



## Foreign and Commonwealth Office

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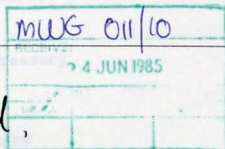
David Williamson Esq, CB  
Cabinet Office

Your reference

Our reference

Date

13 June 1985



Dear David,

## MILAN EUROPEAN COUNCIL : STEERING BRIEF

1. Here is the first draft. It will need to be updated following the Agriculture Council. The passage on technology/-Eureka is being rewritten as a fully worked up statement. I have doubts about the order. It may be better to separate what are now sub-headings under B: Development of the Community, into free-standing items.
2. I have consolidated all the objectives at the beginning and then repeated each objective at the head of the relevant speaking note. I think it useful to have all the objectives set out together - but to repeat them as a reminder in this way.
3. We shall need to see if we can cut down the length of the brief, though it is shorter (so far) than last time and will be printed on both sides of the paper.

J S Wall  
European Community Department  
(Internal)

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ENCLOSURE

cc: Mr Stapleton )  
Mr Jay ) Cabinet Office  
Mr Shearer )

Mr Unwin )  
Mr Fitchew ) Treasury  
Mr Mortimer )  
Miss Simpson )

Mr Andrews )  
Mrs Attridge ) MAFF  
Mr Packer )

Mr Williams ) DTI  
Miss Lackey )

Mr Braithwaite  
Mr Renwick  
Mr Fairweather  
Mr Shepherd  
Ms Evans  
Desk Officers, ECD(I)  
Mr Warren, ECD(E)

THE DEVELOPMENT OF THE COMMUNITY

This will be discussed under three main headings:  
decision-taking; powers of the European Parliament; and  
political cooperation.

a) Decision-Taking

Most member states can accept our four points  
(although the Belgians dislike the implication of  
formalizing the Luxembourg compromise). Greece and  
Denmark will regard our ideas as being as far as they  
are prepared to go. Italy, Belgium and the Netherlands

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EUROPEAN COUNCIL, MILAN

28/29 JUNE 1985

STEERING BRIEF

### INTRODUCTION

The main issues for discussion will be the future development of the Community; the completion of the common market and the Commission's ideas on the creation of a technological Community.

### FUTURE DEVELOPMENT OF THE COMMUNITY

This will be discussed under three main headings: decision-taking; powers of the European Parliament; and political cooperation.

#### a) Decision-Taking

Most member states can accept our four points (although the Belgians dislike the implication of formalising the Luxembourg compromise). Greece and Denmark will regard our ideas as being as far as they are prepared to go. Italy, Belgium and the Netherlands

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do not think they go far enough. Ireland will go with the majority. France and Germany could accept the idea of an inter-governmental conference to consider amendment of the Treaty, as the Italians have proposed, though the French would have major difficulty in agreeing to Treaty amendment and will be more than happy to sound positive while making a show of reluctant acquiescence in our more limited proposals. The Germans could also consider going further than us but their Community image has been battered by their invocation of the Luxembourg compromise in the agricultural price fixing and Kohl, in particular, attaches importance to continuing to work with us.

The Commission favour amendment of Article 100 (standardisation), Article 99 (indirect taxation) and Article 101 (elimination of distortions in competition). Delors has made clear, however, that he could live either with our approach or the Treaty amendment route and that heads of government must now decide which they want to adopt. Delors is most interested in the delegation of managerial powers to the Commission (Article 155).



b) Political Cooperation

There is likely to be general acceptance of our approach although some (the Dutch and Belgians in particular) would prefer any formalisation of political cooperation to take the form of an annex to the existing Treaty rather than a new agreement. We shall want to resist this because of the implications for extending Community competence. The Danes, and more particularly the Irish, have reservations about the extension of political cooperation to cover security. It is not yet clear whether the Irish will be prepared to accept an agreement provided that they have a derogation from the paragraph covering security. The French and Germans will wish to be more forthcoming on security than our text. We shall want the Council to conclude that there should be an agreement covering political cooperation and to ask Political Directors to work on our text with a view to signature in Luxembourg in December.

c) Powers of the European Parliament

With the notable exception of the Danes, who are totally opposed to any change in the role of the

Parliament (even within its existing Treaty powers), most member states believe that the powers of the Parliament should be increased to reflect its status as a directly elected body. Ideas range from the vague concept of co-decision taking to giving the Parliament powers over revenue. Our own ideas are based on creating the conditions in which the Parliament could, if it wished, have a more positive and constructive involvement in the decision-taking process, within the existing Treaty arrangements, in particular, by focusing in detail on a few key subjects, making their views known to the Commission while the Commission was still formulating proposals and by real consultation between Parliament, Council and Commission at an early stage in discussion.

d) Completion of the Common Market

The Commission's White Paper on the common market was published on 17 June. On many important points it coincides with our own priorities. In particular, it stresses the need for progress on:

- a) product standards (including mutual recognition);

- b) freedom of financial services;
- c) capital movements;
- d) freedom of establishment;
- e) transport;
- f) public procurement;
- g) intellectual property;
- h) rigorous pursuit of breaches of Articles 30-36 (elimination of quantitative restrictions between member states).

The main problems for us are the stress on the abolition of frontier controls, including for people, which is likely to be welcomed in general terms by all other member states, and the chapter on fiscal barriers. We shall need to stress that the freedom of movement of people, though desirable, is not essential in order to have freedom of trade in goods and services and that, though some aspects of free movement have Treaty implications, the Treaties certainly do not suggest that member states are under an obligation to take risks over for example drug trafficking, terrorism, rabies or immigration. Anything that is done in this area must be consistent with the March European Council conclusions. We should go on to argue that intra-Community customs controls are different

from frontier controls connected with trade and should be studied separately. This study should cover the question of how far it is necessary or desirable to go in the customs field, together with the related question of how far tax approximation is a necessary condition to completing the internal market. On tax approximation, the French are likely to argue that the eventual completion of the common market will require tax harmonisation but that this is a complex and difficult issue which will need to be addressed in the 1990s. Our idea of a study is consistent with this approach.

- To avoid anything that distracts from the positive and forward position that the EC now occupies in the new GATT round preparations.

## B. DEVELOPMENT OF THE COMMUNITY

### 1) Decision Taking

- To work for agreement on our ideas on decision-taking and to avoid an inter-governmental conference to consider Treaty amendment.



OBJECTIVES

A. ECONOMIC AND SOCIAL SITUATION

i) [To follow from Treasury]

ii) Trade Issues

- To ensure that the Council conclusions refer in suitably strong language to the problem of the Japanese trade surplus.

- To avoid anything that distracts from the positive and forward position that the EC now occupies in the new GATT round preparations.

B. DEVELOPMENT OF THE COMMUNITY

i) Decision Taking

- To work for agreement on our ideas on decision-taking and to avoid an inter-governmental conference to consider Treaty amendment.

- To get it agreed that follow-up work should be in working groups and that final decisions should be taken at the Milan European Council by heads of government, who might constitute themselves as an inter-governmental conference for this purpose.

ii) Completion of the Internal Market

- To secure commitment to a specific timetable for completion of the common market by 1992, in line with our own action programme.
- To have freedom of movement of people and tax approximation dealt with separately in the form of a study of their relevance to completion of the common market.

iii) PoCo

- To secure a decision that the Ten will negotiate a binding agreement on Political Cooperation along the lines of our draft.
- To instruct Political Directors to submit an agreed text to the December European Council.

iv) Technology

- To ensure the emphasis in Eureka is placed on exploitation of R&D and on bringing the companies themselves together.
- To highlight the recommendations on which the
- To secure agreement to UK ideas: high level group, Eurotype, specific projects/sectors.
- To note that some progress has been made on
- To fend off Commission attempts to take over Eureka.

v) Powers of European Parliament

- To resist any attempt to prolong the Committee's
- To steer discussion away from any increase in the powers of the European Parliament and towards enabling it to play a more positive role within the existing Treaties.

vi) New Areas of Cooperation

- To agree to extending cooperation among member states but to avoid any extension of community competence

C. REPORT OF THE COMMITTEE ON A PEOPLE'S EUROPE

- To endorse the Committee's report without reopening negotiations on its recommendations.

- To highlight the recommendations on which the United Kingdom is most positive.

- To note that some progress has been made on implementing the Committee's recommendations to the March European Council (eg decision on travellers' allowances - a British proposal).

- To resist any attempt to prolong the Committee's life.

D. DEREGULATION

- To maintain the momentum built up at the last European Council and to secure mention of deregulation in the conclusions.

- To secure mention of deregulation in the conclusions.



THEIR OBJECTIVES - decision taking processes of the Community; the implementation of a People's Europe, Italy (with support from Belgium and the Netherlands) procedures at borders.

- To get agreement to an inter-governmental conference to draft a Treaty of European Union.

- To seek increased powers of the European Parliament. to consult on security issues and political cooperation.

France

- To secure endorsement of the Eureka proposal; to give the impression of French willingness to consider Treaty amendment and more powers for the European Parliament (but to avoid substantive new commitments); to agree on the formalisation of political cooperation.

Germany

- To seek results which can be presented as a major step towards European Union including a new agreement formalising political cooperation, an improvement in decision taking procedures through strengthened use of majority voting; stronger participation of the European

Parliament in the decision taking processes of the Community; the implementation of a People's Europe, particularly through marked simplification of procedures at borders. But not to insist on an inter-governmental conference.

#### Ireland

- To go along with the majority but to resist any commitment to consult on security issues under political cooperation.

#### Greece

- To resist any change in current practice (including formalisation of PoCo) but to concede greater budgetary powers to the European Parliament in the belief that this will bring more benefits to Greece.

#### Denmark

- To resist any change in Community practice but probably to acquiesce reluctantly in an agreement on political cooperation. To shelter behind us where possible.

Belgium

- To seek results from Milan which can be presented as a step towards European union, but not to insist on an inter-governmental conference.
- To argue for increased powers for the European Parliament.
- To agree on formalisation of PoCo arrangements.
- To avoid formalisation of the Luxembourg compromise.

Netherlands

- To secure agreement to an inter-governmental conference.
- To reach agreement on a technological Community as a major element in completion of the common market.
- To argue for increased powers of the European Parliament.

Luxembourg

- Not to resist an inter-governmental conference but to be wary of any move to Treaty amendment which could undermine Luxembourg's tax policy and status as a low-tax base for foreign companies; or lead to the EP Secretariat leaving Luxembourg.

Commission

- To secure approval for their White Paper on completion of the common market, including free movement of people and tax approximation.
- To secure approval for the development of a technological Community of which Eureka would be a part.
- To achieve greater delegation of managerial powers to the Commission.
- June Foreign Affairs Council agreed tough declaration on Japan.
- Must reinforce this at Heads of Government level.



ARGUMENTS

A (i) ECONOMIC AND SOCIAL SITUATION

[To follow from Treasury]

(ii) TRADE ISSUES

Our Objectives

- To ensure that the Council conclusions refer in suitably strong language to the problem of the Japanese trade surplus.
- To avoid anything that detracts from the positive and forward position that the EC now occupies in new GATT Round preparations.

Arguments

- June Foreign Affairs Council agreed tough declaration on Japan.
- Must reinforce this at Heads of Government level.

- Japan has major responsibility for preserving multilateral open trading system from which she derives so much benefit. a new GATT Round including agriculture.

- Needs to put this into immediate and concrete effect: three-year action programme on imports about to be unveiled in Tokyo.

- All the more important to make headway on drawing

- EC suggestion that Japan should set indicative import propensity target.

- Whole EC must keep up pressure on trade, must not delude ourselves that trade measures alone will have quick results: more flexible adjustment of yen exchange rate crucial factor and must be reflected in Council conclusions.

- Nakasone to visit Brussels on 18 July: must be left in no doubt of inevitability of demands for retaliation if Japan does not take urgent action.

#### Others' Objectives

- Unlikely to be any dissension on Japan.

- French may point to aggressive US action of agricultural export subsidies as a reason to soft pedal preparations for a new GATT Round including agriculture.

#### Our Response

- All the more important to make headway on drawing up a balanced agenda for a new round with the widest possible participation.

- Commission are handling this very adroitly: making good progress on bringing LDCs/NICs on board.

- Community achievements over the last year (Montebelluso; enlargement; etc).

- Impetus throughout Community to seek new steps towards achieving real unity, internally (completion of common market; improved decision taking) and externally (common action in political cooperation).

- Extent of agreement already considerable.

B DEVELOPMENT OF THE COMMUNITY

(i) Decision-Taking

Objectives

- To work for agreement on our ideas on decision-taking and to avoid an inter-governmental conference to consider Treaty amendment.

- To get it agreed that follow-up work should be in working groups and that final decisions should be taken at the Milan European Council by heads of government, who might constitute themselves as an inter-governmental conference for this purpose.

Arguments

- Community achievements over the last year (Fontainebleau; enlargement; etc).
- Impetus throughout Community to seek new steps towards achieving real unity, internally (completion of common market; improved decision taking) and externally (common action in political cooperation).
- Extent of agreement already considerable:



- completion of the Treaty (particularly common market);
- creation of a technological Community;
- strengthening of the EMS;
- external identity including common external policy and cooperation on security;
- development of efficient and democratic institutions.

- A year since Dooge Committee set up. At December European Council heads of government suggested bilateral contacts "in order to enable the European Council to arrive at final conclusions" in June.

- Major decisions about future of the Community can only be taken by heads of government. Milan offers opportunity to take these decisions under Italian Presidency.

- UK has proposals for decision in four areas:

1. Completion of the Common Market

- As Dooge report says this should be a priority objective, as essential step toward economic and

monetary union. Would create single market with immense purchasing power; would mean more jobs, more prosperity and faster growth and would make Community a reality for its citizens.

- Hope that European Council can agree on specific timetable covering:

1. Improved decision taking:

- i) removal of obstacles to free movement of goods within EC;
- ii) free market in financial services;
- iii) full freedom of establishment;
- iv) liberalised, freely competitive transport market.

- Will return to this when we discuss Commission White Paper.

2. Political Cooperation

- Opportunity for Milan to make major and politically striking step forward. Should agree in principle on

formal and binding agreement on political cooperation.  
If agreement at Milan to enter into a formal and binding agreement of this type, text should be remitted to Political Directors to produce final text for signature by heads of government at December European Council.

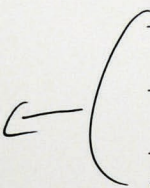
3. Improved decision taking:

- by making greater use of majority voting articles of the Treaty; requiring any member state asking for a vote to be deferred to justify its invocation of a very important interest in a special and formal procedure of the General Affairs Council;
- making greater use of abstention procedures, ie Article 148, so as not to prevent the adoption by the Council of acts which require unanimity;
- specific agreement, where European Council decides that a particular objective should be achieved, that member states would aim not to impede progress by invoking unanimity rule in relation to the measures necessary for its

implementation.

- Smaller Commission after enlargement (12, not 17 members). Can others now agree?
- European Council to adopt statement each year of Community's major priorities for action with specific timings and targets as basis for Council's activities over following twelve months.
- Commission to weed out hopelessly blocked items [passage on 80 directives).

4. Measures to associate the European Parliament more closely with Community's policy making process and to enable it to make a positive contribution to decision taking in the Community.

- 
- Only we can take the necessary decisions.
  - Further conferences will not bridge remaining gap.
  - Decisions in these areas would give real, practical impetus to unity.

- ~~we~~ Follow up by working groups if necessary.

- Final decisions at Luxembourg. Heads of government could constitute themselves as inter-governmental conference to eg sign text of PoCo agreement.

- Majority voting, eg Under Article 100 essential for early completion of common market.

- Procedural devices not sufficient to ensure member states do not continue to block decisions.

- Veto power must be phased out.



THEIR ARGUMENTS

- ~~In~~ability to take decisions, a ~~risk~~ in enlarged Community. The provisions in enlarged Community, if decision taking not to be slowed down.
- Majority voting, eg under Article 100 essential for early completion of common market.
- Procedural devices not sufficient to ensure member states do not continue to block decisions.
- Treaty of Rome is the Constitution of the Community.
- Veto power must be phased out.
- Where Treaty requires decisions to be taken by unanimity generally does so for good reason. Do not believe anyone would wish to change the key unanimity provisions of the Treaty.
- a) Articles covering membership of Community institutions, eg Commission size (Article 157); size of European Court (Article 163); number of advocates general (Article 166); and membership of Economic and Social Committee (Article 194).

OUR RESPONSE

- All agree greater use will need to be made of majority voting provisions in enlarged Community, if decision taking not to be slowed down.
  - Present majority voting articles rarely used because of habit of consensus, eg in decisions on agriculture prices, fisheries.
  - Treaty of Rome is the constitution of the Community. Harder to change than most national constitutions (unanimity among member states and agreement of all national parliaments).
  - Where Treaty requires decisions to be taken by unanimity generally does so for good reasons. Do not believe anyone would wish to change the key unanimity provisions of the Treaty.
- a) Articles covering membership of Community institutions, eg Commission size (Article 157); size of European Court (Article 165); number of advocates general (Article 166); and membership of Economic and Social Committee (Article 194).

UK willing to make sacrifice on size of Commission.

b) Other Institutional Matters

Could all member states agree to change languages of Community institutions (Article 217)?

c) Decisions to be adopted or ratified in

accordance with member states constitutional requirements, or requiring common accord of member states, eg own resources (Article 201); Treaty amendment (Article 236); new accessions (Article 237); or seat of the institutions (Article 216).

d) Articles covering economic issues, eg capital movement between member states and third countries (Article 70(1)); harmonisation of indirect taxation (Article 99); common economic policy measures (Article 103(2)).

- Equally, <sup>in</sup> some areas move to majority voting would be not merely difficult but retrograde, eg Article 76 (new restrictions on carriers from another member

states): reasonable to require unanimous approval for step backwards from freer market; or Article 93(2) requiring unanimous approval to overrule Commission decision that state aid is incompatible with the Treaty.

i) Luxembourg Compromise

- Political reality that no member state will allow itself to be voted down where it considers very important interest to be at stake, eg Germany over cereals; Ireland over milk quotas; Italy over steel quotas, etc.

- Community could not survive if it rode roughshod over member states real interests. This was why Six invoked unanimity articles in the Treaty

- *Could any member state accept the voted down in Brussels if this involved it then losing a vote in national parliament.*

- Need procedure for constraining member states from abusing position, hence UK proposal.

ii) Completion of the Common Market clear priorities  
if we are to make effective use of time and resources  
Our Objectives

- To secure commitment to specific timetable for completion of common market by 1992, in line with objectives in our own action programme.

Arguments

- All agreed on the objective (single large market) and urgency of task.
- Commission paper a valuable contribution on discussion.
- Need now to establish specific targets and timetable to achieve them.
- Should press on quickly with areas which will make greatest practical impact.
- Should avoid Council machinery getting bogged down in discussion of proposals which are less significant or have poor prospects of early progress.



- Vital therefore that we establish clear priorities if we are to make effective use of time and resources available.

- Believe promising areas for priority action are:

- technical barriers (goods, labour, services and capital);
- transport (especially in light of recent European Court decision);
- industrial cooperation.

- Commission's programme a good basis for this.

- Some areas need further study before substantial progress can be expected:

- relaxation of internal border controls (need to find ways of doing this without exacerbating problems of terrorism, drug traffic, external immigration);
- removal of fiscal barriers (need to establish what fiscal differences significantly affect trade between member states, and whether these are best tackled by fiscal approximation of other techniques such as computerisation of the establishment of clearing house arrangements).

- These will be issues for the 1990s. Suggest we agree for moment to remit for study by high-level groups.

- Intra-Community customs controls on goods different

Their Objectives should be examined separately. For example, how far is it necessary to go in customs field

Commission : to secure commitment to timetable on basis of its own proposals, including "Europe sans frontières" and tax approximation.

Some member supply further arguments on tax states: to water down commitments of importance to us which would be difficult for them, eg liberalisation of transport, and services.

#### Our Response

- Freedom of movement of persons, certainly desirable but not essential to freedom of trade in goods and services.

- Some aspects of free movement have treaty implications but Treaties do not suggest obligation to

take risks over, eg drug trafficking, terrorism, rabies or immigration.

- Intra-Community customs controls on goods different from above, should be examined separately. For example, how far is it necessary to go in customs field to secure complete internal market?

- Should at same time study related question of how far tax approximation is a necessary condition.

[Treasury to supply further arguments on tax approximation/VAT collection/computerisation, etc.]

- Agreement in principle to formalise and strengthen political cooperation would be significant political success for this meeting, and major step forward for Europe.

- Discussions in Dooge Committee suggest that such agreement achievable. Have circulated text which is our view of what it might look like. Three central features:

a) Formalisation of commitment to consult:

iii) Agreement on Political Cooperation

Essential that we understand one another if we  
Our Objectives achieve joint action.

- prospect of enlargement makes it more important
- A decision that the Ten will negotiate a binding agreement on Political Cooperation along the lines of our draft.

b) Strengthened machinery:

- Instructions to Political Directors to submit an agreed text to December European Council. base of support staff.

Arguments should plainly be based in Brussels and provided with staff of, say, five

- Agreement in principle to formalise and strengthen Political Cooperation would be significant political success for this meeting, and major step forward for Europe. Community external policy. Important that

oversees political and economic actions of Ten

- Discussions in Dooge Committee suggest that such agreement achievable. Have circulated text which is our view of what it might look like. Three central features: already have record of cooperation in this area, notably on CSCE.

- a) Formalisation of commitment to consult: cooperation, both as complement to Ten's political activity

- Consultation bedrock of Political Cooperation. Essential that we understand one another if we are to achieve joint action.
  - Prospect of enlargement makes it more important than ever that Ten establish rock solid commitments in this area, and observe them.
- b) Strengthened machinery:
- Absurd that after fifteen years Political Cooperation still has no permanent base or support staff.
  - Should plainly be based in Brussels and provided with small staff of, say, five officials.
  - Major rôle for this staff would be to maintain coherence between Political Cooperation and Community external policy. Important that overseas political and economic actions of Ten be in accord.
- c) Security:
- Ten already have record of cooperation in this area, notably on CSCE.
  - Time has come to strengthen such cooperation, both as complement to Ten's political activity



and as aspect of growing industrial integration.

- But such cooperation must clearly not cut across aims of Western Alliance.
- Hope we can make progress on this in way compatible with known sensitivities of partners. If not, prepared to work for arrangement under which those who do not want to participate need not.

- Should announce at end of meeting decision in principle to formalise and strengthen Political Cooperation. Instruct Political Directors to work up text on basis of UK draft for submission to December's European Council.

#### Their Objectives

- The maximalists (FRG, Italy and Benelux) may well want more, eg majority voting on certain matters, a greater rôle for the Community institutions in Political Cooperation, and a political level Secretary General.

- The minimalists (Greece, Ireland and Denmark) will question the need for closer cooperation on security, and Greece may well oppose the whole idea of formalisation. Revitalisation of WEU no substitute for greater activity in TSS. WEU does not have Ten's
- France is likely to have a position very close to ours.

Our Response document for negotiation. In UK no legal distinction between binding agreement and treaty.

- (Majority voting) Plainly inappropriate for Foreign Affairs matters. Would weaken, not strengthen, impact of Ten's views by casting doubt on unanimity with which they are held.
- (Political level Secretary General) No. Would undermine Presidency's leading rôle in Political Cooperation, and would fit awkwardly with Secretary General of Council. See new support staff as handmaid of Presidency headed by at most discreet senior official.
- (Links with Community) Draft text establishes clear link between two sides. But do not believe Community institutions should play greater rôle.

Community style decision making would paralyse political cooperation.

Our Objectives

- (Security) Revitalisation of WEU no substitute for greater activity in Ten. WEU does not have Ten's international profile. And Spain and Portugal not members.

- (Title of document) For negotiation. In UK no legal distinction between binding agreement and treaty.

Arguments

- Euraka provides opportunity to work out ways of bridging the technological gap between Europe and the US/Japan.

- The key is better exploitation of research: through the development of products which meet market requirements and measures to ensure they can be sold unhindered throughout Community.

vi) Technology, Including Eureka

Our Objectives

- To ensure the emphasis in Eureka is placed on exploitation of R&D and on bringing the companies themselves together.
- To secure agreement to UK ideas: high level group, Eurotype, specific projects/sectors.
- To fend off Commission attempts to take over Eureka.

Arguments

- Eureka provides opportunity to work out ways of bridging the technological gap between Europe and the US/Japan.
- The key is better exploitation of research: through the development of products which meet market requirements and measures to ensure they can be sold unhindered throughout Community.

- This will require progress on standards and opening up public procurement.

- We propose establishment of high level group of officials, open to all Western European governments, to follow up these and other ideas and to make recommendations before the end of the year.

- Need for new ideas too: we are proposing Eurotype warranty for high technology goods and services; this would guarantee uninhibited access to all European markets and encourage collaboration between enterprises.

- Ready to consider possible collaboration in some projects/sectors, eg . . .

#### Their Objectives

- The French will be seeking endorsement of detailed Eureka proposals which Dumas is planning to circulate prior to the Council. These may include specific project/sectoral ideas involving increased resources.



- The Germans, though generally holding views similar to our own, will not wish to obstruct French aspirations.
- The Commission, supported by the Italians, and the smaller EC states will be pressing for endorsement of their paper on a Technological Community (which amounts to a takeover bid for Eureka) combined with a renewed effort to get Community agreement to an increase in R&D spending.
- Dutch views are closest to the UK's but they too will want a significant role for the Commission.

#### Our Response

- Government-sponsored collaboration between enterprises will not help our firms compete with the US and Japanese who enjoy large domestic markets. Must bring together the companies concerned.
- Oppose duplication with existing collaborative arrangements, such as in the European Space Agency (ESA) and the Community's existing R&D programme.

- Commission's expertise and experience gives them an important role in certain aspects of Eureka. But the problem goes wider than the Community and other technically advanced European countries must be involved on an equal footing. Need for variable geometry within Community as not all EC states will be in a position to contribute to each sector.

- Important that those countries with companies already involved in each high tech sector should be able to collaborate on a commercial basis. Community framework not appropriate for this.

#### European Parliament

- The European Parliament needs to be more closely associated with the Community's policy making process and enabled to make a positive contribution to decision-taking. It needs more influence over decisions.

- Parliament itself can do much to enhance its involvement in decision-taking by:

v) Powers of the European Parliament

Our Objectives

- To steer discussion away from any increase in the powers of the European Parliament and towards enabling it to play a more positive role within the existing Treaties.

Arguments

- Parliament has substantial powers already: problem is how to use them better.

European Parliament

- The European Parliament needs to be more closely associated with the Community's policy making process and enabled to make a positive contribution to decision-taking. It needs more influence over decisions.

- Parliament itself can do much to enhance its involvement in decision-taking by:

- targeting its opinions more precisely and ensuring that they contain clear recommendations for action by Council or Commission;
  - making each year a small number (3 or 4) carefully prepared proposals of its own, in consultation with the Commission, for Community action.
- These steps would not undermine the power of
- There must be an active partnership between Council, Commission and Parliament, including real consultations between Council and Parliament, particularly on new proposals of major importance, along the following lines: work towards agreement in partnership.
- Commission issues green paper;
  - Parliament considers in committee, and gives initial reactions. EP Committees could then hold hearings on Commission proposals - of the kind which occur in national parliaments.
  - Committees could suggest amendments to legislation proposed;
  - Parliament to approve all association and
  - Council has preliminary exchange of views;

- Commission takes account of Parliament's views in drawing up its definitive proposals, which are then referred to the Council;
- joint meeting of EP representatives, Commission and Ministers to exchange views, providing for real Council/Parliament consultations.
- These steps would not undermine the power of initiative of the Commission and its prerogative to make proposals. They would, however, enable the European Parliament to influence proposals at a formative stage and would encourage the Commission, Council, and Parliament to work towards agreement in partnership.

- Article 38 of Spinelli Draft Treaty on

Their Objectives

- on taking would be recipe for endless dispute and stalemate because no clear rule of
- To press for Treaty amendment to increase European Parliament's powers, as in Dooge Report:
  - joint decision making with the Council;
  - increasing supervision of various policies and control over Commission and over PoCo;
  - Parliament to approve all association and accession agreements;



- Parliament to have revenue-raising responsibilities.
- abolition of distinction between DO/DNO.

Our Response

- Decision-taking: Dooge Report does not specify who would have last word.
- Co-decision taking equals no decision taking.
- How could co-decision taking be made to work? Who would have last word? If no one did, confusion and deadlock.
- Article 38 of Spinelli Draft Treaty on co-decision taking would be recipe for endless dispute and stalemate because no clear rule on the last word.
- Supervisory powers: Parliament already supervises Commission (has power to dismiss under EEC Treaty); inconceivable to give Parliament supervisory powers over Member States' external policy consultations in PoCo.

- Association and accession agreements: Dooge Report very vague on these: would all agreements be submitted for Parliament's approval, however minor? Most national Parliaments do not have such sweeping powers in respect of their countries' external agreements.

- Revenue raising powers:

- increase in budgetary powers in 1975 not conspicuous success. Parliament has attempted to exceed its powers as laid down then;
- if Parliament given ability to raise revenue, it would have power while member governments would still have responsibility - they would have to answer to electorates;
- No public support in Europe for yet another revenue raising body. Parliament no guarantee of fair or reasonable decision.

[Only if necessary]

Abolition of distinction between obligatory / non-obligatory spending (D/Brno)

- Could agree to consider provided that it was formally agreed that budgetary control arrangements, ie the application of the reference framework and the agricultural guideline were accepted as binding on all

the institutions in their consideration of the budget.  
would be inequitable. If a tax on consumption, would

- at This would be in accordance with EP's wish that  
agricultural spending should not increase as a the  
percentage of the total budget.

- In the absence of such arrangements there would be  
no effective budgetary control.

Should European Parliament have role in determining  
what counts as very important national interest?

- By definition, European Parliament cannot decide what  
constitutes national interest of each Member State -  
the subjects on which governments could be voted down  
or censured by their national parliaments.

- Assigning matters to European Parliament no guarantee  
of fair or reasonable decision.

Power of the Parliament to raise tax in specific areas,  
eg Energy Tax.

- Again a question of power without responsibility.

- What kind of tax envisaged? If a tax on production, would be inequitable. If a tax on consumption, would not be acceptable to national parliaments. Quickest way to cause grave public disenchantment with the European Parliament.

- While national governments struggle to contain public expenditure, extremely foolish to stoke the fires of public spending by giving more power to Parliament in this area.

- Terrorism, internal security, education not suitable areas for Community competence as such. Already mixed Councils on education and culture. Not really appropriate to try to extend Community as such, including jurisdiction of the Court etc to education, internal security. But the member states could agree to intensify their cooperation in these areas.

- Flexible and generally unburdensome arrangements have grown up to meet specific needs.

vi) New Areas of Cooperation

convening regular meetings of specialist ministers

General nagging over limits of Community competence.

- UK strongly supports development of more effective cooperation in areas of common interest.

- Great deal going on already in very practical manner in education, culture, health, research, internal security etc.

Education

- Terrorism, internal security, education not suitable areas for Community competence as such. Already mixed Councils on education and culture.

handicapped, and joint study programmes between EC

- Not really appropriate to try to extend Community as such, including jurisdiction of the Court etc to education, internal security. But the member states could agree to intensify their cooperation in these areas.

- Flexible and generally unbureaucratic arrangements have grown up to meet specific needs.

1982-83 at least 78,000 British School children visited Member States on exchanges).



- Community has shown flexibility too, eg in  
convening regular meetings of specialist ministers  
without haggling over limits of Community competence.

establish basis for cooperation over next few years.

- Important contribution of other organisations in  
these fields (Council of Europe, OECD, European  
Foundation, WHO, Pompidou group).

- Variety of proposals currently under discussion in

For defensive use only of any institutional difficulty  
in reaching agreement.

#### Education

Looking forward to the establishment of the

- 1976 Resolution on cooperation in education covered  
language training, illiteracy, provision for the  
handicapped, and joint study programmes between EC  
universities. has agreed to two symbolic measures:

European City of Culture and European Sculpture

- Active measures taken in all these areas. Emphasis  
on exchanges of experience between Member States with  
support from Commission. also proceeds bilaterally (UK

has conventions with all EC member states except

- More substantive cooperation conducted bilaterally  
(eg teacher exchanges and student exchanges. In

1982-83 at least 78,000 British School children visited  
Member States on exchanges).

- Council of Europe and OECD actively engaged too.
- Might be opportune to review 1976 resolution to establish basis for cooperation over next few years.

Culture

- Variety of proposals currently under discussion in Community. Not aware of any institutional difficulty in reaching agreement.
- Looking forward to the establishment of the European Foundation which will promote mutual understanding between people's of Europe.
- Community has agreed to two symbolic measures: European City of Culture and European Sculpture Competition.
- Cultural cooperation also proceeds bilaterally (UK has conventions with all EC member states except Ireland where direct contacts make this unnecessary) and in other European fora (eg Council of Europe).

Health Abuse important issue. Cooperative efforts on  
combating this in Pospisil group (in Council of Europe

- Already informal cooperation on health questions  
where this is appropriate and useful.

- Some Community legislation in this field (free  
movement of health workers, trade in pharmaceuticals).

- Three proposals for cooperation in public health  
measures currently under consideration:

- aluminium toxicity in renal dialysis
- toxicology initiative leading to September 1984
- European health card.

- See no need for more formal cooperation within  
Community context. Favour EC Health Ministers reaching  
agreement in informal session on measures such as  
these.

- Not a suitable area for formal Community

- This avoids unnecessary bureaucratisation in an  
area where need is above all for operational  
effectiveness.

- Care must be taken not to cut across work in other  
forums such as WHO.

- Drug Abuse important issue. Cooperative efforts on combatting this in Pompidou group (in Council of Europe framework) which EC Health Ministers have agreed should be strengthened.

- To broadly endorse the Committee's report without re-opening negotiations on its recommendations.  
- This is best way to ensure effective Community involvement.

#### Terrorism

- UK strongly in favour of closer cooperation among the Ten (eg our initiative leading to September 1984 agreement on combatting problems of terrorism and diplomatic immunity).

- 1984 agreement illustrates right approach.  
Cooperation should be pursued in PoCo or TREVI.

- Not a suitable area for formal Community competence.

- The Committee have done a good job. They have not been able this time to include so many specific proposals but after protracted discussion they have made clear recommendations on how further work on the important topics covered should be pursued. We should

C. REPORT OF THE COMMITTEE ON A PEOPLE'S EUROPE

Our Objectives

- To broadly endorse the Committee's report without re-opening negotiations on its recommendations.
- To highlight the recommendations on which the United Kingdom is most positive.
- To note that some progress has been made in implementing the Committee's recommendations to the March European Council (eg decision taken on travellers' allowances - a British proposal).
- To resist any attempt to prolong the Committee's life.

Arguments

- The Committee have done a good job. They have not been able this time to include so many specific proposals but after protracted discussion they have made clear recommendations on how further work on the important topics covered should be pursued. We should



not undo this work; instead we should give a broad endorsement of their recommendations and invite the Council or other competent authorities to follow them up.

Their Objectives:

- United Kingdom continues to put the stress not on symbolic measures but on proposals which will be of practical benefit to individual citizens, in particular on youth exchanges, education and language training and simplification or removal of the complicated forms needed for getting medical care when away from home in another member state. Welcome Committee's special stress on reducing the burden of legislation on the citizen.

- Support proposal for concerted action by member states on football hooliganism.

- On television, the United Kingdom supports the suggestion that some broadcasting chains might set aside a part of their revenue for co-productions. This initiative originated with the broadcasters themselves and is on sound commercial principles.

- Follow-up is for member states, the Council or individual organisations. The Committee has provided a useful impetus but has no further role.

#### Their Objectives

- The Italians are likely to press for immediate commitment to dramatic measures - for example, a Community television co-production fund - which are likely to cost money. There may be support from others for this.

#### Our Response

- Wrong to take ill-considered decisions. Interested organisations should be consulted first. The need for new Community funding has not been demonstrated.

- Action is needed on Community level too to complement national action. Welcome Commission response to European Council conclusions and efforts so far to review burdens on businesses. We believe permanent machinery should be set up to vet future proposals.

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D. DEREGULATION

Our Objectives

- To maintain the momentum built up at the last European Council on deregulation and to secure mention of deregulation in the conclusions.

Arguments

- As last European Council recognised, freeing industry from unnecessary red tape helps growth and creates jobs.
- On a national level we are tackling the problems of over burdensome regulations across the board.
- Action is needed on Community level too to complement national action. Welcome Commission response to European Council conclusions and efforts so far to review burdens on businesses. We believe permanent machinery should be set up to vet future proposals.

- The UK has given Commission a list of 39 measures, in force or under negotiation which we consider burdensome. We have also encouraged UK industry to make an input to Commission both directly and through UNICE. Hope other member states will do likewise.

- Look forward to determined action by Commission in remainder of 1985 and full report to Luxembourg European Council.

#### Their Objectives

- The Italian Presidency, possibly supported by the Greeks, may wish to avoid further mention of deregulation in European Council conclusions.

- The Commission will wish to avoid criticism of its work to date or to being tied down to specific actions between now and the December European Council.

#### Our Response

- Recognised in March that deregulation was important aspect of economic recovery and generation of an enterprise culture in Europe.



- Would be giving wrong signal if we failed to reassert importance of deregulation at this stage.
- Hope all member states will look at proposed and existing domestic legislation with a view to considering whether the burdens imposed are disproportionate in relation to the benefits gained. We are all agreed that the cumulative effect of these regulations is damaging, particularly to the growth of small businesses.
- Commission are gearing up to do this on a Community level. Believe a special unit should be set up to consider effects on businesses of all proposed legislation.