

GR 500

## RESTRICTED

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FRAME INSTITUTIONAL/STRUCTURAL  
DESKBY 260800Z  
FM UKREP BRUSSELS 251732Z JUN 85  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 2397 OF 25 JUNE  
INFO ALL E C POSTS (EXCEPT BRUSSELS)  
INFO SAVING BRUSSELS.

### DE-REGULATION.

#### SUMMARY.

1. DELORS READY TO MAKE ORAL PROGRESS REPORT TO MILAN EUROPEAN COUNCIL. COMMISSION CONSIDERATION OF INTERNAL PAPER PROPOSING ESTABLISHMENT OF GROUP OF DIRECTORS TO CARRY WORK FORWARD POSTPONED FOR 1-2 WEEKS.

#### DETAIL.

2. LIEBHABERG (DELORS CABINET) HAS CONFIRMED TO US THAT DELORS WILL REPORT ORALLY AT MILAN ON PROGRESS SINCE THE MARCH EUROPEAN COUNCIL. ACCORDING TO BOTH DEFRAIGNE (DG III) AND PETITE (COCKFIELD'S CABINET), HE WILL HAVE AS BRIEFING A DRAFT INTERNAL COMMISSION COMMUNICATION (TEXT BY MUFAX TO ECD(I)).

3. THIS DOCUMENT IS THE LATEST VERSION OF THE PAPER DRAWN UP BY DEFRAIGNE (BENDER'S LETTER OF 14 JUNE TO TWYMAN REFERS). IT ADVOCATES THE ESTABLISHMENT WITHIN THE COMMISSION OF A GROUP OF DIRECTORS TO CARRY WORK FORWARD, WITH THE FOLLOWING TASKS :

(A) IMPROVEMENT OF THE BUSINESS ENVIRONMENT (EG. RE-INFORCEMENT OF FAIR COMPETITION : ENSURING THAT NATIONAL LEGISLATION DOES NOT IMPOSE OBSTACLES : CUTTING OUT RED TAPE AT NATIONAL AND E C LEVEL - IN THIS CONTEXT IT IS EXPRESSLY PROPOSED THAT THE COMMISSION SHOULD SCRUTINISE EXISTING E C LEGISLATION AND EXAMINE EACH NEW PROPOSAL SO AS TO ASSESS AND IF POSSIBLE REDUCE ITS COST TO BUSINESS : WORKING OUT RECOMMENDATIONS FOR MORE MARKET FLEXIBILITY : AND ALLEVIATING FISCAL PRESSURES AND BRINGING DOWN SOCIAL SECURITY CHARGES).

(B) SPECIFIC ACTIONS TO ENCOURAGE THE START-UP OF NEW ENTERPRISES (EG SPECIFIC MEASURES FOR LABOUR MARKET FLEXIBILITY DURING THE START-UP PHASE : BETTER ACCESS TO BANKING FACILITIES FOR SMES : IMPROVED AVAILABILITY OF EQUITY CAPITAL : IMPROVED INTER-FACE WITH ADMINISTRATIONS OVER START-UP FACILITIES).

(C) SPECIFIC ACTIONS TO START UP HIGH TECHNOLOGY AND EXPORT ORIENTED SMES (NO EXAMPLES ARE GIVEN).

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4. IT IS PROPOSED THAT THE GROUP OF DIRECTORS WOULD SET UP WORKING GROUPS DEALING WITH SPECIFIC AREAS OF E C LEGISLATION, WHICH WOULD EXAMINE ALL PROPOSALS LIABLE TO IMPOSE ADMINISTRATIVE BURDENS WITH THE AIM OF LIMITING COSTS FOR UNDERTAKINGS AND MAKING SUCH COSTS AS TRANSPARENT AS POSSIBLE. THE PAPER PICKS UP OUR IDEA THAT EVERY COMMISSION PROPOSAL LIABLE TO AFFECT UNDERTAKINGS WILL BE ACCOMPANIED BY AN IMPACT ASSESSMENT.

5. PRESENT THINKING IS THAT THE GROUP OF DIRECTORS WOULD REPORT TO A TRIUMVIRATE OF COMMISSIONERS HEADED BY DELORS (THE OTHER 2 BEING COCKFIELD AND NARJES).

6. ALTHOUGH THE ORIGINAL INTENTION HAD BEEN FOR THE COMMISSION TO CONSIDER THIS PAPER ON 26 JUNE, DISCUSSION HAS BEEN PUT OFF FOR 1-2 WEEKS (MAINLY, IT SEEMS, BECAUSE OF PRESSURE OF OTHER BUSINESS FOR MILAN, PARTICULARLY ON NARJES' SIDE). NEITHER DEFRAIGNE NOR PETITE REGARD THE POSTPONEMENT AS BEING SINISTER. MILAN WILL IN ANY CASE PROVIDE AN OPPORTUNITY FOR US TO GIVE A FURTHER IMPETUS TO THE COMMISSION.

### FCO ADVANCE TO:

FCO - RENWICK WALL SAWERS  
CAB - WILLIAMSON JAY BOWEN TWYMAN  
DTI - KEMMIS BRECKNELL  
TSY - FITCHEW

BUTLER

(ADVANCED AS REQUESTED)

FRAME INSTITUTIONAL  
FRAME STRUCTURAL  
ECD(1)

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