

GRS 900

UNCLASSIFIED

FM UKREP BRUSSELS

TO DESKBY 050900Z FCO

TELNO 4235

OF 041810Z DECEMBER 85

INFO PRIORITY EUROPEAN COMMUNITY POSTS, LISBON, MADRID

FRAME INSTITUTIONS

EUROPEAN COUNCIL: DELORS PRESS CONFERENCE.

SUMMARY

1. DELORS DESCRIBES OUTCOME AS 'A COMPROMISE OF PROGRESS'. REGRETS THAT HIS PROPOSAL ON POWERS FOR THE EUROPEAN PARLIAMENT DID NOT FIND FAVOUR, BUT DECLINES TO UPSET THE APPLICANT. THE TWO ITALIAN COMMISSIONERS DO LIKEWISE.

DETAIL

2. DELORS GAVE A PRESS CONFERENCE ON 4 DECEMBER. HE WAS WELL PLEASED WITH THE EUROPEAN COUNCIL'S DISCUSSION OF THE ECONOMY. THE COMMISSION HAD HOPED FOR MORE FROM THE IGC - BUT THE OUTCOME WAS 'A COMPROMISE OF PROGRESS' (AN ECHO OF SANTER'S CONCLUDING SPEECH AT THE EUROPEAN COUNCIL LAST NIGHT) WHICH THEY HOPED TO MAKE MORE DYNAMIC. THEIR THREE AIMS THROUGHOUT HAD BEEN TO DEFINE THE COMMUNITY'S OBJECTIVES FOR THE NEXT TWENTY YEARS, TO IMPROVE INSTITUTIONAL EFFICIENCY/DEMOCRACY, AND TO GROUP THE WHOLE - INCLUDING POLITICAL COOPERATION - UNDER A 'SINGLE ACT' (WHICH WOULD BE DRAFTED BY FOREIGN MINISTERS ON 16/17 DECEMBER).

3. THE BASE OF THE RELAUNCH OF THE COMMUNITY WAS IN THE IGC'S AGENDA:- INTERNAL MARKET, MONETARY COOPERATION, COHESION, TECHNOLOGY, ENVIRONMENT AND CULTURE. THE DANES HAVE ADDED THE SOCIAL DIMENSION, WHICH FIGURED IN THE EUROPEAN COUNCIL CONCLUSIONS AND WAS A SMALL BREACH IN THE DYKE WHICH COULD LEAD TOWARDS THE REALISATION OF A WORKERS' EUROPE. IT WAS UP TO THE COMMISSION AND THE EP TO PURSUE THIS OBJECTIVE. AFTER SOME IRRATIONAL DEBATE, HEADS OF GOVERNMENT HAD DECIDED TO CONSOLIDATE ECONOMIC AND MONETARY UNION AS A TREATY OBJECTIVE. FOREIGN MINISTERS HAD A MANDATE TO EXAMINE PROPOSALS ON CULTURE - A COMMISSION PRIORITY.

THE COMMUNITY INSTITUTIONS

4. DELORS PROFESSED HIMSELF MORE RESERVED ON THIS CHAPTER. THE TWO IGC/EP CONCERTATION MEETINGS HAD CONVINCED HIM THAT THE INITIAL PROPOSAL ON EP POWERS WAS INSUFFICIENT, NOT JUST FOR THOSE WHO WANTED A DECISIVE SLIP IN THE BALANCE BUT ALSO FOR THE MODERATES. THE COMMISSION'S ALTERNATIVE PROPOSAL CAME CLOSER TO CO-DECISION AND WAS ACCEPTABLE TO BELGIUM, FRANCE, NETHERLANDS AND ITALY. SADLY, DELORS HAD FAILED TO CONVINCe THE IGC AS A WHOLE. ANDREOTTI HAD PROPOSED A MORE AMBITIOUS REFORM, TO WHICH THE COMMISSION WAS SYMPATHETIC. DELORS CONCLUDED THAT THE IGC EXERCISE HAD BEEN WORTHWHILE, AND THAT THE COMMUNITY COULD ONLY LOSE IF THE COMMISSION

PROVOKED

PROVOKED A SPLIT. INSTEAD, THE COMMISSION WOULD USE ITS RIGHT OF INITIATIVE AND KEEP MEMBER STATES UP TO THE MARK. THE COMMISSION AWAITED WITH INTEREST THE OUTCOME OF THE EP PLENARY ON 11/12 DECEMBER, WHICH THEY WOULD TAKE INTO ACCOUNT IN PREPARING FOR THE IGC THE FOLLOWING WEEK.

5. NATALI AND RIPA DE MEANA THEN CONFIRMED THAT DELORS SPOKE FOR THE WHOLE COMMISSION. NATALI WAS NOT VERY HAPPY WITH THE OUTCOME ON EP POWERS, BUT IT WAS NOT FOR HIM TO ADVISE THE ITALIAN GOVERNMENT. RIPA DE MEANA CONFINED HIMSELF TO STRESSING THE DELICACY OF THE ISSUE, GIVEN THAT PFLIMLIN AND SPINELLI HAD CRITICISED ON 26 NOVEMBER WHAT THE EUROPEAN COUNCIL HAD NOW AGREED. DELORS SAID THAT THE COMMISSION COULD NOT PARTICIPATE IN THE WORK OF THE IGC RIGHT TO THE END AND THEN DISOWN THE OUTCOME. THE COMMISSION HAD WORKED TO ATTAIN THE MINIMUM ACCEPTABLE. HE WOULD NOT RECOMMEND REJECTION TO THE EP. EVERYONE HAD MADE CONCESSIONS AT LUXEMBOURG.

6. IN ANSWER TO QUESTIONS, DELORS SAID THAT THE REFERENCE TO MONETARY COOPERATION WERE IN LINE WITH HIS ORIGINAL PROPOSAL SINCE THEY INCLUDED A REFERENCE TO EMU AND EMS, ENCOURAGED MEMBER STATES TO GIVE A GREATER ROLE TO THE ECU AND ENABLED THE COMMISSION TO EXPRESS THEIR VIEWS. THE ECU WAS PART OF THE EUROPEAN DREAM:- DELORS HAD INSISTED ON ITS INCLUSION. THE TIME WAS NOT RIPE FOR THE EUROPEAN MONETARY FUND OR FOR RECOGNITION OF THE ECU AS A RESERVE CURRENCY.

7. DELORS DESCRIBED THE COMMISSION'S ROLE ON THE PRESERVATION OF NATIONAL MEASURES UNDER ARTICLE 36 IN THE INTERNAL MARKET. A MEMBER STATE WOULD TELL THE COMMISSION THAT CERTAIN NATIONAL MEASURES HAD TO BE PRESERVED IN THE FACE OF A COMMISSION DRAFT HARMONISING PROPOSAL. SOME SUCH MEASURES COULD INDEED BE JUSTIFIED - CERTAINLY FOR A LIMITED PERIOD. THE INTERNAL MARKET TEXT GAVE THE COMMISSION SOME NEW WEAPONS, WHICH IT WOULD USE: E.G. AN ACCELERATED PROCEDURE FOR BRINGING CASES TO THE ECJ.

8. ON INDIRECT TAXATION, ALL TWELVE MEMBER STATES WERE OPPOSED TO DECISIONS BY QUALIFIED MAJORITY. AS FRENCH MINISTER OF FINANCE HE HAD UPSET HIS NATIONAL AUTHORITIES BY SEEKING PROGRESS ON LIBERALISATION OF INSURANCE. SIR G HOWE HAD ALSO TRIED HARD WHEN CHAIRMAN OF ECOFIN. DELORS' EFFORTS HAD COME TO GRIEF ON THE PROBLEM OF TAXATION OF INSURANCE PREMIA.

9. ASKED ABOUT THE PROSPECTS FOR THE POUND STERLING JOINING THE EXCHANGE RATE MECHANISM, DELORS SAID IT HAD BEEN HIS IMPRESSION THAT THE BRITISH HAD ACCEPTED THE PRINCIPLE. THE PROBLEMS EXPERIENCED OVER INSERTING THE MODEST TEXT ON MONEY INTO THE TREATY MADE HIM MORE DOUBTFUL ABOUT THE UK'S INTENTIONS.

HANNAY
FRAME INSTITUTIONAL
ECO(1)