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From the Private Secretary

13 October 1986

Dear Colin.

LONDON EUROPEAN COUNCIL: 5-6 DECEMBER

The Prime Minister has considered the Foreign Secretary's minute of 6 October about the agenda for the London European Council on 5-6 December.

The Prime Minister is generally content with the agenda proposed by the Foreign Secretary. She has commented that Chancellor Kohl is not likely to welcome a discussion on agriculture with elections in Germany due in January. She has also said that her impression is that deregulation is not moving forward nearly fast enough and that giving impetus to work on it should be a priority for the European Council.

I am copying this letter to the Private Secretaries to OD(E) and Sir Robert Armstrong.

Yours sincerely
C. D. Powell

C. D. POWELL

Colin Budd, Esq.,
Foreign and Commonwealth Office.

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CPC



Prime Minister

Yes, but (I suspect)
that deregulation
is not working
very well. The
"Somerset" in Britain
does seem very
critical.
m.

PM/86/067

This seems to me
an excellent agenda,
which would have
great appeal in this
country (for once).

Agree?

CSP
7/x.

PRIME MINISTER

London European Council: 5-6 December

1. I have been considering the agenda for the London European Council on 5 - 6 December, and what we should aim to get out of it. The time available will be limited to two plenary sessions and a major discussion by Heads of Government over dinner. We will need to give the meeting a sharp focus if we are to get substantial results.

2. We will of course have to remain flexible over the agenda in case we have to set time aside at the last moment for subjects we cannot at present foresee. It is too early at this stage to say how much time either Heads of Government or Foreign Ministers will want or need to devote to political cooperation subjects. I shall minute further on that nearer the time. For the moment I would suggest that we need to think along the following lines:

(a) we should avoid a ritualistic discussion of the economic and social situation;

/(b)



(b) we should avoid re-hashing well worn themes;

(c) we should work towards conclusions which reflect our national priorities and which show the Community tackling the problems that are top of the public agenda.

3. On this basis the main focus for discussion in the first session should be 'Business and Jobs'. Within the theme of creating the climate for more jobs, I propose:

- that we should get the European Council's endorsement of our initiative on job creation, which has had a good reception from other Governments and should finally lay to rest Community discussion on the Vredeling directive and other 'social engineering' measures;

- that we should give a special emphasis to the importance of small and medium enterprises (on which I expect that there will be a new stress in ECOFIN's decisions on Community lending);

- that we should keep up the momentum on deregulation;

- and that, as agreed in OD(E) last week, the European Council should take stock of the progress on the internal market and give a push, if necessary, to a block of decisions (possibly including a measure of air transport liberalisation) which, as Presidency, we shall be putting to Councils in December. We shall be keeping up the pressure in the individual Councils in the meantime.

/4.



4. Other aspects of the economic and social situation could be covered in the same discussion. So as to focus on practical action, we would prepare a 3-4 page Presidency paper as a basis for discussion and drafting the European Council's conclusions. Either under this heading or separately I would like to bring in for the first time some consideration of consumer interests. This subject has never been given an airing in a European Council and is arguably long overdue for one: it is astonishing how small is the input from consumer interests in the preparation of important EC decisions affecting them, including those on the Common Agricultural Policy. I think that we could start the process of getting a bigger input from consumers and this would also allow you to draw attention from this point of view to the misallocation of resources in the Common Agricultural Policy.

There are a lot of detailed regulations on consumer matters in safety standards harmonisation with note in last minute

5. A second major theme could be the highly topical and closely related subjects of terrorism, drugs and immigration. Douglas Hurd organised a very successful emergency meeting of Interior Ministers on 25 September, which focussed particularly on improving cooperation over terrorism. As part of our original Presidency planning he will be having another meeting in October, which is likely to concentrate more on the fight against drugs and strengthening the external frontier controls of the Community. There would be strong public and press interest in a discussion by Heads of Government. We would need to circulate a short Presidency paper beforehand to focus discussion, which could perhaps take place between Heads of Government over dinner while the Foreign Ministers hold their customary discussion of the main Political Cooperation issues. Discussion could be resumed, if appropriate, at the

/plenary



plenary session the next morning. Here too we would aim for agreement on conclusions based on the Presidency paper. Indeed, I believe that this could form the basis for a major campaign to be launched by Heads of Government from London. In order to fulfil the remit given at The Hague European Council there would also need to be a short report on progress towards a People's Europe but it should be possible to manage this in a way which avoids separate discussion.

6. We have also considered whether it would be in our interests to put agriculture on the agenda as a separate item. We have combined with the French and Germans to insist to Jacques Delors that our European Council must not be an occasion for the Commission to initiate the debate which will take place next year on the ex novo review of Community financing. A general discussion on agriculture would give others the opportunity to try to bring that debate forward. We may, however, wish to raise some specific issues. In particular, if there has been insufficient progress with the reform of the beef and milk regimes in the discussions in the Agriculture Council:

- we may want to use the European Council to give some further impetus to that work;

- and you may wish to consider mentioning also Michael Jopling's ideas on agriculture and the rural environment, though that must depend on the outcome of our own discussions of those ideas.

We have to remember that total harmonisation is a very important issue and must be discussed in the context of the overall framework.



7. This agenda would highlight areas for which Britain has been a principal advocate or on which we have taken specific initiatives - the internal market, the strategy for jobs, small businesses and deregulation, the consumer interest, avoiding misuse of resources in the Common Agricultural Policy and the fight against terrorism and drugs.

8. These ideas have been discussed with other Departments at official level, and we have set some preparatory work in hand on drafting possible Presidency papers.

9. The European Council should also be the occasion formally to re-appoint Jacques Delors for a further two years as President of the Commission. We shall be consulting the other member states, but expect it to be the unanimous view that he should stay on. This would be for you to announce at the beginning of the meeting.

10. I am copying this minute to members of OD(E) and Sir Robert Armstrong.

(GEOFFREY HOWE)

Foreign and Commonwealth Office

6 October 1986



