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Environment Secretary
reported on this to
Cabinet. NBR 7

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Prime Minister

VEHICLE EMISSIONS: ENVIRONMENT COUNCIL, 7 MARCH

As you will know, the Environment Council meeting on 7 March was unable to reach agreement on vehicle emissions. Despite concessions offered by other Member States and a constructive approach by the UK, the FRG made virtually no movement from its rigid stance. The meeting ended with an impasse in which William Waldegrave refused to accede to German insistence that after two years medium-sized cars should be treated in the same way as large cars - ie US standards requiring 3-way catalyysts. The Council will meet again on 20 March.

This outcome is not unsatisfactory for us. The UK avoided being wholly isolated, although the FRG and the Commission may claim otherwise in public and the French did indeed begin to weaken. Nonetheless, our resolute stand brought it home to the Germans, the Presidency and the Commission that our objections to wasteful technology are fundamental and not a bargaining posture. But there is still a long way to go, and the likelihood that the matter will come to the European Council is now greater.

I have discussed the next steps with William Waldegrave, John Butcher and Lynda Chalker. We have concluded that, in order to emphasise the UK's resolution on this question, we should continue to make a strong public case for our position, and for the time being we should not make any further overtures to other Member states. On the other hand, we should certainly listen to any overtures made to us; Commission officials are meeting ours in London on Friday.

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Meanwhile we need to impress on the Commission at the highest level that the Community is in danger of an outcome which could be much more serious than a failure to reconcile differences on an environmental problem. The Treaty's provisions on the free movement of goods are at risk if an agreement is not reached; but we cannot appear to allow one country to extract concessions which legitimise its own unilateral decisions in order to maintain the free market at all costs. This would be an appalling precedent for all such future negotiations. The way in which the Commission does or does not carry out its role as initiator of genuine compromise between the (partly presentational) needs of Germany and the substantive problems of the UK is therefore critical. It has not been well done so far. I am therefore asking the Foreign Secretary if he would take the opportunity of next week's Foreign Affairs Council to explain to M. Delors the urgency and importance of the achievement of such a compromise which cannot be founded simply on concessions by the UK.

We will, of course, continue to seek a formula ourselves. I am not entirely without hope that it will be possible to reach agreement at the resumed Environment Council on 20 March within the terms of the recent E(A) conclusions; but if it becomes clear during the meeting that such an agreement is not within our reach, our objective will be to leave room for manoeuvre at the European Council.

I am sending copies of this minute to the Foreign Secretary, to the other members of E(A), to Lynda Chalker, John Butcher and William Waldegrave, and to Sir Robert Armstrong.

Andrew Auzan (Private Secretary)

fw P J

13 March 1985

(Agreed by the Secretary of State
and signed in his absence)

Env. Affairs: Acid Rain Pt 3.

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112
123
134
145
156
167
178
189
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13 MAR 1985

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