

A:\EURO

EUROPEAN COUNCIL - SPEAKING NOTE

Mr. Chairman, I know we have only little time. I will try to cover all the main issues which I want to raise in this single intervention.

Can I start by mentioning something which is not on the agenda and that is the GATT negotiations. Our Trade and Agriculture Ministers astonishingly failed once again yesterday to resolve the problems over this. I cannot see how we can fail to discuss it here.

We have a situation where the European Community, alone among all the major trading nations and quite a few minor ones, has failed to meet its obligation to put a negotiated proposal on the table. We committed ourselves unequivocally last December - under the French Presidency - to make substantial and

progressive reductions in agricultural support. The Commission's proposal is the minimum which we can do to meet this solemn undertaking.

Our failure is bad for the Community's reputation, bad for the world trade system, bad for our relations with the United States and bad for the developing countries. At worst, it could precipitate the collapse of the open world trade system which has brought us so much prosperity. It will make the Community look a closed and protectionist institution instead of a champion of great economic freedom. And there could hardly be a worse time to pick a quarrel with the United States when they are doing more than any of us to defend Western interests in the Gulf - not to speak of the

tremendous support which they gave for German unification.

It is also rather ironic that we should be planning to devote most of our agenda to political, economic and monetary union at the very moment when we are demonstrating our inability to take decisions on urgent current business, of vital importance to people in all our countries whose prosperity depends very much on a successful GATT round.

It is even more ironic that those who are loudest in their protestations about European union are those who are most determined to defend their national interests and put aside the Community and its wider interests in this

TVB

we want a good outcome  
in the Gulf (including German  
practical help with the Arm<sup>d</sup> Brigades)  
and a peaceful outcome if possible on the IGCS.

[ This shd be  
for from  
conference.  
If the knife is  
knives too far in  
the name there will be  
neutralisation as  
other items ]

case. It does underline once again that it's not what you say that counts, it's what you do.

The Commission's proposals involve some hardship and sacrifice for all of us and our farmers. Some of us are prepared to accept that in the interests of the Community, in the interests of wider free trade and in the interests of relations with the United States. It is once again ironic that those whose farmers are already the richest in the Community are those least willing to make the necessary concessions.

I understand that at one stage yesterday agreement was not far off, and with a some flexibility from there opposed to the Commission's proposals might have been achieved

*Again, for pm conference*  
[OPTIONAL PARAGRAPH]

For instance:

*if the whole Summit is bad tempered*

- Germany's agriculture has the lowest share of GDP of any Member State;
- the proportion of farmers with other gainful employment is higher in Germany than in any other Member States;
- national aid to farmers is already three times higher in Germany than in the United Kingdom;
- farm income in Germany last year was up 38 per cent while in Britain it was down 21 per cent.

It is astonishing that in these circumstances Germany should be one of the countries blocking agreement and causing damage to the Community's reputation.]

Our first task at this meeting must be to reaffirm publicly our commitment to a successful outcome to the GATT negotiations. We must give clear instructions to our Foreign, Trade and Agriculture Ministers to agree, within the next few days, the proposals put forward by the Commission for the Community's negotiating position. If we fail to do that, not only shall we lose all credibility in the eyes of the world, the credibility of our other discussions on political union and EMU will look very threadbare indeed. It's no good taking refuge in the future and in

grandiloquent declarations because we lack the will and the sense of responsibility to solve the problems of today. ✓

Turning to the Presidency's report on political union, I would like to pick out just a few points. First, there is clearly still a very long way to go before we have anything which could be the basis for decisions. The report is in effect a long list of all the proposals which each Member State and the Commission have put forward at one time or another. There is a great deal to be done to reduce it to manageable proportions, and I do not think we can do more at this stage than take note of it and ask Foreign Ministers to continue their work.

*We have our own ideas for ~~modest~~ and practical improvements in the way our institutions work and we shall continue to play a constructive part in discussions for this purpose.*



But may I just repeat that, in Britain's case, we are not prepared to move towards a Federal Europe or one in which the Commission becomes a sort of European Cabinet with the Council of Ministers being relegated to the position of a Senate (and I say that with all respect to the Senate in whose building we are meeting). We intend to maintain our sovereignty, our nationhood and our institutions and to continue to govern ourselves, not to be governed from elsewhere.

The report talks about security or defence co-operation. I have no objection to discussion of that. But we must always remember that NATO is the body in which we deal with defence, with the Americans present: and it would be a great mistake to start anything in the Community

which led to the unravelling of the commitment in Article 5 of the Revised Brussels Treaty, whereby nine of us are committed to come to the defence of any one of our number whose territory is attacked.

On foreign policy, we can improve our co-operation certainly. But it is no good trying to force us into a mould. We each have our own view of our national interests. And many of us have a tradition of playing a role in the world which we intend to continue. The only way to make progress is to continue to work on the basis of consensus.

Britain has made a number of specific proposals which I hope will be followed up. We have suggested that the European Parliament be given

a more active role in monitoring how the Community's money is spent. We are all very much aware of examples of waste and of fraud. We have made proposals to improve the efficiency of Community institutions. People want good government, whether at home or in Europe and it is our duty to provide it. We have made proposals for better ways of ensuring compliance with Community decisions: it is no good our sitting here and taking decisions and then finding that many countries fail to implement them. It is perhaps not very polite to mention it, but the latest Commission figures show that our kind hosts have still to implement 62 single market directives.

We have also proposed that the subsidiarity should be included in the Treaty and given

practical effect. Sovereignty is and will remain for the individual Member States. The Community's powers come only from what the Member States grant it by their own sovereign decision. The basic rule should be that Member States continue to do everything which can be done better by national governments; and the Community comes into action only when the Member States themselves decide that we can be more effective by doing something together.

On EMU I think it would be a pity if this meeting showed us publicly at odds, before the Intergovernmental Conference has even started. There are indeed some very profound differences of view. Those of us who believe in the sovereignty of national Parliaments, and who see a nation's currency as a crucial

expression of its sovereignty simply cannot commit ourselves to give that sovereignty away. We would never get such a decision through our Parliament. But we have made proposals for a common currency - a hard écu - and for a new institution, the European Monetary Fund. They could offer a practical way forward.

There is a great deal still to be discussed. But if this Council is to see an attempt to constrain discussion, to pre-empt the conclusions of the Intergovernmental Conference before it has ever started and set artificial deadlines for stages of monetary union which we have not even yet defined, then I must tell you that these attempts will fail. We shall not be able to agree to them. It would be much better to go on working for practical progress and

come back to this issue in December - which is when we originally envisaged a discussion, before this exceptional Council was called.

Finally, on aid to the Soviet Union, we cannot reach any decisions on economic assistance until the IMF has reported. But there may be ways in which we could help through technical co-operation, management advice, and, in particular, through the very interesting proposal put forward by Ruud Lubbers last time for energy co-operation. I hope we can take that forward.

SUBJECT CC OPS.

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