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Budget A28
(on Blp 27/A)*

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FRAME GENERAL
DESKBY 241300Z (FOR RESIDENT CLERK)
FM UKREP BRUSSELS 231715Z NOV 84
TO IMMEDIATE FCO
TELEGRAM NUMBER 3923 OF 23 NOVEMBER
INFO ROUTINE ALL EC POSTS, LISBON, MARDID, STRASBOURG

AD HOC COMMITTEE ON INSTITUTIONS (DOOGE COMMITTEE) : 21-23 NOVEMBER

SUMMARY

1. WORK ON INTERIM REPORT TO DUBLIN EUROPEAN COUNCIL COMPLETED. MR RIFKIND OBTAINED SATISFACTORY METHOD OF REGISTERING VIEWS OF THOSE WHO ON ANY SPECIFIC POINT COULD NOT ACCEPT MAJORITY TEXT, THOUGH MANY MEMBERS APPEARED DETERMINED TO IGNORE THE DISTINCTION BETWEEN AN INTERIM AND A FINAL REPORT.
2. TEXT CONTAINS MANY WELCOME FEATURES, THE MOST IMPORTANT BEING GOOD PASSAGES ON INTERNAL MARKET, EXTERNAL RELATIONS INCLUDING POLITICAL COOPERATION, REDUCTION IN NUMBER OF COMMISSIONERS, AND REDUCTION IN FREQUENCY OF EUROPEAN COUNCIL MEETINGS.
3. HOWEVER IN SPITE OF MR RIFKIND'S READINESS TO BE FLEXIBLE ON MANY ISSUES THERE WAS LITTLE OR NO RECIPROCAL MOVEMENT BY THE MAJORITY (USUALLY THE SIX, IRELAND AND THE COMMISSION) ON THE IMPORTANT ISSUES, ESPECIALLY MAJORITY VOTING AND POWERS OF THE EUROPEAN PARLIAMENT. MR RIFKIND HAD THEREFORE TO RECORD HIS DISSENT ON THOSE TWO SUBJECTS, AS WELL AS ON PART OF THE EMS TEXT, AND ON THE SELECTION OF MEMBERS OF THE COMMISSION BY THE PRESIDENT-DESIGNATE. ON MAJORITY VOTING HOWEVER THERE IS AN IMPORTANT UNANIMOUS STIPULATION THAT THE PRACTICAL IMPLICATIONS OF THE PROPOSALS HAVE TO BE EXAMINED.
4. A CLEAR MAJORITY FAVOURED AN OVERALL CONCLUSION TO THE EFFECT THAT THE COMMITTEE'S WORK DEMONSTRATED THE NEED FOR AN INTERGOVERNMENTAL CONFERENCE TO NEGOTIATE A TREATY ON EUROPEAN UNION. MR RIFKIND, MOLLER (DENMARK) AND PAPANTONIOU (GREECE) DEMONSTRATED THE ILLOGICALITY OF SUCH A RECOMMENDATION ON THE BASIS OF AN INTERIM REPORT, BUT THIS FELL ON DEAF EARS (AND CLOSED MINDS) AND ALL THREE THEREFORE RECORDED THEIR DISSENT ON THIS.

DETAIL

A. FORM OF REPORT

5. THE COMMITTEE WORKED FOR A TOTAL OF SOME 24 HOURS ON THE AMENDMENTS PROPOSED TO FAURE'S DRAFT OF THE INTERIM REPORT. WORK ON THE TEXT WAS PUNCTUATED BY FREQUENTLY ACRIMONIOUS DISCUSSION OF THE FORM OF THE INTERIM REPORT, ESPECIALLY THE MANNER IN WHICH THE VIEWS OF THOSE WHO COULD NOT ACCEPT A MAJORITY TEXT SHOULD BE RECORDED. AFTER SEVERAL HEATED ARGUMENTS, MAINLY WITH FERRI (ITALY) AND FAURE HIMSELF, MR RIFKIND WAS ABLE TO OBTAIN AGREEMENT TO A FORMULA UNDER WHICH

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(A) IN A FEW CASES WHERE THE COMMITTEE JUDGED IT APPROPRIATE THE TEXT WOULD RECORD THE FACT THAT DISCUSSION WAS TO CONTINUE BEFORE THE PRESENTATION OF THE FINAL REPORT.

(B) WHERE IT WAS CLEAR THAT FURTHER DISCUSSION WOULD NOT SUBSTANTIALLY ALTER THE VIEWS OF EITHER MAJORITY OR THE OTHERS, THE LATTERS' VIEWS WOULD BE RECORDED EITHER

- I) BRIEFLY IN A FOOTNOTE, OR
- II) AT GREATER LENGTH IN AN ANNEX.

B. INTERNAL MARKET

6. MR RIFKIND'S REQUIREMENTS WERE FULLY MET (EG ON TRANSPORT, INSURANCE AND FREEDOM OF CAPITAL MOVEMENTS) AND THE REFERENCE TO HARMONISATION OF TAX AND TRADE LEGISLATION WAS REMOVED. IT WAS ACCEPTED THAT MUTUAL RECOGNITION OF EXISTING STANDARDS WAS NECESSARY PENDING THE INTRODUCTION OF EUROPEAN STANDARDS.

C. EMS

7. ON THIS THERE WAS SOME SYMPATHY FOR MR RIFKIND'S VIEWS: HIS OBJECTION TO 'COMPULSORY' COORDINATION OF POLICIES WAS SUSTAINED, AND IT WAS AGREED THAT THE OBJECTIONABLE REFERENCES TO AN INDEPENDENT EUROPEAN CENTRAL BANK SYSTEM AND A COMMON CURRENCY SHOULD BE SUBJECT OF FURTHER DISCUSSION. IT WAS HOWEVER NECESSARY TO CONCEDE WORDS TO THE EFFECT THAT A WEAK ECONOMY JOINING THE ERM SHOULD BE HELPED (AS WERE ITALY AND IRELAND). IT IS SATISFACTORY THAT THERE IS NO CALL FOR UK PARTICIPATION IN THE ERM.

D. BUDGET

8. THE REFERENCE TO RESOURCES IS ADEQUATELY QUALIFIED BY THE NEED FOR BUDGETARY DISCIPLINE, SAVINGS TO MATCH EXTRA EXPENDITURE AND THE POINT THAT NEW POLICIES DO NOT NECESSARILY INCUR NEW EXPENDITURE.

E. EXTERNAL RELATIONS

9. ON POLITICAL COOPERATION MR RIFKIND OBTAINED A REFERENCE TO FORMALISING THE COMMITMENT TO PRIOR CONSULTATION. THE SUGGESTIONS FOR CODIFICATION OF CURRENT PRACTICE AS WELL AS FOR A SECRETARIAT REMAIN, BUT WITHOUT A SECRETARY-GENERAL. THE TEXT ON DEFENCE NO LONGER CONTAINS CLASHES (ON STANDARDS AND COMMUNITY PREFERENCE) WITH NATO REQUIREMENTS.

%F. INSTITUTIONAL QUESTIONS.

(I) COMMISSION.

10. MR RIFKIND'S SUGGESTION TO REDUCE THE NUMBER OF COMMISSIONERS WAS UNANIMOUSLY AGREED : THE FINAL TEXT REFERS TO QUOTE NO MORE THAN ONE FROM EACH MEMBER STATE UNQUOTE. THE DISCUSSION ON THE APPOINTMENT OF MEMBERS OF THE COMMISSION WAS LESS SATISFACTORY, THE MAJORITY FAVOURING SELECTION BY THE PRESIDENT-DESIGNATE SUBJECT TO APPROVAL BY THE COUNCIL (COMMENT : THIS WOULD PRESUMABLY MEAN BY MAJORITY VOTE). THE MINORITY'S (INCLUDING MR RIFKIND'S) PREFERENCE FOR THE PRESENT PROCEDURE IS RECORDED.

(II) EUROPEAN COUNCIL.

11. MR RIFKIND'S SUGGESTION TO LIMIT THE NUMBER OF EUROPEAN COUNCIL MEETINGS TO TWO A YEAR WAS UNANIMOUSLY ACCEPTED.

(III) DIFFERENTIATION (IE. VARIABLE GEOMETRY)

12. THE TEXT LIMITS DIFFERENTIATION TO EXCEPTIONAL CASES.

(IV) MAJORITY VOTING

13. FAURE DESCRIBED THE DETAILED AMENDMENT TABLED BY MR RIFKIND AS "CONCRETE STEPS IN THE RIGHT DIRECTION" AND VAN EEKELEN (NETHERLANDS) SAID THAT THEY WERE "VERY SUBSTANTIAL". HOWEVER IT WAS QUICKLY CLEAR THAT THE MAJORITY WERE DETERMINED TO FORCE THROUGH FAR MORE RADICAL PROPOSALS.

14. THE TEXT FINALLY APPROVED BY THE MAJORITY -

(A) LIMITS UNANIMITY TO NEW AREAS OF ACTION OR NEW ACCESSIONS

(B) CODIFIES THE RIGHT TO PLEAD A VITAL (SIC) INTEREST FOR A TRANSITIONAL PERIOD, SO LONG AS IT CAN BE OBJECTIVELY JUSTIFIED TO THE COUNCIL AND THE VITAL INTERESTS OF THE COMMUNITY AS A WHOLE ARE RESPECTED.

BUT THERE WAS A DIFFERENCE OF VIEW BETWEEN ANDRIESSEN (COMMISSION), HERMAN AND RUHFUS (FRG) WHO WANTED TO LIMIT THE "VETO" TO NEW AREAS OF MAJORITY VOTING AND FAURE AND DOOGE WHO COULD ACCEPT NO SUCH LIMITATION. THIS DIFFERENCE IS ALSO ATTENDED TO IN A FOOTNOTE. MR RIFKIND AND VAN EEKELEN OBTAINED (TO FAURE'S GREAT INDIGNATION) THE ADDITION TO THE TEXT ON MAJORITY VOTING A STIPULATION THAT FURTHER DISCUSSION WOULD BE NEEDED ON THE PRACTICAL IMPLICATIONS OF WHAT HAD BEEN PROPOSED AND OF OTHER PROPOSALS WHICH WOULD IMPROVE DECISION-MAKING, EG THOSE OF MR RIFKIND'S OWN SUGGESTIONS REJECTED AS TOO DETAILED FOR AN INTERIM REPORT.

(COMMENT: THIS IMPORTANT PASSAGE WOULD ENABLE THE PRIME MINISTER, IF SHE WISHED, TO ARGUE AT THE EUROPEAN COUNCIL THAT THIS ISSUE HAS NOT BEEN FINALLY RESOLVED: THE MAJORITY HAVE SAID WHAT THEY WANT, THE MINORITY HAVE DISAGREED, BUT ALL AGREED THAT THE PRACTICAL IMPLICATIONS HAD STILL TO BE EXAMINED).

(V) POWERS OF PARLIAMENT

15. THE MAJORITY WERE NOT PREPARED TO ACCEPT A REFERENCE IN THE REPORT TO IMPROVING THE CONCILIATION PROCEDURE, SINCE THEY REGARDED THAT AS OVERTAKEN BY THE MAJORITY VIEW THAT THE EP SHOULD

(A) HAVE INCREASED PARTICIPATION IN LEGISLATION IN THE FORM OF JOINT DECISION-MAKING WITH THE COUNCIL

(B) EXERCISE MORE SUPERVISION OVER COMMUNITY POLICIES

(C) HAVE RESPONSIBILITY IN DECISIONS ON REVENUE.

MR RIFKIND'S DISSENTING VIEW IS RECORDED.

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G. TEXT.

16. THE FINAL VERSION OF THE TEXT WAS NOT ADOPTED UNTIL THE END OF A RESUMED SESSION AT NOON TODAY, WHICH CONTINUED, MAINLY AT ASSISTANT LEVEL UNTIL 1730. PROVISIONAL TEXT BY MUFAX TO FAIRWEATHER (ECD(1)) AND BY BAG TO FCO AND REPETITION ADDRESSEES. FINAL TEXT WILL NOT BE AVAILABLE UNTIL 27 NOVEMBER. IT WILL REMAIN 'CONFIDENTIAL' UNTIL PRESENTED TO THE EUROPEAN COUNCIL, WHICH WILL BE INVITED, IN A COVERING LETTER FROM DOOGE CLEARED BY THE COMMITTEE, TO TRANSMIT IT ALSO TO THE EUROPEAN PARLIAMENT, WHICH IS TO DEBATE IT IN JANUARY.

H. PRESS

17. ALTHOUGH RUHFUS HAS ALREADY BRIEFED GERMAN AND SOME OTHER CORRESPONDENTS HERE (AND OTHERS MAY ALSO DO SO), MR RIFKIND'S VIEW IS THAT WE SHOULD REST ON THE CONFIDENTIAL NATURE OF THE REPORT AND THE NEED TO RESEPECT THE AGREEMENT WITHIN THE COMMITTEE NOT TO SPEAK TO THE PRESS.

I. NEXT MEETING.

18. IT WAS AGREED THAT THE NEXT MEETING SHOULD BE SHORT, BEGINNING AT 1100AM ON THURSDAY 13 DECEMBER. DOOGE WILL CONSULT MEMBERS OF THE COMMITTEE BY TELEPHONE AFTER THE EUROPEAN COUNCIL IF HE THINKS THAT A MEETING THEN MIGHT BE OF DOUBTFUL UTILITY.

RESIDENT CLERK PLEASE PASS TO PRIVATE SECRETARY.

FCO ADVANCE TO:

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