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Foreign and Commonwealth Office

London SW1A 2AH

19 July 1984

Dear Charles,

European Community: Portfolios in the Next Commission

I enclose a paper on the portfolios we might aim for in the next Commission.

Sir Geoffrey Howe agrees that our ability to secure the portfolios we want will depend crucially on the qualifications of our nominees for the new Commission. We should aim to retain the Budget portfolio if we can, but it will be very difficult to do so as we have held it for eight years and Mr Tugendhat will be leaving. We should therefore aim alternatively for the main internal market portfolio combined either with industry or services, including insurance. The paper deals also with the possibilities for portfolios for our second Commissioner.

We have not of course cleared this paper with other Departments, though we believe that the Treasury and DTI would support this broad approach. I should be grateful if you would, in due course, let us know if you would like us to circulate a paper on these lines more widely, for the views of other Departments.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

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Prime Minister
Agree to circulate to
other departments for
eventual Ministerial
discussion?
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10 DOWNING STREET

20 July 1984

From the Private Secretary

European Community: Portfolios in the Next Commission

Thank you for your letter of 19 July enclosing a paper on portfolios in the next Commission. This was very helpful background for the Prime Minister's meeting with the Leader of the Opposition this morning, on the subject of the Commission.

I suggest that you circulate the paper for the views of other departments, with the aim of putting agreed recommendations to the Prime Minister by 1 September.

Charles Powell

C.R. Budd, Esq.,
Foreign and Commonwealth Office.

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EUROPEAN COMMUNITY: PORTFOLIOS IN THE NEXT COMMISSION

Procedure

1. Dr FitzGerald is expected to announce formally the appointment of M Delors as the next President of the Commission in his speech to the European Parliament on 25 July. Thereafter the President-designate would visit the capitals of all member states to discuss national nominations for their Commissionerships with the heads of government. His aim will be to try to influence governments to appoint people he feels he can work with. In practice it is open to governments to insist on their own nominees.

2. the new Commissioners then would normally be appointed 'by common accord' by the governments of the member states (Article 158 of the Treaty) in the margins of the December Foreign Affairs Council. The President might convene an informal meeting of the Commissioners-designate in December, so that they can get to know each other and have a preliminary discussion of portfolios. The allocation of portfolios takes place at the first meeting of the Commission in early January, with the President of the Commission playing a central role, since it is he who has to reconcile the conflicting demands of his colleagues.

Portfolios

3. Member states have no formal role in the allocation of portfolios. But by convention as a major state we are entitled to expect one of the major portfolios. In discussing our possible candidates with M Delors - probably in the autumn - the Prime Minister will wish to make clear from the outset the portfolios for which we think they will be particularly well qualified. It follows that the personal qualifications and standing of the British Commissioners-designate, together with their expressed wishes and those of the Government, will strongly influence their chances of getting any particular portfolio.

4. The Commission operates on a collegiate basis. The ability of our nominees to exert effective influence as Commissioners will depend no less crucially on their personal qualifications and ability to operate successfully in the Brussels

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environment. Davignon's success in accumulating power within the Commission has been an outstanding example of this. The new Commission, initially, will still consist of 14 members. With the accession of Spain and Portugal in 1986 the number will probably rise to 17. Within the enlarged Commission there will be a stronger tendency than ever for an inner cabinet to be formed, and it will be essential to the pursuit of our interests in the Community that the British candidates should be of a calibre which will ensure that our leading Commissioner forms part of that inner group. An ability to operation^a effectively in French is virtually a sine qua non for real influence within the Commission. We cannot assume that portfolios will remain the same as in the existing Commission. There will be some re-distribution and we ourselves have been considering suggesting the creation of a combined internal market/services portfolio.

The British Interest

5. What we need out of the new Commission is better internal management, budgetary control, the development of the internal market and sensible industrial policies. We should consider against these objectives the portfolios for which we might aim with reasonable prospects of success.

6. It would not normally make sense to aim for British Commissioners to be heads of Directorates General in which there are already British Directors General. Mr Fielding is Director General for External Relations and exerts a great deal of influence on external trade policies. If there were a British Commissioner, he would be moved. Since the External Relations Commissioner spends much of his time travelling, he may be absent for important collegiate discussions in the Commission. In general our interests are likely to be best served by keeping our Directors General where they are and bidding for other key portfolios. Mr Steele is doing a good job as Director General for Transport and Mr Audland as Director General for Energy. We need to secure influence in areas of real importance for the future, and where our interests are less well represented.

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7. It is not usually possible to secure portfolios in areas where a given member state is considered to hold views at one end or the other of the spectrum of Community opinion. We would have no chance of securing the Agriculture portfolio. We should probably not be able to secure the Economic Affairs portfolio so long as we are not participating in the exchange rate mechanism of the EMS. Retention of the Budget portfolio would be of great interest to us, but would be extremely difficult to achieve with Mr Tugendhat leaving, as we have now held it for eight years. The Fisheries portfolio would also be very difficult to secure, and is of somewhat less interest now that the main features of the Common Fisheries Policy have been settled.

8. There are other portfolios of real importance and interest to us. In particular we should aim for the industry portfolio, and that to do with the internal market, services, etc. There seem likely to be two portfolios covering this area in the new Commission. We should make it clear that if we are to be satisfied with industry as our major portfolio, it must include the internal market responsibilities. In other words we should argue that there should be a single Commissioner covering the responsibilities of Directorate General 3. Alternatively, we should aim for a combined internal market and services portfolio, including insurance (from DG15). Otherwise we should seek to retain the Budget portfolio; and we should put in a strong bid for that portfolio in any event, since it would be in our interests to secure it if we can; and because such a bid could help to ensure that, if we cannot retain the Budget, we secure a really substantial internal market portfolio.

9. As regards our second portfolio, it has been suggested that we should bid for Development. In that event we should have to be prepared to move fairly rapidly in September to a consensus on the future size of the EDF. We should not exclude the possibility of bidding

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for that post. In any event we should aim to ensure that it is no longer held by the French; and we should insist on this if we were unable to retain the Budget portfolio.

10. The Competition portfolio would be of considerable interest to us, though it would be difficult to obtain if we secured the main internal market portfolio. Regional Policy is more likely to go as a first portfolio to someone else and, with enlargement, we are unlikely to derive significant benefits from the Regional Fund. Science, Research and Development would be another good possibility as a second portfolio. We would also have an interest in Social Affairs, but it would be difficult to retain that portfolio when Mr Richard leaves; and we should not want it in the hands of someone who would favour social legislation of a kind incompatible with our objective of creating the right conditions for industrial growth.

11. An annotated note on the Directorates-General of the Commission and a paper setting out the allocation of responsibilities in the existing Commission are attached.

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DIRECTORATES GENERAL OF THE EUROPEAN COMMISSION

- DG1 External Relations. British Director General (Mr Fielding).
- DG2 Economic Affairs. Unlikely to succeed in a bid for this portfolio as we are not participating in the exchange rate mechanism of the EMS.
- DG3 Industry and Internal Market. We should bid for the major portfolio in this area. At present responsibility is divided between Davignon and Narjes. We should aim for a single Commissioner to supervise the responsibilities of Directorate General 3; or for a combined internal market and services portfolio, including insurance (from DG 15), but not transport (DG 7), which is likely to remain a separate portfolio, and where there is a British Director General.
- DG4 Competition. Of less importance than the internal market side of DG 3, but would be of interest as a second portfolio.
- DG5 Social Affairs. At present held by Mr Richard. Would still be of some interest to us in a new Commission.
- DG6 Agriculture. We shall not obtain this portfolio.
- DG7 Transport. British Director General (Mr Steele).
- DG8 Development. Difficult to obtain this portfolio as we and the Germans are alone in resisting maintenance in real terms of the EDF. But we want to see it out of French hands and should insist that the French relinquish it if we are unable ourselves to retain the Budget portfolio.

- DG9 Personnel. Of no real interest to us and there is a British Deputy Director General (Mr Hay).
- DG10 Information. Of little interest.
- DG11 Environment and Consumer Protection. Could be of some interest as a second portfolio - but not a priority.
- DG12 Science, Research and Development. Would be of interest as a second portfolio.
- DG13 "Information and Innovation". Portfolio of no great consequence. British Director General (Mr Appleyard).
- DG14 Fisheries. We should be unlikely to succeed in a bid for this portfolio.
- DG15 Taxation. No real interest.
- DG16 Regional Fund. Would be of interest to us, but there will be strong competition from others seeking this as a first portfolio.
- DG17 Energy. British Director General (Mr Audland).
- DG18 Credit. Of no real interest.
- DG19 Budget. Of great interest to us. But after eight years, and with Mr Tugendhat leaving, it will be extremely difficult to retain this portfolio.
- DG20 Financial Control. Usually goes with the Budget portfolio.

Special responsibilities of the Members of the Commission

President	Gaston THORN	Secretariat-General Legal Service Spokesman's Group Security Office Cultural Affairs
Vice-President	François-Xavier ORTOLI	Economic and financial affairs Credit and investments
Vice-President	Wilhelm HAFERKAMP	External relations including nuclear affairs
Vice-President	Lorenzo NATALI	Mediterranean policy Enlargement Information
Vice-President	Étienne DAVIGNON	Industrial affairs Energy Euratom Supply Agency Research and science Joint Research Centre
Vice-President	Christopher TUGENDHAT	Budget and financial control Financial institutions Taxation
Member of the Commission	Antonio GIOLITTI	Regional policy Coordination of Community funds
Member of the Commission	Richard BURKE	Personnel and administration Joint Interpreting and Conference Service Statistical Office Office for Official Publications
Member of the Commission	Giorgios CONTOGEOORGIS	Transport Fisheries Coordination of questions related to tourism

Member of the
Commission

Karl-Heinz NARJES

Internal market
Industrial innovation
Customs Union Service
Environment, consumer
protection
Nuclear safety

Member of the
Commission

Frans ANDRIESEN

Relations with the European
Parliament
Competition

Member of the
Commission

Ivor RICHARD

Employment and social
affairs
Tripartite Conference
Education and vocational
training

Member of the
Commission

Poul DALSGER

Agriculture

Member of the
Commission

Edgard PISANI

Development

Comission
Portfolio

