



PM/84/49

PRIME MINISTER

Prime Minister.
 shall I say that you note the Foreign
 Secretary's conclusion in para. 6, pending a decision
 on a female candidate?

Yes not

A.F.C. 14/3.

Next President of the European Commission

1. Community Heads of State and Government should decide on the next President of the European Commission at the European Council in June. Following tradition, this would give the President-elect time to visit member governments and consult with them about the Commissioners who should take office at the beginning of January.
2. You indicated to Chancellor Kohl on 9 November 1983 that if the German government were to put forward a good candidate you would support him. Kohl has still not come forward with a candidate, but when he saw you on 28 February last he said he would do so. From what we hear he has not so far been able to find someone of the right quality. We certainly would not wish to support a second-best candidate who could negate our purpose of securing a President who would be in tune with our own thinking on the main Community issues.
3. Two candidates have already let their names go forward. On 6 March the Danish Foreign Minister told me that Christophersen, the Danish Deputy Prime Minister and Minister of Finance, was interested in the job. As the Danes have not so far held the Presidency, they may claim that their candidate should have prior consideration. He is, in my experience, a competent and sensible man, but I am not sure whether he has the qualities necessary to pull the Commission out of its present troubles and discontents, and ensure that it can play the role it should as a competent manager of Community business as well as a reliable source of initiative and advice. Furthermore I am afraid that any Dane would be unlikely to be sympathetic on such issues as budgetary discipline and budgetary imbalances.

/4.



6. I have had an informal word about this with Nigel Lawson, Norman Tebbit, and Patrick Jenkin, who are inclined to share my views. These are of course still early days, and we have yet to see whether Kohl will produce a good German candidate whom we could support. But if he should fail to do so, I think that between Christophersen and Davignon we should go for Davignon. With his skill and experience he should do us - and the Community - pretty well as President of the Commission.

7. I am copying this minute to Lord Whitelaw, Nigel Lawson, Norman Tebbit and Peter Walker.

A handwritten signature in blue ink, appearing to be 'G. Howe', written in a cursive style.

GEOFFREY HOWE

Foreign and Commonwealth Office

14 March 1984



FILE
HL

bc Pc

10 DOWNING STREET

From the Private Secretary

15 March 1984

Next President of the European Commission

The Prime Minister has seen the Foreign and Commonwealth Secretary's minute of 14 March. She has noted Sir Geoffrey Howe's conclusion that if Chancellor Kohl fails to produce a good German candidate whom we could support, our choice should fall on M. Davignon.

I am copying this letter to Janet Lewis-Jones (Lord President's Office), John Kerr (H.M. Treasury) Callum McCarthy (Department of Trade and Industry) and Michael Reidy (Department of Energy).

A. J. COLES

Roger Bone, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

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EXTERNAL TRADE

1. Newsprint: Davignon put pressure on Italy (e.g. telephoning Andreotti), essentially on our behalf, to agree to an autonomous supplement to the 1983 EC duty-free quota. He equally suggested (at the December Council) a helpful (for the UK) compromise of an initial 1984 quota level of 500,000 tonnes plus a Council review in April (again against Italian opposition).

2. Japan: Video Tape Recorders:

The arrangement (negotiated by Davignon in November) under which units come in free of restraint, provided that certain local content thresholds are subsequently met, fully met UK needs. Other Member States, notably France, would have preferred a more restrictive line. The understanding shown by Davignon of UK interests in inward investment in this case contrast with the line that DGIII have so far taken on Yamazaki.

3. Japan: Colour TV Tubes:

Davignon's personal intervention secured increased supplies for UK TV manufacturers effectively by breaching the EC restraint ceiling. Other Member States were not told.

/Comment



Comment:

- (a) Davignon was prepared to respond to personal, political appeals from UK Ministers in
- (b) allowing in imports against what other Member States (and perhaps DGIII) saw as cases of EC preference. UK needs on both VTR units and CTV tubes reflected our special interest in inward investment from Japan.



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STEEL

1. The Community's steel policy overall is largely Davignon's inspiration. No one can gainsay his holding it together in moments of crisis. It is a policy in which we see merit and from which we derive benefits (the more so as other Member States' industries close capacity).

2. Within the overall steel policy, Davignon has been helpful to the UK:

he has shown willing to become personally involved in quota questions and (if late) delivered his promises. Slowness in delivery has at least partly been the fault of his services. It has not been wholly unreasonable of him, either, to expect HMG to do more to help itself (e.g. in influencing BSC to release quota to the UK private sector).

He was undoubtedly very helpful in giving the political steer to his services to help Sheerness over abatement of fines for overproduction and quota.

He has twice cut the ground from under Andriessen (when UK Ministers were in difficulties over state aid to BSC and restructuring) by suggesting compromises and ways out.

/RESEARCH



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RESEARCH AND OTHER AREAS

1. No particular examples, although Davignon's role in the Yamazaki case was a little disappointing. The Research field is a prime example of Davignon's drive and imagination in creative empire-building at the European level.

ENERGYPositive

1. Exchange of letters on North Sea issues:

These issues involve essential UK interests (e.g. the landing requirement) which are potentially vulnerable under the Treaty. Davignon proved outstandingly sensitive and helpful in 1980 in taking these issues out of the hands of the legal services and ensuring that the exchanges of letters were negotiated politically, with his Cabinet.

2. Solid Fuels:

Davignon proposed in 1983 an investment regulation, a stocks regulations and EEC budget transfer for coal social measures all intended to give particular benefit to UK. Whilst these coincided to some degree with his energy policy aspirations, the need for new policies of particular benefit to UK was also a factor.

3. Chapter VI: Euratom:

Major UK non-proliferation issues are involved in the revision of this outdated part of the Euratom Treaty. Davignon noted these interests and his proposals accommodate them to a large degree.

Neutral4. Energy refund regulation:

Davignon was instrumental in persuading Commission to delay its proposal to implement 1983 refund agreement. But 1982 energy refunds were paid promptly, and he was not unhelpful over UK difficulties for 1983 (e.g. ^{whether} over projects should be new).

Negative

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5. Super Sara

Davignon put up a hard fight to save this uneconomic project, partly, at least to demonstrate loyalty to Ispra staff. He refrained, however, from committing further funding to it once doubts about its future became clear, and it was at his suggestion that a panel of three wise scientists was set up to review its effectiveness. When the panel found against the project, Davignon rapidly accepted cancellation.

Negative

6. Oil stocks:

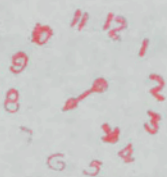
Davignon persisted with proposal to increase protective level of stocks, despite UK opposition, and was not receptive to arguments that there is less justification for UK, as an oil producer with substantial reserves to incur costs of increased stocks.

Comments

7. The record in the energy field is, on balance, helpful to the UK, and for the most part corroborates Davignon's sensitivity to major political preoccupations. One of Davignon's few errors of judgement also occurred in this field (failure to seize the best deal going in March 1983 on energy demonstration projects). But realism and pragmatism remains the keynote here, as elsewhere.



14 MAR 1984





ck. (2)

Prime Minister.

PERSONAL AND CONFIDENTIAL

A.S.C. 6/4.

PRIME MINISTER

The Foreign Secretary minuted you on 14 March about the selection of the next President of the European Commission. From my travels in Europe I very much agree with the Foreign Secretary's choice of candidate from those available. Davignon is by far the best.

I am copying this to the Lord President, the Foreign Secretary, the Chancellor and the Secretary of State for Trade and Industry.

SECRETARY OF STATE FOR ENERGY
5 April 1984

Euro-Pol: Appt. of President #2



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