

BRIEFING FOR EUROPEAN COUNCIL, THE HAGUE

26-27 JUNE 1986

2. INTERNAL MARKET

[REST OF BRIEFING RELEASED
UNDER FMA(H)86 SERIES
AVAILABLE FROM FOREIGN OFFICE]

SPEAKING NOTE

Major steps taken

Since we met in Milan a year ago we have taken two major steps to speed up the completion of the internal market:

- the introduction of the rolling action programme, based on the Commission's White Paper proposals, to improve continuity between successive Presidencies and ensure that all member states know what the Council's immediate targets are;
- our commitment in the Single European Act (SEA) to complete the internal market by 1992, together with the new Treaty provisions to help us to achieve it.

Need for more progress in 1986

- The Dutch Presidency has worked hard to achieve progress on this year's programme. We all know that this is a hard slog but a necessary one. By the end of the year I hope that the balance sheet will show a further substantial increase in the pace at which the



necessary proposals are adopted.

- It will be a major priority of the United Kingdom Presidency to secure maximum progress on this year's action programme. We must show that there is real momentum towards completion of the internal market by 1992. We must also be realistic: this is not a one year programme but almost a revolution in attitudes.

- 1986 is the crucial first year. The rolling Presidency action programme is the key. We must not allow it to be discredited by insisting on objectives which are manifestly unobtainable in the short term. As the Commission paper indicates, we cannot rely on a purely numerical approval.

- The 1986 action programme covers a very large number of items. The British Presidency will be pressing ahead with items which are important to business and to our people. I am sure myself that we shall achieve a progress which will be significant both in volume and on certain important sectors. For example, the liberalisation of capital movements is an important part of the internal market. I welcome the fact that the Commission is making further proposals. We shall



try to push these forward during our Presidency. Like you, Mr Chairman, we also want to see good progress in the Transport Council. It is well known that we in Britain are particularly concerned about more liberal civil aviation arrangements in Europe. The agreement which the United Kingdom and the Netherlands concluded in 1984 has led to lower fares and a 16 per cent increase in passenger traffic. Both travellers and the airlines have benefitted.

Support for the Presidency

- We believe that, if progress is to continue at a good pace, we must have a clear focus of work for each specialist Council. At the start of the Presidency the United Kingdom chairmen of each Council will be providing, within the rolling programme, a clear assessment of their plans for practical progress. We recognise that some Councils, such as the Agriculture Council have an especially heavy work load. We will be working to turn that into positive achievement.

- The Presidency cannot deliver all of this on its own. We need the determined commitment of the Council, as well as of the Commission, in bringing forward



proposals in a form which stands the best chance of adoption and weeding out those which might not be necessary.

- It will also fall to the United Kingdom, within the framework which we agreed at Milan, to prepare a further action programme to work to be undertaken by the Council in 1987. We shall be doing this in the closest collaboration with our Belgian and Dutch colleagues.

- To sum up, Mr Chairman, I am not at all pessimistic. We can and will achieve the target date. We must, however, aim for solid achievements this year, in order to make our intentions credible to industry and commerce. In the last resort we shall only be setting the framework. It will be the decisions of businesses and individuals which truly create the internal market we all want to see.

3. CITIZENS' EUROPE


SPEAKING NOTE

- We have already, in our earlier meetings, broadly endorsed the two reports on Citizens' Europe which were submitted to us. Those reports were well received by the public. Of course, we must make progress in putting them into practice. In Britain we are particularly keen on those measures which will bring practical and identifiable benefits to ordinary people.

- During our Presidency we intend to make progress, in particular, on:

1. Youth and education exchanges. This should include improved cooperation in student mobility between establishments of higher education (the ERASMUS programme); spreading the practice of up to two years vocational training; and young professional exchanges. We look on such exchanges as a true investment in the future.

2. More mutual recognition of professional qualifications, which should help to promote



employment and mobility.

3. Reducing unnecessary hassle on the movement of goods, for example when citizens change residence within the Community. There is still considerable scope for removing double taxation on personal goods and for the simplification of currency controls at frontiers. Our citizens do look to us to avoid some of the minor but harrassing problems which are brought to our attention by individual travellers.

5. POST-CHERNOBYL


SPEAKING NOTE

Role of nuclear energy

- We all recognise that the accident at Chernobyl has prompted genuine concern about safety and the role of nuclear energy. We must keep in mind, however, that this was an accident on Soviet territory. It had serious implications for the Community but it was not a reflection on our own high safety standards.

- In considering what needs to be done we have to base ourselves on the immense and continuing importance of nuclear energy in meeting the Community's energy needs. There are 115 nuclear plants throughout the Community in 7 member states. The proportion of energy needs met by nuclear power has grown from 3% in 1978 to 12% in 1985. At the same time the record of safety in the nuclear industry is better than in any other energy industry. This has been the result of strict application of safety standards.

- There is no room for complacency. But we should



not equate Chernobyl with our reactors. That design is not used anywhere else in Europe. The problem is compounded by the closed and secretive Soviet administration.


- The Community's own resources of fossil fuel are limited. We are more dependent on imports than any other major economic grouping except Japan. Only the United Kingdom and Germany have large reserves of coal, and these are high cost by international standards. Community oil production is peaking: the price of oil looks set to rise as non-OPEC supplies decrease towards the end of the century. The contribution from new and renewable sources is at risk, therefore, of dependence on imports from a handful of sources - OPEC for oil, Soviet Union and Norway for gas, Australia and South Africa for coal.

- In responding to Chernobyl we must continue to meet both our responsibility for the safety of our citizens and our responsibility to ensure the best possible use of energy resources which will be crucial to economic growth for the rest of this century.

Action post-Chernobyl

- In the aftermath of Chernobyl, the Community has already undertaken the essential task of establishing standards for food imports. The Commission has been charged with follow-up work, including monitoring of radiation levels, in order to gather data to form the basis of a proposal on contamination levels. The United Kingdom has provided the fullest possible information. I am sure that other member states are doing the same. It is important that the Commission should disseminate that information within the Community quickly.

- Still more important, however, is the wider international action. The first lesson is the need for a different approach by the Soviet authorities. It is not tolerable to learn of disaster only by measuring increased radiation levels. It is essential to attract complete Soviet participation in evaluation of the accident because that evaluation requires full knowledge of what went wrong. I welcome Mr Gorbachev's offer to cooperate in better information exchange and accident assistance.



- Secondly, we need a global approach involving all the major nuclear energy users. I welcome Chancellor Kohl's call for an international conference: the Geneva Conference of the International Atomic Energy Agency (IAEA) in September will bring together all those involved. There is an important role in this Conference for the Community as a major nuclear user.

- On this point I do have a strong message for my colleagues. In the IAEA the Community and member states must take the lead in:

- securing from the Soviet Union full information on Chernobyl;

- agreeing a binding convention on reporting nuclear accidents and exchange of information on nuclear accidents with possible trans-boundary consequences

- agreeing a rapid response programme of mutual assistance

- promoting expert consideration of safety standards.



- These are the practical steps which must be taken and on which a common position will give us all added strength.



7. DRUGS

Speaking Note (if raised)

- We must spur producer countries to greater efforts to tackle problem, and therefore need to demonstrate our united concern.
- 1987 un-sponsored International Conference provides opportunity to focus world-wide political attention on the issue.
- EC should give it full support.
- There is a need to clamp down on ability to launder drugs money or hide it in foreign accounts.
- UK will soon have power to confiscate assets of drug traffickers.
- Legislation provides for the UK to negotiate agreement with other countries for mutual enforcement of UK confiscation orders.
We will be approaching countries on this soon.
- Community should raise its profile on this issue.
- Commonwealth Heads of Government and the Tokyo Summit have expressed concern over the drugs problem: Community too should make its voice heard.
- Not essential to take idea of a statement forward immediately if others believe more time is needed to prepare the ground. Would be happy to follow it up. A suitable topic for discussion at EC Interior Ministers Informal during our Presidency.
- Do not intend to duplicate work of Pompidou Group.
- But believe there is additional scope for work within political co-operation to develop common attitude to increasingly important political aspects of drug production and trafficking.

(If principle of statement agreed)

Statement should reflect concern within the Community but also be outward looking eg

- Reinforce our commitment to existing UN activities.
- Suggest Political Committee address possibilities for enhancing political co-operation in this area.

Could suggest a draft.



SUGGESTED DRAFT STATEMENT ON DRUGS

The European Council confirmed their resolve to tackle the ever-growing problem of the misuse and trafficking of drugs. Recognising that drug misuse poses a serious threat to the health and well-being and social and economic stability of all nations, the Council agreed that enhanced international co-operation was essential to combat the problem.

The Council welcomed the efforts of all those countries which had shown determination to stamp out production and trafficking and to reduce demand and expressed their full support for the work done both within the Pompidou Group and the United Nations drugs bodies.

The Council noted that the International Conference on Drug Misuse and Trafficking, to be held in Vienna in June 1987, would provide an opportunity to focus world-wide political attention on the issue and encouraged member states to play a positive role in ensuring its success.

The Council instructed Foreign Ministers to examine the scope for enhanced co-operation on the political aspects of drug production and trafficking.

8. RESEARCH AND DEVELOPMENT

Speaking Note

- Primary objective of Community approach to R&D - spelled out clearly in Single European Act - is to promote competitiveness of European industry in world markets.

- Glad Commission have recognised this in proposals for new R&D Framework; agree that useful programmes can be developed in information and telecommunications technologies, technologies for manufacturing industry and materials science and technology provided industry involved in developing programmes linked to market needs.

- But Community must concentrate efforts on this objective. Must establish priorities; must look for offsetting savings in areas - like energy research - which are no longer of top priority. Cannot expect to spend more money on all sectors of research. Scope for much better value from current spending - need better evaluation, more rigorous pruning of ongoing projects, larger financial contribution from industry itself.

- Believe should be possible to develop programme of high scientific and technical quality, strong industrial relevance and realistic in terms of current financial constraints for about half the cost of Commission proposal.

- This will be objective of UK Presidency: watchword will be quality not quantity.

9. MEDITERRANEAN POLICY

SPEAKING NOTE (IF RAISED)

- Enormous effort has been made to meet Spanish concerns, some of which are not intrinsic to trade negotiations with Mediterranean countries.
- Further delay will not be understood by Mediterranean countries.
- Permanent Representatives should be mandated to deal with remaining difficulties by end of month.

(If necessary)

- Have shown willingness to consider improvements for Canaries but must not alter balance of Accession package. Details should be dealt with in Coreper.
- (If necessary) Proposals offer Canaries better terms for entry price than Mediterranean countries.
- UK could not agree to make other concessions if national calendar restrictions are maintained after 1990. This would divert produce on to UK market.
- There must be guarantees that trade would not be deflected onto UK market.

SPEAKING NOTE (Only if discussion develops)

- Council has already agreed that we should get back to normal relations with Turkey on basis of Association Agreement.
- As Presidency will continue to work to remove obstacles to this process of normalisation including the problem of discrimination which concerns Greece.

Additional points (only if necessary)

Cyprus

- Disappointed with Greek Cypriot response to Secretary-General. Agree with Secretary-General that parties must carefully reflect on way forward. Continue to believe his initiative offers best prospect of settlement.

Aegean Disputes

- Not for NATO or EC to interfere. But do not believe Turkey has expansionist aims. Urge bilateral dialogue to defuse tension.

Human Rights

- Turkey has made considerable progress. Generally recognised in Europe, viz Council of Europe Chairmanship. Of course more needs to be done. But ostracizing Turks no solution. They need to be encouraged to do better.

11. ACID RAIN/LARGE COMBUSTION PLANTS DIRECTIVE

SPEAKING NOTE (only if Presidency cannot stifle discussions)

- Given inconclusive debate at 12 June Environment Council not a matter for this meeting.

[If UK singled out as intransigent on Large Combustion Plants]

- EC already building substantial record of environmental improvement: cleaner rivers; urban air quality; nature conservation; vehicle emissions (except for remaining reserves of two member states).

- Draft directive on Large Combustion Plants apparently presents problems to other member states.

- UK has already achieved major reduction in SO₂ (over 40% since 1970). 1980 base date in directive and in 30% club unsatisfactory.

- UK Presidency will not shirk responsibility to try to resolve this or any other difficult environmental dossier.



12. PRIME MINISTER'S CLOSING WORDS ON THE NETHERLANDS
PRESIDENCY

Mr President, the moment has come to congratulate you on the conclusion of a very successful Presidency. Of course, it is not quite at an end. It will be your personal duty to report on this Council to the European Parliament on 8 July and in a symbolic sense to hand the "baton" on to us then. We have worked in close partnership. We shall aim to live up to your high standards of leadership and your sense of responsibility to the Community as a whole.

You have faced some serious challenges in your Presidency, challenges like Chernobyl and our response to the problem of Libya and of terrorism, which tested our ability to respond effectively and together. You had to handle some of the so-called routine business of the Community such as the Agricultural Price Fixing which is never straightforward. In every case, you and your colleagues at every level, have steered us skilfully to agreement.



I hope the action programme of the internal market which started under the Luxembourg Presidency and will continue in the Belgian Presidency will have set a pattern of cooperation for the future. As you have worked and planned with us, so we will work and plan with our Belgian friends.

Mr President, this is for me the second time that the Presidency has come round. I therefore know how much sheer effort is involved. I am sure every one of our colleagues joins me in congratulating you and your team very warmly on your splendid achievement.



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SPEAKING NOTES

3A EAST/WEST

1. Believe Gorbachev still wants a Summit, and has not closed the door on business with Reagan. But he is still uncertain whether and where a deal can be cut: hence his probing through public diplomacy, as well as at Geneva.
2. I see no threat to Gorbachev's position. But he does need concrete results if he goes to Washington, both to assure colleagues he is defending Soviet interests, and to balance the strong human rights criticism he will encounter.
3. Reagan's reference at Glassboro to a "turning point" shows that his administration is giving the latest Soviet Geneva proposals serious consideration (they suggest an extended no withdrawal commitment from ABM Treaty; possibility of interim measure amounting to cuts of less than 50% in strategic weapons; with land based LRINF to be dealt with separately). The Russians could be putting on the table elements which they were not previously ready to negotiate (eg SDI research). This may be the first step towards tackling central issues, with an eye to Summit. We should support the US approach in exploring the proposals fully.
4. Gorbachev's very public conventional arms initiative in Budapest offers no easy breakthrough. But we should consider carefully (eg in High Level Task Force) what positive elements could be exploited, and be prepared to respond seriously, while pushing for progress in Vienna and Stockholm.
5. The Soviet Union must be brought to recognise that it has case to answer on compliance. The US decision on SALT II leaves the door open for serious Soviet response. The main

European message to Gorbachev should be: resume the Summit process, the Reagan Administration is best able to "sell" arms control agreements to Congress. This is your best chance of maintaining US compliance with SALT II.

6. Gorbachev's constant activism and appearance of flexibility pose problems for the West. It is important to strike the right tone in response. Automatic Western rejection will lose ground with neutral and non-aligned countries, Eastern Europe and with our own public opinion. The public expects serious attempts to engage him in real negotiations, plus a convincing accounts of the West's own arms control and CSCE strategy.

7. It is important to have a coherent European position on CSCE for Vienna Follow-Up Meeting. The problem in Vienna CSCE may be to keep the focus on human rights and humanitarian issues. We must not allow the Russians to restrict the talks to arms control and economic and technical cooperation. We must not allow CSCE to become security dominated, it is a conference of security and cooperation.


UK/Soviet Relations

8. Shevardnadze is to visit Britain on 14-15 July. This will provide an opportunity to discuss arms control as well as regional, human rights and bilateral issues.

9. The IPU delegation to Moscow led by Lord Whitelaw found that the Soviet preoccupation with the economy was overwhelming.

Role of the Twelve

10. The East increasingly accept EC as a political and economic entity, as shown by the CMEA and Eastern readiness to normalise relations with EC, and by the Soviet proposal to discuss the UN financial crisis with the Twelve.



12. The Twelve should be ready to do business with the CMEA and individual Eastern states, but on our terms. We should not pay for Eastern recognition of the reality of European integration.

Berlin

13. We are grateful for the solidarity shown by partners in resisting illegal GDR measures. Quadripartite status of Berlin is the legal basis for the Allied presence in West Berlin, and hence for the freedom of West Berliners. It is important to continue to resist GDR/Soviet claims, for example, over the 750th anniversary of Berlin in 1987, that East Berlin is the capital of GDR.



SPEAKING NOTE

3B SOUTH AFRICA

(To be drafted in the light of further Ministerial consideration).



SPEAKING NOTE

.3E Proposed Declaration on Human Rights

[To be drafted in the light of further meeting in the Hague on 19 June to consider completely revised Presidency text, and Ministers' view of the outcome].