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MR POWELL (10 Downing Street)

European Council: Prime Minister's briefing meeting, 4 pm,
Wednesday 3 December

I recommend that you invite the following to the Prime Minister's briefing meeting for the European Council:

- ✓ Foreign and Commonwealth Secretary plus 2 officials (Mr Thomas and Mr Renwick)
- CST ✓ Chancellor of the Exchequer
- ✗ Home Secretary
- ✓ Secretary of State for Trade and Industry
- ✗ Minister of Agriculture, Fisheries and Food *Brussels*
- MR R. DAWEX ✗ Paymaster General
- ✓ Minister for Health
- ✓ Sir David Hannay and myself.

I suggest that if each Minister were accompanied by one official it would be helpful, if possible, if the Home Secretary were accompanied by Mr Partridge, the Secretary of State for Trade and Industry by Mr Mogg and the Paymaster General by Mr Lewis as these officials will be on call for the European Council.

I am sending a copy to Trevor Woolley.

✓ D F Williamson

D F WILLIAMSON

28 November 1986

PRIME MINISTEREUROPEAN COUNCIL

I attach the briefs for the European Council, which you may like to start on this weekend.

They are not yet in quite the form you want them. We will attend to that early next week.

For each major subject you have:

- a note setting out our objectives.
- an introductory statement.
- a summing up, which would be consistent with the conclusions which we propose.
- notes for supplementaries.
- the conclusions which we want.

You are already familiar with the main subjects. On Political Cooperation, the main theme will be East/West and you will want to lead with your visit to Washington. You will also want to let those who have recently visited Moscow - Schluter and Lubbers - have their say. The aim will be to get maximum support for the Camp David points. You will want to ensure that everyone is content to put out a statement on Afghanistan. Several of your colleagues will probably want to discuss US/Iran but you will want to avoid conclusions on this. The Dutch, Danes, Irish and Italians may try to reopen the question of measures against South Africa, renewing the proposal for action against coal imports or proposing restrictions on fruit and vegetables. You will want to sit on this. The Spaniards may want to talk about Latin America.

C.D.P.

CHARLES POWELL

28 November 1986

PRIME MINISTEREUROPEAN COUNCIL

You have a 'seminar' meeting tomorrow with David Hannay and David Wilkinson, to prepare for the European Council. They will take you through the main issues and suggest how they should be handled.

If you have time, I suggest that you should look at the following papers in the attached folder:

- the draft conclusions which we have prepared for the Council (item 4). These read rather well. ✓
- the Commission's report on the economic prospects (item 5). This is shorter than usual and does not include your favourite table. But it is generally helpful.

C.D.P.

Charles Powell27 November 1986



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Qz.05478

MR POWELL (10 Downing Street)

European Council, 5 - 6 December

You may find it helpful, for ease of handling, to have the attached folder on which I have put -

- (1) the programme of the European Council
- (2) the Prime Minister's letter to other heads of government
- (3) the two Presidency documents on
 - Business and Jobs, including the internal market
 - Safeguarding the Open Society (terrorism/drugs/immigration/frontiers)
- (4) the conclusions which we have drafted. These show what we want to achieve
- (5) the four Commission papers on
 - macro-economic situation
 - internal market ("completing an area without frontiers")
 - jobs
 - the cancer programme.

In Folder attached to file.

We recommend that the opening session of the European Council on 5 December should deal with the subjects covered in the Presidency's paper on Business and Jobs and that,

as far as possible, the discussion should be structured on that paper. We could table the conclusions on the morning of 6 December. I understand that the Prime Minister has in mind to invite Monsieur Delors to give his report on the preparation for the ex-novo review of future financing when the Heads of Government assemble before dinner. The discussion of East-West relations and related issues would take place, if precedent is followed, over the dinner itself. There would be some advantage if the discussion on safeguarding the open society (terrorism/drugs/immigration/frontiers) could start either at the end of the first session or over dinner on 5 December. This would enable us to table draft conclusions on these subjects also on the morning of 6 December.

The draft conclusions in the attached folder cover the main points on which we should like to see agreement reached at the European Council. More specifically, it would be good for us if the European Council would:

- give a push to work on the internal market. If, following the Prime Minister's letter to other Heads of Government, we have succeeded in getting all or most of the "political package" of 13 measures adopted at the Internal Market Council on 1 December the Prime Minister can take credit for this. If not, we shall want to set the scene for agreement at a second Internal Market Council later in December and to consolidate our claim that action has accelerated under our Presidency. In addition, we should make clear that, in relation to all internal market measures where a qualified majority already exists and such a majority will be sufficient under the Single European Act (when ratified by all member states), the United Kingdom Presidency intends to state that a common position of the Council has now been reached;

- endorse the main lines of the approach, which will be included in a resolution of the Social Affairs Council, on creating the conditions for employment

growth, thus consolidating the change which we have initiated from "social engineering" to a more practical approach to maximising the opportunities for more jobs (training, flexible work practices etc);

- reiterate the importance of the deregulatory approach which the Prime Minister launched and which is being reflected in a more careful assessment by the Commission of all new proposals and an examination by consultants of existing legislation;

- make clear its concern that small enterprises should flourish; endorse the decision of the Economic and Finance Council that, for the first time, loans should be available to them for new technology from funds raised by the Commission (NIC IV) and from the European Investment Bank; and set up the scene for an early agreement on the proposed easing of VAT arrangements for small businesses (including the Commission's proposal that the threshold below which member states may exempt small enterprises should be 35,000 ecu);

- state strongly the principle of no concession under duress to terrorists or their sponsors;

- decide that on immigration there should be practical cooperation against fraud and abuse of passports and visas; tougher action on exclusion of suspects on a Community-wide basis; and no abuse by asylum seekers;

- endorse the United Kingdom's seven point action programme on drugs, including common action to thwart and prosecute those who criminally traffic in illegal drugs and the need to ensure that the assets of someone convicted of illicit trafficking in one member state will be liable to confiscation throughout the Community.

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The full brief and a number of contingency briefs will be submitted to you later this evening.

I am sending a copy to Trevor Woolley.

D F Williamson

D F WILLIAMSON

27 November 1986