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PRIME MINISTER

Cabinet: Community Affairs

The Foreign and Commonwealth Secretary will report on the final session of the Intergovernmental Conference on 16-17 December. This successfully tidied up the small number of points left over from the European Council (eg various declarations and the amendments necessary to change certain arrangements in the operation of the European Court of Justice, as requested by the Court). The articles to which qualified majority would apply were settled in line with our views: article 84 (sea and air transport) is included but with a safeguard clause which already exists elsewhere in the Treaty. The meeting agreed on the preamble to the package and decided that the results of the Conference would not be called a Treaty of European Union but only a European Act. The Foreign and Commonwealth Secretary spent much of the meeting, in concert with the Presidency, the French and Germans, in beating off various attempts to change or add to texts, eg by the Belgians on monetary questions, the Greeks on cohesion and the Italians on the European Parliament. On the European Parliament the Conference agreed only that the Commission, when it sent forward a revised proposal, should pass on European Parliamentary amendments for information and not for decision to the Council. It also clarified (as we have always maintained) that, if no decision were taken on a revised Commission proposal within the time limit (now three months, with the possibility of one more month by agreement), the proposal would lapse. The Presidency robustly ruled out requests to continue the Conference to discuss other issues (eg culture) or the European Parliament's views. The Italian and Danish general reserves remain but the Italians at least were clearly looking for ways of giving up their





reserve. The United Kingdom's reservation on the voting provisions on health and safety of workers was maintained. All other reserves were withdrawn. The Presidency will submit fair texts to Governments shortly.

2. In the Foreign Affairs Council on 16-17 December, which followed the Intergovernmental Conference, agreement was reached on how to follow up the discussion of an action programme on cancer which the French President, Monsieur Mitterrand, advanced at the Milan and Luxembourg European Councils. A committee of high-calibre medical experts, on which the United Kingdom will be represented, is to be set up by the Commission early in the New Year charged to recommend co-ordinated action to combat cancer. The United Kingdom is putting the emphasis on measures of prevention. Over lunch Ministers discussed informally a proposed mandate for the Commission to follow in negotiations between the International Tin Council and its creditors following the suspension of dealings in tin on world markets on 24 October. In the face of German and French opposition no mandate was agreed. Primary action still lies with the International Tin Council, in which there cannot now be a common Community position, acting with tin brokers and bankers.

3. The Chancellor of the Exchequer may report on the present position on the Community's 1986 budget. On 11 December the Budget Council and representatives of the European Parliament failed to reach agreement, even though the President of the Council offered an additional 242 million ecu of non-obligatory expenditure (ie mainly for Regional and Social Funds) on top of the increase already included in the Council's revised draft budget. The following day the European Parliament rejected the Council's offer and voted for an increase of 570 million ecu above the Council's revised draft budget. The President of the European Parliament has signed the budget as voted. It is likely that France, the Federal Republic of Germany, the Netherlands,





Luxembourg and Denmark, as well as the United Kingdom, will be disposed to take the matter to the European Court. Legal advice on this is being sought urgently.

4. The Secretary of State for Trade and Industry may report on the Internal Market/Consumer Affairs Council on 12 December. From the United Kingdom point of view the most important point was the Council's review of progress on Lord Cockfield's programme of action on the internal market. We received support for the rolling programme of measures in this area for 1986 which we have drawn up with the Dutch. This, of course, reflects the priorities of the ~~United Kingdom~~ and of the Netherlands. It is the first example of an agreed and concerted programme covering more than one Presidency. We have similar undertakings with the Dutch over a number of other important areas.

5. In the absence of the Minister of Agriculture, Fisheries and Food the Foreign and Commonwealth Secretary may report that, in response to our pressure, the French measures against United Kingdom exports of ewe meat have been withdrawn.

6. There is an Agriculture Council on 19 December and a meeting of Ministers of Culture on 20 December.

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ROBERT ARMSTRONG

18 December 1985