive of 1976 requires many types of public contracts above a certain value to be notified in the Community's Official Journal and open to tender from any Community firm. A new complaints procedure has been instituted to deal with alleged irregularities by public authorities. Yet only four countries (including the United Kingdom) incorporated the Directive into their national legislation in time for its official unaustration in 1978. At present, less than 1 per cent of public contracts in Member States are placed outside their country of origin.

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The Internal Market

'Removing obstacles to trade within the Community and opening up a genuine common market in goods and services will boost industrial competitiveness, reduce costs, extend consumer choice, and improve prospects for employment...' (Page 12).

'We shall strive to agree a definite and detailed timetable for removal of non-tariff barriers to trade' (Page 13).

Background

1. The Community provides a single market of 270 million people. In the ten years since the UK joined the Community our trade within the internal market grew almost twice as fast as our trade with the rest of the world. We now export nearly 50 per cent more to our partners in the European Community than to the USA, Japan and all the Commonwealth countries combined.
2. National technical specifications, health and safety standards, environmental regulations and quality controls need to be brought into line to allow completely free movement of goods and services, which will benefit British exporters and allow free consumer choice. The Community has agreed over 120 Directives to ease the flow of goods.
3. British industry will prosper far more in the free market that the Community offers, than by propping up inefficient industries which are protected from the basic requirement to produce goods which people want to buy at a price they can afford.

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Small Businesses

'Experience shows that small business can generate many of the new job opportunities' (Page 13).

'We will...ensure that lending by the European Investment Bank particularly benefits small businesses' (Page 15).

Background

1. The small business sector generates many new job opportunities; in the United Kingdom there were 120,000 more business starts than stops in the four years between 1980 and 1983. The number of self-employed people is at an all-time high. It has been estimated that over the past three years, loans made under the Loan Guarantee Scheme may have provided 40,000 new jobs.
2. The Government has encouraged the take-up of loans from the European Investment Bank among small firms and has operated the Exchange Risk Guarantee Scheme, which protects borrowers against potential losses from currency fluctuations on loans up to £250,000
3. Between 1978 and March 1983 European Investment Bank loans to small firms were confined to projects located in the Assisted Areas, but loans are now available throughout, the country using funds made available from the 'New Community Instrument which is also operated by the European Investment Bank.

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Steel, Shipbuilding and Textiles

'We have secured important new measures under the Regional Fund to help create new industrial opportunities in the steel, shipbuilding and textile areas of the UK' (Page 7).

'We will...support Community efforts to rationalise traditional industries' (Page 14).

Background

1. On 18th January 1984 the Council of Ministers approved proposals for six regulations under Article 13 of the European Regional Development Fund Regulation. Three of these will benefit the United Kingdom by enabling Community aid worth approximately £89 million to be given to a series of special assistance programmes in areas adversely affected by employment losses in the steel, shipbuilding and textile sectors. The Government has been pressing for this aid for over two years. This represents a second series of measures under the non-quota section of the ERDF. The aid will be available over a five-year period once the Commission has approved the special programmes outlining how the aid will be used.
2. Subject to their inclusion in the special programmes, aid is available for projects for the improvement of run-down areas and the conversion of disused buildings into suitable new premises for small and medium-sized enterprises (SMES). Aid can also be obtained through the provision of consultancy and common services, help on technical innovation and information, additional investment aid facilitating access to risk capital and the establishment or extension of economic promotion agencies.
3. On 15th May 1984 the Council of Ministers reached broad agreement on revisions to the ERDF. Under the new arrangements, over the next five years, up to 15 per cent of the Fund can be allocated to so-called Community programmes. This will be possible due to a new system of flexible quotas, which allows for adjustment in Member States' quotas within prescribed limits. At present 95 per cent of the ERDF is spent according to fixed quotas. These new Community Programmes will correspond broadly to the assistance currently provided under the non-quota section of the ERDF; they will therefore aim at reviving the entrepreneurial and development potential of a region which has suffered because of industrial decline. The UK should stand to benefit from this change.
4. Under the Davignon Plan the Community is committed to reducing its steel capacity by 30 million tonnes by 1985. The payment of subsidies has been conditional on reductions in capacity. The Plan has provided for the phased withdrawal of subsidies altogether by 1985. The UK has played a full part in making the European steel industry more competitive. 4 million tonnes of the UK's total capacity reductions of 4.5 million tonnes have already been achieved. BSC has made enormous progress towards improving productivity.

Changes in Crude Steel Production Per Man Year
Between 1982 and 1983

	%
Belgium	+ 6
France	- 2.8
West Germany	+ 5.8
Italy	- 7.3
UK	+27.6
EEC average	+ 3.5

Research and Technology

'We have won agreement...to give greater priority to scientific and technical co-operation' (Page 7).

'We will...promote common efforts on research and innovation such as the ESPRIT programme on information technology, and the new programmes on telecommunications and bio-technology; the costs of such work are often too great for individual countries or companies' (page 14).

'We will...continue to support Europe's aerospace industry' (page 14).

Commitment

'I would like there to be some room made in the agricultural budget in order to get more industrial co-operation like ESPRIT and, of course, outside the Community we have matters to consider that we are now considering such as Airbus. We shall not have aircraft and high technology industries in Europe unless we are prepared to have much more co-operation than we have at present' (The Prime Minister, 7th December 1983).

Background

1. On 28th February 1984 the Research Council agreed to the funding of the European Research Programme in Information Technology (ESPRIT). The programme has been designed to provide funds over a period of five years to assist industrial research in key technologies, to enable Western Europe to catch up and compete successfully with the US and Japan in information technology in the 1990s. The total cost of the project will be £860 million, half of which will be financed by the Community, with the remainder provided by matching contributions from industry. All projects will involve close collaboration amongst industry, Government and educational establishments.

UK firms including GEC, Plessey and ICL have participated strongly in the 38 pilot projects, taking part in 21 and taking the lead in 11.

Research will be concentrated on software engineering, advanced information processing, office systems, advanced microelectronics capability and computer-aided manufacture.

2. The Japanese Government are reportedly investing some £200 million in their fifth generation programme in information technology (IT) US spending on research and development in IT in 1981 was \$10.8 billion, of which 49 per cent came from the US Government. It is clear that in this area the pace of innovation is so rapid that without Government support British industry would fall behind its competitors.

DTI assistance has been concentrated on new technology; expenditure on R & D has risen from 5 per cent up to its total spending in 1979 to 25 per cent in 1983. The £350 million Alvey national research programme and the £170 million package announced in the Budget will both be complementary to ESPRIT.

3. In the last two years the Government has provided £534 million for five major civil aerospace projects.

In January 1984, launch aid of £60 million was agreed towards Westland's civil costs in the Anglo-Italian EH101 project for a helicopter for civil and naval use in the 1990s and beyond. The UK's initial share of £250 million represents half the total cost.

On 1st March 1984 the Government announced that it was providing launch aid of up to £250 million to British Aerospace to allow it to participate in the construction of the A320, the European Airbus, to complete the family of aircraft. This is a joint project involving French, West German, and Spanish participation.

AD/CR
17.5.84

Employee Involvement

'We shall therefore resist attempts to impose excessively rigid systems of legislative compulsion in matters which are better agreed between employers and employees' (page 15).

Background

1. The two so-called 'industrial democracy' Directives are the "Vredeling" and the "Fifth Directive on Company Law", but in fact the only one which might properly be termed a "method of improving industrial democracy" is the Fifth. This obliges any public limited company with more than 1,000 employees to adopt one of four forms of company structure under which employees can formally participate in its administration.
2. "Vredeling" would oblige organisations employing 1,000 or more people to inform and consult employee representatives before decisions likely to have 'serious consequences' for employees are taken.
3. The "Fifth" Directive provides for direct election of employee representatives, whereas under "Vredeling" representatives would probably be nominated by the unions.
4. No final decisions on these Directives are likely to be taken for several years. In the meantime, the Government continue to make clear its grave reservations about the draft Directives as they stand, and will emphasise that it could never accept European legislation which might damage industrial relations or the competitiveness of UK industry.
5. Section 1 of the 1982 Employment Act requires all companies employing more than 250 people to make a statement in their annual report describing what action has been taken during the year to introduce, maintain and develop arrangements for furthering employee involvement. This requirement applies to reports for financial years starting on or after January 1st 1983 and it is too early to evaluate its effect, but Ministers will be monitoring all company reports to check on progress in this field. The Government hopes that this requirement will lead companies to consider the subject at Board level, and to review and improve their existing arrangements.

Conservative position

Conservatives are firmly committed to the principle of employee involvement. However, they consider that this requires a spirit of co-operation which is best achieved voluntarily, rather than by legislation. The Government is therefore opposed to the current draft "Vredeling" and "Fifth" Directives. Rigid bureaucratic procedures of the sort they envisage would increase costs, damage industrial relations, and reverse the progress that is now being made under the Government's voluntary approach.

Conservative European Manifesto 84

European Monetary System

'The question of sterling participation in the exchange rate mechanism of the European Monetary System remains under regular review. We should only take that step when the conditions are right, both for us and for our partners' (page 15).

Background

1. The United Kingdom is a member of the EMS, but sterling does not participate in the exchange rate mechanism.
2. The Government is committed to the aims of the EMS, and in particular to the achievement of greater exchange rate stability within the EEC. However, premature attempts to hold sterling steady against other EEC currencies could create enormous pressures in the domestic money markets for the UK and our partners. After enjoying a relatively tranquil two years from its inception in 1979, the EMS then encountered more difficult conditions with several major realignments. Since the EMS was established, sterling has appreciated by 28 per cent against the French franc and 31 per cent against the Italian lire.
3. Two particular difficulties arise in the case of sterling's participation: first the £ tends to rise and fall in line with oil prices whereas Continental currencies show the reverse tendency; second, both sterling and the DM play large roles in international finance and the scope for capital movements between them is very large. These factors mean that the judgement on participation must be carefully weighed if sterling's membership is to be a success.

Road Haulage Liberalisation

'We are pressing for...easing of the unduly restrictive quota of Community road haulage permits, and their eventual abolition, to enable free movement of goods across the EEC' (page 15).

Background

1. In order to guarantee the free movement of goods in all European countries, a Community road haulage quota was established in 1968 which it was intended would gradually increase until it eventually achieved its ultimate purpose.
2. This gradual increase has not occurred as planned. The quota still only covers 7 per cent of all goods carried in the EEC. In June 1983, the Commission proposed a 5 year transitional period in which the quota would automatically be increased by a given formula, followed by a jump to full liberalisation. The UK Government has strongly supported this proposal.
3. At the meeting of the Transport Council on 10th May, agreement was reached with the Council of establish a timetable for the liberalisation of road haulage in the Community, and it was agreed that any further harmonisation measures should only be taken in parallel with this. The UK obtained agreement to its proposal for a derogation on lorry weights. There was also agreement that the Community road haulage lorry quota should be raised by 30 per cent in 1985, and 15 per cent each year for 4 years thereafter.

CR
18.5.84

Lead in Petrol

'Within the Community we will work for the elimination of lead in petrol for new vehicles by 1990' (Page 16)

Background

1. In 1981 the Government announced that the maximum permitted level of lead petrol would be reduced from 0.4 to 0.15 grammes per litre by 1985. This will reduce lead emissions from cars by about two-thirds.
2. The Royal Commission on Environmental Pollution recommended in April 1983 that new vehicles should be required to use lead-free petrol.
3. The UK Government would like this objective to be met on a Community-wide basis, by 1990 at the latest.

TB/RDO
18.5.84

Coal Industry

'We will work to ... promote a healthy and competitive coal industry' (Page 16)

Background

1. Massive and positive support has been provided to the coal industry while it works towards its aim of a viable and stronger future. Since 1979, grants to support the NCB's revenues have totalled £2½ billion, and payments direct from Government to the Redundant Mineworkers' Payments Scheme have totalled a further £350 million.
2. Investment during the same period has been a massive £3,880 million. This is £4.4 billion at September 1983 prices, compared with £2.8 billion on the same price basis in the preceding 5 years of Labour Government. In the next 4 years a further £3 billion of investment is planned to help the coal industry to get itself into good shape for the future.
3. The Government's commitment to a good future for the coal industry, and to an important place for coal in meeting the UK's and the Community's future energy needs, is amply demonstrated by approval in January of this year of the Asfordby new mine project. This will cost an estimated £400 million at today's prices to develop, will produce 2.2 million tonnes per annum in the 1990s, and will provide 1100 jobs in modern and highly productive capacity.
4. In addition to financial support to the coal industry itself - support totalling £1 billion last year alone - the Government has backed the industry's efforts to promote coal in the industrial market by making £75 million available in grants to those switching from oil or gas to coal.
5. The Government's policies, therefore, are directed towards the basic objectives of Plan for Coal: an efficient, competitive coal industry with a secure long-term future. Despite the fact that demand for coal has fallen well short of Plan for Coal forecasts, and that planned productivity gains and closures have not occurred, we have backed the industry with massive investment and financial support, and have consistently drawn attention to the needs and potential of the coal industry in discussions on the Community's energy strategy.

Acid Rain

'Within the Community we will work for ... more research to find practical answers to the problem of acid rain' (Page 16).

Background

1. Acid rain is thought to be caused by sulphur dioxide and nitrous oxide from smoke and fumes dissolving in tiny droplets in the atmosphere. These then fall as contaminated rain.
2. The exact causes, sources, and consequences of acid rain are disputed and in February 1984 the Royal Commission on Environmental Pollution recommended that high priority be given to research. In 1984/5 the Government expects to spend £1.8 million on research into acid rain.
3. Great concern about the problem of acid rain has been expressed by a number of Western European Governments, notably in West Germany and Scandinavia. A concerted Community approach to the problem has been suggested as the best way of avoiding duplication in research and of ensuring that the costs of controlling rain can be equitably shared.

TB/RDO
18.5.84

Conservative European Manifesto 84Shipping

'We are pressing for...Community agreement to counteract protectionism in world shipping and to act against unfair and disruptive action from Eastern bloc countries' (page 16).

Background

1. There has been a growing trend towards protectionism in world shipping and the Government is working closely with its partners to resist this trend by:
 - establishing a variation to the UN Code of Liner Conferences precluding Member States from applying the protectionist cargo-sharing provisions to each other's shipping and inviting other OECD countries to follow suit.
 - the Government supported a draft resolution on shipping regulations between Member States and Third Countries to combat the protectionism of some developing countries and maintain a freely competitive shipping market.
 - the Commission has proposed a regulation to apply the Community competition rules to shipping. The Government is pressing for changes in the draft regulation to make it a more effective instrument to preserve and stimulate competition.

2. Soviet shipping has been particularly disruptive in three important trade routes out of the UK and Europe: the routes to East Africa, South America and the Far East. Soviet shipping lines are able to offer freight rates which cannot be met by commercial European operators. The UK has played a leading role in establishing a system in the Community to monitor the shipping activities of the Soviet Union on these 3 routes and in preparing the ground for counter-measures should they become necessary.

CR
18.5.84

Conservative European Manifesto 84

Energy Conservation and Indigenous Resources

'We will work to encourage energy conservation and development of our own energy resources' (Page 16).

Background

1. Conservation. The promotion of energy efficiency is an integral part of Government strategy. Last October the Energy Efficiency Office was set up within the Department of Energy to co-ordinate Government action in promoting energy efficiency and providing information, advice and assistance. Its objective is to make Britain the most energy-efficient country in the Western world.
2. Schemes for industry and commerce provide assistance towards the cost of energy efficiency surveys, demonstration projects, monitoring and targeting and research and development, including feasibility studies on combined heat and power and district heating.
3. In the domestic sector, grants are available to householders for loft and water-tank insulation. The Energy Efficiency Office gives grants to help set up community insulation projects and is helping develop home energy audits.
4. Energy Resources. No other nation in Western Europe can match the UK's rich energy resources of coal, oil, and gas. The National Coal Board estimate that some 45 billion tonnes of coal reserves (enough for 300 years at present rates of consumption) could be economically recovered with established technology. A new and comprehensive study has led to a significant increase in our estimates of total reserves of both oil and gas. Total remaining oil reserves are now estimated at 1.4-5.2 billion tonnes compared with previous estimates of 1.2-4.2 billion tonnes, and 900-2260 billion cubic metres of gas compared with previous estimates of 700-2100 billion cubic metres.
5. The UK is alone among the Member States of the European Community in being a substantial net exporter of energy. In 1982 this country exported about an eighth of all the energy it produced. (Apart from the Netherlands, the other members of the Community import two-thirds of the energy which they consume). Many factors will determine how long this fortunate position of full self-sufficiency will last, but the latest increase in the estimates of oil and gas reserves suggests that it will last longer than was previously hoped - and, even when the UK is no longer fully self-sufficient these resources will still give substantial shelter from possible vagaries of the world energy market.
6. Following changes in the UK continental shelf fiscal regime to encourage exploration and development, exploration drilling in 1983 reached its highest level: 128 exploration and appraisal wells compared with 116 in 1975, the previous record year.

Conservative European Manifesto 84

Oil Crises

'We will work to...ensure contingency arrangements in case of future oil crises' (page 16).

Background

1. Our exports of oil go in the main to our EC and IEA partners. They make a valuable contribution to the energy security of the West: this would be of particular importance in an oil emergency. They also secure for us a greater return for our oil than would be the case if it were used exclusively in the UK. In a full-scale emergency, we would hope that the IEA emergency scheme would be activated (supplemented as necessary by the Community's parallel scheme). That provides a fair way of meeting each country's needs, and would reassure the market that demand for oil will be reduced in line with supply. The key to an effective response to an oil crisis is to avoid a panic scramble for supplies.
2. We also have a common interest with other Community countries in avoiding sharp and damaging price rises. We believe that a calm and orderly response to a crisis would be in the best interests of both the UK and the Community as a whole. This requires co-ordinated action by all the major Western countries - not just the Community, since the Community accounts for only a quarter of free world oil consumption. We are ready to play a full part in this.

AGT/RDO
18.5.84

Competition in Aviation

'We are pressing for...more competition in air passenger transport to provide a greater variety of service and encourage lower fares' (page 16).

Background

1. In April 1984 the Commission published a new Memorandum on Civil Aviation Policy, proposing steps towards a more liberal regime for intra-Community air transport. The UK Government, while believing the Memorandum does not go nearly far enough, supports any move to liberalise air transport.
2. To date, progress has been slow. A Regional Air Services Directive was adopted in July 1983; it aims to liberalise regional air services in the Community by reducing control over scheduled flights by aircraft with not more than 70 seats, between regional airports. Although a Government will still be able to decide which of its national airlines will fly the route, they will only be able to refuse authorisation to a regional air service from another country in certain clearly defined circumstances.
3. During the Council of Transport Ministers' meeting on 10th May, agreement was reached that a high level group of officials should report by the end of the year on ways of introducing greater competition and flexibility into European air transport. Meanwhile, the UK Government has announced that it would no longer require domestic airlines to consult on fares.

Pending agreement on a Community policy for air transport, the Government is trying to negotiate more liberal bilateral arrangements with other Member States. The scope for cheaper fares and better services was demonstrated by the announcement on 10th May by British Airways, British Caledonian and the Dutch carrier, KLM, of a new £49 return fare from London to Amsterdam - a reduction of about £40 from the previous lowest return fare.

Conservative European Manifesto 84

Energy Pricing

'We will work to...continue moves to realistic and fair energy pricing throughout the Community' (page 16).

Background

1. The energy pricing policy of the Community is based on the following three principles:
 - consumer prices should reflect representative conditions on the world market, taking account of longer-term trends;
 - one of the factors determining consumer prices should be the cost of replacing and developing energy resources;
 - energy prices on the market should be characterised by the greatest possible degree of transparency.
2. Since 1980 the Energy Council has adopted Recommendations covering electricity tariff structures (October 1981) and gas tariff structures (April 1983).
3. The effect of those Recommendations, reinforced by the Commission's monitoring reports of energy pricing in Member States, has been to heighten consciousness of the importance of energy pricing as part of a broader energy strategy, and to make Member States rather more conscious than hitherto of any infringement of economic energy pricing practices. Areas in which the Commission has applied pressure are: favourable gas prices to Dutch glasshouses and Dutch ammonia producers, and advantageously priced high-load electricity supplies to Italian arc furnaces.

Conservative European Manifesto 84

Labour's Failure

The Labour Government presided over a rapid increase in Britain's budget burden approaching £1 billion in their last year of office. Its formal "renegotiation" used up much goodwill towards Britain, yet it failed to secure any relief whatsoever' (Page 18)

Background

1. Labour's "renegotiation" resulted in a "financial mechanism" agreed in 1975 at the Dublin Summit. This mechanism was designed ostensibly to protect the United Kingdom against excessive budgetary contributions. However, it contained such inflexible qualifying conditions that it never in fact came into operation. It would have come into effect only in the event of a deficit in the balance of payments, an increasingly unlikely occurrence in view of the effects of North Sea Oil, major discoveries of which had already been made by 1975. Moreover, it dealt only with contributions and ignored the problem of inadequate receipts from the Budget.
2. No money has ever been paid as a result of this renegotiation.

Conservative European Manifesto 84

Budget Refunds

'We have won agreement that there must be a fairer Community Budget system. We have negotiated Budget refunds of £2,500 million for the last four years' (Page 7).

'We have argued that a budgetary system which imposes unfair burdens on Britain or any other country and which provides no firm control of spending, is damaging to the unity and effectiveness of the Community. Prolonged annual haggles are not a sensible way of dealing with the problem' (Page 18)

Background

1. The Community Budget gives rise to substantial net transfers of resources between Member States which bear no relation to their relative prosperity. The United Kingdom makes large net transfers to other states, including several of the more prosperous. This results partly from the unbalanced nature of Community spending. Two-thirds of the Budget is spent on agriculture. This benefits net exporters of agricultural produce. The United Kingdom has a relatively small agricultural sector and receives the least benefit per head of all the Member States from the Budget. The United Kingdom also contributes a relatively large share of Community revenue because our worldwide trading links still cause us to pay a disproportionate amount in customs levies and agricultural duties on goods imported from outside the Community.
2. The table gives the Budget rebates per annum:

	Gross Payments	Public Sector Receipts	Negotiated Refunds	Net Payments including overseas aid	£ million Net Payments excluding overseas aid
1980-81	1,900	970	645	285	255
1981-82	2,330	1,128	959	243	157
1982-83	2,787	1,240	836	711	616

(Source: The Government's Expenditure Plans, Cmnd. 9143-11)

3. The refund for 1983 has not been paid. At the European Council in June 1983, it was agreed that the UK should receive refunds for 1983 of 750 million ECU (cf443 million). In accordance with Community custom and practice, the bulk of that money was due to have been paid by the end of March. In the absence of agreement at the European Council in March, France and Italy blocked the adoption of the regulations needed to implement the refunds. The Prime Minister said: "The Government will take no action that might damage the prospects of decisive progress next week. Our objective in the negotiations will be to obtain an agreement that meets the requirement that I have outlined in the House". (House of Commons, 22nd March 1984).

Agricultural Productivity

'In the last two decades we have seen major improvements in efficiency and productivity in farming throughout the Community ... As a result, the Community is faced with surplus production on a scale which has been getting out of control. Demand is stagnant and attempts to dispose on world markets threaten to bring us into conflict with out trading partners outside the Community' (Page 19).

Background

1. The twin objectives of secure food supplies and stable food prices are enshrined in Article 39 of the Treaty of Rome, and closely mirror the objectives set out in the post-war UK Agriculture Act. Security of supply can be illustrated by the fact that the Community supplied the UK market with sugar when there was a shortage on the world market in the mid-1970s. However, levels of surplus such as those in the table below cannot be sustained:

Products	Community		United Kingdom	
	1974-5	1980-1*	1974-5	1980-1
All cereals (excl.rice)	91	103	68	94
of which Wheat	106	119	61	90
Barley	104	113	100	131
Grain Maize	56	66	-	-
Potatoes	100	101	93	93
Sugar	95	136	29	48
Fresh Vegetables	94	100	76	70
Fresh Fruit (excl.citrus)	79	83	34	28
Fresh Milk	100	101	100	100
Skimmed Milk Powder	135	126	151	258
Cheese	104	106	65	71
Butter	100	118	15	57
Eggs	100	102	98	98
Beef	99	103	77	83
Pigmeat	99	101	65	67
Poultrymeat	103	110	99	99
Sheepmeat and Goatmeat	65	74	57	65

(Source: Agricultural Situation in the Community, 1977 Report and 1983 Report)

* 1980-81 figures are for the Community of Ten, except for sugar (which excludes Greece).

|| Not a CAP Regime

2. As an example of surplus production, the milk sector is notorious. At present, production is approximately 106 million tonnes while demand is approximately 86 million tonnes, ie the level of surplus production is approximately 20%. The new quota arrangements will reduce production to just under 100 million tonnes, ie by approximately one third only of the current surplus. Total expenditure on the milk sector alone is estimated to have been running at approximately £3 billion, and would have escalated further in the absence of the new measures. In total, these measures are estimated to reduce CAP expenditure by approximately £1 billion, but latest Commission estimates indicate that this year's overspend even after the measures is running at the order of £1.3 billion.

Note

See also pages and for briefing on surpluses and agricultural trade.

British Agriculture

'Under the Conservatives, British agriculture has prospered while the price of food in the shops has risen less quickly than other prices...

'[Labour] policies for the CAP, and for the rerating of agricultural land and nationalisation of tenanted land, would drastically cut British agricultural production and drive tens of thousands of farmers and agricultural workers off the land. Labour talk of cutting agricultural costs, while advocating a policy which could cost the British taxpayer £2.25 billion per year' (page 20).

Background

1. Food Prices. Since 1979, agricultural production has risen by over 10 per cent. Food prices have risen by an average of 7.9 per cent per annum compared with a general increase in RPI of 10.2 per cent per annum.
2. Labour Policy. Rerating of agricultural land is estimated to cost at least £220 million. Nationalisation of tenanted land would directly threaten the intended benefit of the Agricultural Holdings Bill in expanding the number of tenancies on offer. Labour spokesmen are now trying to backtrack on their earlier commitment to repeal this Bill and by implication proceed with nationalisation.
3. The cost of £2.25 billion refers to projected estimates for abolishing British membership of the CAP and substituting a deficiency payments system on traditional lines at the same level of support. Labour's most recent document on rural employment and agricultural policies merely promises to spend more money and blame the Conservatives for creating rural unemployment.

Controlling Surpluses and Problem Sectors

'The removal of open-ended guarantees for products in surplus, or likely to be in surplus, has now been agreed by Ministers....

'The real price of cereals should be reduced in order to restore the balance between the livestock sector and the major arable crops. The agreement to reduce the price of most cereals this year is a step in the right direction' (page 20).

Background

1. Guarantee thresholds and similar related measures have been agreed in respect of:- Cereals, Durum Wheat, Oilseed rape, Sunflower seeds, Currants, Sultanas, Tomato products, Cotton.

Control of most of these products would operate through price abatement or reduction in producer aid if the threshold were exceeded. In addition, there is producer co-responsibility for sugar. Most important of all, milk is subject to a quota/supplementary levy scheme (see page 20).

2. Cereal prices generally have been reduced by 1 per cent in the prices settlement. In addition, longer periods of payment for intervention purchases and tightening of the intervention standards mean a considerable reduction in the level of effective support. Futures prices for the 1984 harvest are running approximately £10 per tonne or approximately 10 per cent below those ruling last year. Ministers have emphasised their interest in further reductions in cereals prices to improve the arable/livestock balance.

Conservative European Manifesto

Agricultural Trade

'Europe must guard against exporting heavily subsidised agricultural surpluses at the expense of important industrial products. In line with this approach we have successfully opposed an oils and fats tax. We will also work to ensure that the Community stands by its obligations, for example to the ACP countries and, above all, to New Zealand' (Page 21).

Background

The United States, New Zealand, and other producers have constantly complained about the impact of agricultural export subsidies on their traditional trades, and the US retaliated with a heavily subsidised sale of wheat to Egypt last year. An oils and fats tax would not only damage Community consumers - and incidentally probably also livestock farmers who wished to buy fats for their own feed rations - but it would have a particular impact on US soya exports, thus raising the possibility of retaliatory measures being taken by the US against Community exports of manufactures. Owing to Irish opposition it has not yet been possible for the Council of Ministers to reach agreement on a butter quota for New Zealand, which is currently being roled forward monthly on the basis of recent figures.

RDO
18.5.84

Conservative European Manifesto 84

Fisheries

'The Conservative Government has succeeded in negotiating a Common Fisheries Policy providing British fishermen with secure advantages in our own waters. This policy provides the stability the industry needs for long-term investment and, with effective conservation measures, should secure expanding stocks of fish.

'Our achievements contrast with the abject failure of the last Labour Government to make any progress in defending the interests of British fisherman or in negotiating a satisfactory policy....

'We shall continue to ensure that our fishermen get a fair share of the resources available to the Community, and that the policy is enforced even-handedly and managed efficiently. We will continue to help our industry adapt to the new circumstances that face it with the loss of deep-water fishing opportunities'. (page 21).

Background

1. On 25th January 1983, final agreement was reached on a new Common Fisheries Policy designed to last for the next 20 years. This covered all the main issues including: Quotas, Access, Conservation of Stocks, Enforcement.

This agreement, supported by the UK main fishing organisations, gave the UK more than 37 per cent of the total catch in the 7 main species of edible fish.

2. On 14th December 1983, agreement was reached on North Sea herring quotas. The UK is to receive just over 24 per cent of the expected Total Allowable Catch for 1984 of about 155,000 tonnes, well in excess of our historic share of some 16 per cent.
3. Labour's Record. In 1976 the Labour Government agreed to accept a common 200 mile limit without any significant concessions in return. In 1978 they boycotted a meeting in Berlin where the other 8 members reached an agreement totally unsatisfactory to the UK's interest in relation to quotas, access, and enforcement. Undoubtedly the uncertainty caused by lack of agreement between the UK and the other Community states - and bad agreements where agreement was achieved - contributed to the decline of the British fishing industry in the late 1970s - although other factors, including the price of oil and the extension of fishing limits by third countries were obviously also relevant.
4. Enforcement and Conservation. The UK has insisted on the establishment of a special Community unit designed to oversee Member States enforcement efforts, with power to make on-the-spot inspections and to insist on accompanying national enforcement officers on their duties. The Commission is able to stop a Member State from fishing if it has reason to believe its total quota has been exhausted. The new general agreement on quotas establishes an effective and permanent basis for conservation. This is supplemented by other detailed measures including restrictions on mesh size of nets, and the level and types of trawling in certain sensitive areas like the "Norway Pout Box".

5. Future of the Industry. The effect of the world-wide extension of fishing limits, the oil price increases, and the difficulty of reaching agreements in Europe, was the severe curtailment of the UK distant-water trawling industry in the 1970s. For example, total cod landings in the UK by British vessels in 1982 at 114,000 tonnes were only one third of those 1970; while the number of trawlers over 140 ft was reduced from 104 to 33 in the 6 years 1976 to 82. In contrast, the inshore fleet has broadly maintained its capacity. From 1974-79, the Labour Government made only £14.9 million available as special operating aid to the fishing industry; by the start of 1983, the Conservative Government had already provided over £57 million, and has taken the necessary action to apply all 3 Community schemes available for restructuring, viz, de-commissioning grants, laying up grants, and vessel building and modernisation grants. These are further supplemented by national funds.

TB/AS
18.5.84

Conservative European Manifesto 84

Proportional Representation

'Over the next five years the Parliament must consolidate its influence. This can best be done if a direct link is maintained between the Members and their constituents, which is why in the discussions on a uniform electoral procedure Conservatives will continue to attach great importance to the retention of such a link in Britain' (Page 23)

Background

1. Under the European Elections Act 1976, the first directly-elected Parliament was empowered to make proposals for a uniform electoral procedure (UEP) to be used throughout the Community for subsequent European elections.
2. The Parliament discharged this task in the 1982 Seitlinger Report, which recommended a procedure 'based on proportional representation with certain features of the personalised voting system'.
3. The Council of Ministers - whose unanimous agreement is required before any procedure can be forwarded to national Parliaments for ratification - announced in 1983 that no agreement could be reached in time for a uniform procedure to be used in the 1984 elections. However, the Parliament's proposal remains 'on the table'.

Conservative Position

1. Conservative MEPs - who abstained in the vote on the Parliament's proposal - criticised it on the grounds (a) that the procedure recommended was not really uniform (b) that it would require major change in one Member State alone (the United Kingdom), and (c) that it dealt with only one aspect of electoral procedure, and left aside other very important problems (such as the voting age, the right to present candidates, state funding for political parties, etc).
2. Conservatives remain ready to examine sympathetically any proposal for a truly uniform electoral procedure which allows a direct identification to be made between a particular Member and a particular constituency and which eliminates the abuses possible under several of the PR systems currently in use in the Member States. No procedure which satisfies these conditions is presently under consideration.
3. There is nothing to prevent those Member States who can agree on a uniform electoral procedure from introducing such a procedure, on its merits, through their own national legislation.

Note

A form of PR - the single transferable vote (STV) system - is in use for European elections in Northern Ireland.

The Parliament and the Budget

'Over the years, the Parliament's say in how Community funds are spent has increased, but it has little direct responsibility for how the money is raised. It has shown itself unwilling to make cuts in some areas of Community expenditure so that within the limits of available resources other areas might benefit' (Page 23)

Background

1. The Parliament has the 'last word' on 'non-compulsory' expenditure in the Community Budget, within an overall maximum rate of increase. The percentage share of the annual Budget taken up by non-compulsory expenditure has increased since 1974 from about 14 % to almost 30%.
2. The Parliament has no direct say whatever in the way in which the Community's revenue is raised.
3. The Parliament's amendments to the draft Budget have consistently called for increases in Community expenditure overall, and those have usually been far in excess of the maximum rate.
4. In particular, the Parliament's decisions on agricultural prices have been consistently in excess of the Commission's recommendations.

Conservative Position

The Parliament must show itself capable of making political choices with regard to how Community money should be spent within the limit of available resources. Otherwise its overall stance on the Budget will lack both coherence and authority.

The Conservative Record in the European Parliament

'Conservatives have used the Parliament not only to criticise Commission action and bring it into line with Conservative thinking, but also to draw attention to the major reforms the Community needs if it is to survive' (Page 23)

Criticism of Commission Action

Conservative MEPs have:

- * called for tighter control over subsidised exports of agricultural surpluses, especially of butter to the USSR;
- * forced the Commission to revise their draft proposals on worker participation;
- * pressed for closer Commission supervision of Community expenditure;
- * criticised and amended Commission proposals for harmonisation;
- * insisted that the Commission take more action in the field of animal welfare.

Major Reforms

Conservative MEPs have:

- * backed the Conservative Government's fight to secure a wholesale revision of the Community's budgetary arrangements;
- * won agreement on a comprehensive series of proposals for reform of the CAP (the Plumb Report, 1981);
- * initiated the 1983 Ball/Albert study on the contribution which the Community could make to European economic recovery;
- * pressed for improvements in the co-ordination of Member States' foreign policies (the Elles Report, 1981);
- * called for a review of the Community's role as a major exporter of agricultural produce (the Catherwood Report, 1983).

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Majority Voting

'Conservatives have insisted that Member States should retain the right to protect their vital national interests in the Council of Ministers by being able to invoke, where necessary, the principle of unanimity. However, we recognise that if the Council is to be an effective decision-making body, a Member State's right to block a decision should be used only as a last resort. It is not in our interest that other Member States should, without proper justification, veto agreement on measures which would benefit the United Kingdom' (page 24).

Conservative position

We have made clear, most recently in the negotiation on the Solemn Declaration on European Union (June 1983), that we support the increased use of majority voting where the Treaties so provide. A Member State should however continue to be able to have a majority vote deferred where it considers its very important interests to be involved. We would certainly not seek to have a vote deferred unless we really considered that important UK interests were involved, and we rely on other Member States to exercise a similar degree of responsibility. We remain of the view that it is for the Member State concerned alone to decide what its very important interests are. We would not therefore participate in a vote if another Member State had invoked its right of veto, whatever our views on the merits of the case.

TB/AS
18.5.84.

The Parliament and Human Rights

'[The Parliament] has an important part to play on human rights questions ...'
(Page 24)

Background

1. The Community is a great commercial and civilian power. Its Member States, who account for about a quarter of the Parliamentary democracies in the world today, command an unrivalled moral authority based on their collective experience and their commitment to individual liberty and free institutions.
2. In consequence, the Community has a unique responsibility to speak out when the values upon which it is founded are threatened by tyranny and oppression. Much of this responsibility devolves upon the European Parliament.
3. With Conservative support, the Parliament has spoken out against the persecution of Jews and dissidents in the USSR, against human rights violations in South America, Ethiopia, and elsewhere, against the suspension of parliamentary democracy in Turkey and the illegal invasion of Cyprus, and on behalf of the Solidarity movement in Poland.

Community Institutions

'We welcome practical reforms in the workings of the Community institutions' (page 24).

Conservative Position

While we do not at present see any need for changes in the formal powers of the Community institutions as laid down in the Treaties, we are, nevertheless, prepared to support practical suggestions for improving their working procedures and relations between them. For example:-

- (i) we support the improvement and extension of the Conciliation Procedure which is used to try to reconcile differences between the Council and the European Parliament on important items of proposed Community legislation;
- (ii) we support the more frequent use of majority voting in the Council of Ministers, where the Treaties provide for this, subject to a Member State continuing to have the right to have a majority vote deferred if it considers its very important interests to be at stake;
- (iii) we are prepared to consider the delegation of additional responsibilities to the Commission, on a case-by-case basis, where this can be shown to be advantageous;
- (iv) we have proposed that Member States should only have one Commissioner in the enlarged Community, in the interests of securing a smaller and more effective Commission;
- (v) we have proposed that the Community takes the opportunity provided by enlargement to try to make all the institutions more efficient and cost-effective.