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THE MINISTER OF STATE

The Rt Hon Sir Geoffrey Howe QC MP  
Secretary of State for  
Foreign & Commonwealth Affairs  
Foreign & Commonwealth Office  
Downing Street  
LONDON SW1

9 November 1983

*Dear Geoffrey,*

ENERGY COUNCIL

In Peter Walker's absence in China, I represented the UK at the Energy Council on 4 November.

For once, there seemed more disposition to move towards a compromise on outstanding items of Community business. On coking coal (a measure of concern only to the Germans), the Commission is to prepare a new proposal to provide support at an average of 3.6 ecu per tonne, up to a maximum of 10 m tonnes. Such a scheme would last for three years, with provision for support to tail off in the third year. On demonstration projects, a consensus began to emerge around 300 mecu for three years only, counting 1983 as the first year. However, the Dutch, French and Germans still believe this figure is too high - as do we, though for tactical reasons I let the French and Germans make the running here.

I could not say that discussion on solid fuels led to any closer agreement on the need to adopt measures to promote investment in economic production, nor to the need for more Community help with the social costs of restructuring the industry. However, with my prompting, the Presidency helpfully linked progress on all four items (ie coking coal, demonstration projects, social costs of restructuring and investment in solid fuels), and are to convene a further Energy Council in December at which these four items are to be considered further. The Council adopted some further conclusions on solid fuels which recognise that solid fuels are an essential element in the Community's energy strategy, and which call upon the Commission to submit the necessary elements for a programme in order to make progress at the December meeting.

I made it quite clear that we could block progress on the outstanding items of Energy Council business if satisfactory progress on solid fuels was not reached at the December Council. That leaves all our options open until after the Athens Summit. Naturally, we shall need to consider urgently in the light of progress on future financing, and the possible role of new policies in that context, what our line should be at the December Energy Council.

*Yours ever,  
Alick*

ALICK BUCHANAN-SMITH

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