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 MR RENWICK
 MR WALL ECD(1)

CONFIDENTIAL

FM UKREP BRUSSELS 271715Z JUN 84

TO IMMEDIATE FCO

TELEGRAM NUMBER 2206 OF 27 JUNE

INFO PRIORITY BRUSSELS COPENHAGEN THE HAGUE ROME DUBLIN PARIS

BONN LUXEMBOURG ATHENS

INFO SAVING LISBON MADRID STRASBOURG.

COREPER (AMBASSADORS) : 27 JUNE.

FOLLOW-UP TO EUROPEAN COUNCIL.

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SUMMARY.

1. PRESIDENCY REFUSED TO MAKE ANY COMMENT ON PRESIDENCY CONCLUSIONS, EITHER ON CONTENT OR POSSIBLE DIFFERENCE OF STATUS BETWEEN TEXTS AGREED BY EUROPEAN COUNCIL AND THOSE DRAFTED AFTERWARDS : BUT MERELY LISTENED TO WHAT DELEGATIONS HAD TO SAY AND UNDERTOOK TO REPORT. U.K., DENMARK AND NETHERLANDS NOTED PROBLEMS WITH TEXTS PUBLISHED ON THE PRESIDENCY'S OWN AUTHORITY.

DETAIL.

2. AT THE REQUEST OF RUTTEN (NETHERLANDS) AND MYSELF, COREPER HAD A RESTRICTED DISCUSSION ABOUT THE PRESIDENCY CONCLUSIONS (PARIS TEL NO 799) WHICH DID NOT REACH BRUSSELS UNTIL 13.00 HOURS.

3. RUTTEN ASKED FOR A PRESIDENCY PLAN FOR THE DECISIONS NEEDED TO IMPLEMENT THE CONCLUSIONS, ESPECIALLY THE NEW OWN RESOURCES DECISION. HE ALSO POINTED OUT THAT SECTION 4 ON GERMAN MCAS OMITTED, AT THE END, WORDS WHICH HAD BEEN CRUCIAL TO LUBBERS' ACCEPTANCE OF THE TEXT : QUOTE THE EFFECTS OF UNQUOTE DISMANTLING.

4. I SAID THAT I DID NOT WANT TO DETRACT FROM THE SUCCESS OF AN EXCELLENT EUROPEAN COUNCIL. IT WOULD BE HELPFUL TO HAVE CONFIRMATION THAT THE TEXTS WERE IN FACT OF TWO DIFFERENT TYPES : 1, 2 AND 4, WHICH HAD BEEN DISCUSSED AND AGREED BY THE COUNCIL AND THE REST WHICH HAD BEEN DRAFTED AFTERWARDS BY THE PRESIDENCY ON THEIR OWN AUTHORITY, A PROPER BUT DIFFERENT PROCEDURE. EXPLAINING THAT I WAS SPEAKING FOR INFORMATION AND WITHOUT FORMAL INSTRUCTIONS

THEIR OWN AUTHORITY, A PROPER BUT DIFFERENT PROCEDURE. EXPLAINING THAT I WAS SPEAKING FOR INFORMATION AND WITHOUT FORMAL INSTRUCTIONS, I SAID THAT SOME POINTS DID NOT SEEM TO REFLECT THE ACCOUNT OF THE DISCUSSION I HAD HAD FROM YOU AND THE PRIME MINISTER :

(A) SECTION 3 - 1984 BUDGET OVER-RUN, WHERE MITTERRAND HAD AGREED THAT THERE SHOULD BE NO DECISIONS AT FONTAINEBLEAU BUT THAT THE MATTER SHOULD BE DEALT WITH BY THE BUDGET COUNCIL. THE TEXT, HOWEVER, WHICH HAD NOT BEEN APPROVED BY THE EUROPEAN COUNCIL, CONTAINED AN INCOMPLETE ORIENTATION AND DID NOT ACCORD WITH THE DISCUSSION.

(B) SECTION 5 - SOCIAL POLICY, THE WORDING ON THE ORGANISATION OF PRODUCTION.

(C) SECTION 6 - I DID NOT THINK THE EUROPEAN COUNCIL HAD ASKED THE COUNCIL TO TAKE ANY DECISIONS ON THE PASSPORT.

5. VIKAS (GREECE) SOUGHT CONFIRMATION THAT THE COVER PAGE IMPLIED ENDORSEMENT OF THE WHOLE BRUSSELS PACKAGE, INCLUDING THOSE PARTS RELEVANT TO THE GREEK MEMORANDUM IE. ON STRUCTURAL FUNDS. LEPRETTE NODDED ASSENT. RIBERHOLDT (DENMARK) ON A PERSONAL BASIS THAT PART OF THE TEXT ON QUOTE A PEOPLE'S EUROPE UNQUOTE (SECTION 6) WHICH WAS NEITHER SUBMITTED TO NOR APPROVED BY THE EUROPEAN COUNCIL WOULD CAUSE PROBLEMS FOR HIS GOVERNMENT. THE TEXT HAD TO BE SUBMITTED TO PARLIAMENT AND IT MIGHT NOT BE APPROVED.

6. POENSGEN (F R G) CIRCULATED A COPY OF A REQUEST TO THE SECRETARY-GENERAL FOR A WRITTEN PROCEDURE UNDER ARTICLE 93.2.3 FOR THE IMPLEMENTATION OF THE CONCLUSION ON MCA DISMANTLEMENT COMPENSATION. WHEN THE LAWYERS AMONG MY COLLEAGUES THREATENED TO GET INTO A LONG DISCUSSION, LEPRETTE CUT THEM SHORT.

7. AT VARIOUS POINTS IN THE DISCUSSION LEPRETTE TOOK THE LINE THAT COREPER WAS NOT COMPETENT TO RE-OPEN EUROPEAN COUNCIL CONCLUSIONS (WHICH NO ONE WAS ASKING FOR), ONLY HEADS OF GOVERNMENT COULD DO THAT. HE FIRST EVADED MY REPEATED REQUEST FOR CLARIFICATION ON THE DIFFERENT STATUS OF THE CONCLUSIONS APPROVED TEXTUALLY BY THE EUROPEAN COUNCIL AND OF THE OTHERS AND THEN FINALLY FLATLY REFUSED TO GIVE A VIEW. ALL HE WOULD UNDERTAKE TO DO WAS TO REPORT EVERYTHING WHICH HAD BEEN SAID SO THAT A REPLY COULD BE GIVEN IN DUE COURSE.

FCO ADVANCE TO:

FCO - PS PS/RIFKIND PS/PUS TICKELL RENWICK WALL

CAB - WILLIAMSON STAPLETON DURIE LAMBERT

TSY - UNWIN

NO. 10 - POWELL

FCO PASS SAVING TO LISBON MADRID AND STRASBOURG.

BUTLER

Cc Byg

EUROPEAN COUNCIL MEETING AT FONTAINEBLEAU
CONCLUSIONS OF THE PRESIDENCY

The attached text of Conclusions of the Presidency was issued following the European Council meeting in Fontainebleau on 25/26 June.

Conclusions 1. (Budgetary Imbalances), 2. (Own Resources and Enlargement) and 4. (Dismantling of Positive MCAs in the Federal Republic of Germany) were discussed and agreed by Heads of Government in the European Council. The remaining texts have been issued on the authority of the Presidency.

Foreign and Commonwealth Office
29 June 1984

EUROPEAN COUNCIL MEETING AT FONTAINEBLEAU
CONCLUSIONS OF THE PRESIDENCY

The European Council, meeting at Fontainebleau on 25 and 26 June 1984, adopted the decisions on the questions left in abeyance at its meeting in Brussels on 19 and 20 March 1984.

The European Council also confirmed the points of agreement which it has reached in Brussels. It took note of the progress made in regard to new policies and discussed environment and health issues. It adopted new guidelines for the reactivation of European co-operation.

1. BUDGETARY IMBALANCES

1. Expenditure policy is ultimately the essential means of resolving the question of budgetary imbalances.

However, it has been decided that any Member State sustaining a budgetary burden which is excessive in relation to its relative prosperity may benefit from a correction at the appropriate time.

The basis for the correction is the gap between the share of VAT payments and the share of expenditure allocated in accordance with the present criteria.

2. As far as the United Kingdom is concerned, the following arrangement is adopted:
 - for 1984, a lump sum of 1000 MECUS is fixed;
 - from 1985 the gap (base of the correction) as defined in § 1 is, for the period referred to in § 4, corrected annually at 66%.

3. The corrections foreseen in § 2 will be deducted from the United Kingdom's normal VAT share in the budget year following the one in respect of which the correction is granted. The resulting cost for the other Member States will be shared among them according to their normal VAT share, adjusted to allow the FRG's share to move to 2/3 of its VAT share.

4. The correction formula foreseen in § 2 (2nd indent) will be a part of the decision to increase the VAT ceiling to 1,4%, their durations being linked.

One year before the new ceiling is reached, the Commission will present to the Council a report setting out the state of play on:

- the result of the budgetary discipline
- the Community's financial needs
- the breakdown of the budgetary costs among Member States, having regard to their relative prosperity, and the consequences to be drawn from this for the application of the budgetary corrections.

The Council will re-examine the question as a whole and will take the appropriate decisions *ex novo*.

2. OUR RESOURCES AND ENLARGEMENT

The maximum rate of mobilization of VAT will be 1,4% on 1 January 1983; this maximum rate applies to every Member State and will enter into force as soon as the ratification procedures are completed, and by 1 January 1985 at the latest.

The maximum rate may be increased to 1,6% on 1 January 1983 by unanimous decision of the Council and after agreement has been given in accordance with national procedures.

The European Council confirms that the negotiations for the accession of Spain and Portugal should be completed by 30 September 1984 at the latest. Between now and then the Community will have to make every effort to create the right conditions for the success of this enlargement, both in the negotiations with Spain on fisheries to ensure the conservation of fish stocks and also by reforming the common organization of the wine market to ensure that the quantities of wine produced in the Community are controlled and by means of a fair balance between agricultural and industrial agreements.

3. FINANCING OF THE 1984 BUDGET

The European Council agreed that, pending national parliaments' ratification of the increase in own resources, steps will be taken at the next (Budget) Council meeting to cover the needs of the 1984 budget to ensure that the Community operates normally.

3. Dismantling of positive monetary compensatory amounts
in the Federal Republic of Germany

The European Council asks the Commission to propose, and the Council to decide on, measures which will enable VAT relief for German agriculture under the German national budget to be increased from 3% to 5% with effect from 1-July-1984 until 31 December 1988 in compensation for dismantling the monetary compensatory amounts; the compensation shall not exceed the amounts dismantled.

- 7 -

SOCIAL POLICY

The European Council asks the Commission to carry out the work programme set out in the Community's medium-term social action plan and to forge ahead with the work stemming from the Council's conclusions on technological change and social adjustment and with that on production organization.

A PEOPLE'S EUROPE

The European Council considers it essential that the Community should respond to the expectations of the people of Europe by adopting measures to strengthen and promote its identity and its image both for its citizens and for the rest of the world.

An ad hoc Committee will be set up to prepare and co-ordinate this action. It will be composed of representatives of the Heads of State or of Government of the Member States.

The European Council approves the agreement reached on the principle of creating a European passport and asks the Council to take the necessary decisions to ensure that this passport is actually available to Member States' nationals by 1 January 1985 at the latest.

It asks the Council and the Member States to put in hand without delay a study of the measures which could be taken to bring about in the near future, and in any case before the middle of 1985:

- a single document for the movement of goods;
- the abolition of all police and customs formalities for people crossing intra-Community frontiers;
- a general system for ensuring the equivalence of university diplomas, in order to bring about the effective freedom of establishment within the Community.

The Committee will examine inter alia the following suggestions:

- symbols of the Community's existence, such as a flag and an anthem;
- formation of European sports teams;
- streamlining procedures at frontier posts;
- minting of a European coinage, namely the ECU.

It would also like the Member States to take steps to encourage young people to participate in projects organized by the Community beyond its frontiers, and in particular to support the creation of national committees of European volunteers for development, bringing together young Europeans who wish to work on development projects in the third world.

The ad hoc Committee will also examine the following suggestions:

- measures to combat drug abuse;
- the twinning of children's classes.

The Commission will contribute to the proceedings of the Committee within the limits of its powers.

7. AD HOC COMMITTEE ON INSTITUTIONAL AFFAIRS

The European Council decided to set up an ad hoc Committee consisting of personal representatives of the Heads of State and of Government, on the lines of the "Speak Committee".

The Committee's function will be to make suggestions for the improvement of the operation of European co-operation in both the Community field and that of political, or any other, co-operation.

The President of the European Council will take the necessary steps to implement that decision.

File on to Euro Council Pr 18(?)