



Ref. A085/851

PRIME MINISTER

Cabinet: Community Affairs

The Foreign and Commonwealth Secretary will report on the Foreign Affairs Council called for 17 to 20 March at which he and the Minister of State, Foreign and Commonwealth Office (Mr Rifkind), represented the United Kingdom. The main task of this long Council, which may in fact go in to a fifth day, is to reach agreement on a compromise package to put to Spain and Portugal on the outstanding enlargement issues - agriculture, fisheries and social affairs. The bulk of the discussions have been devoted to fish, and several points favourable to the United Kingdom appear already to be settled:

- a. a Spanish quota of 18,000 tonnes for hake, well below the 25,000 tonnes to which we feared the Community might have to go;
- b. no provision for any Spanish access to the North Sea;
- c. no United Kingdom quotas cut back in any areas.

The negotiations with Spain have, however, been taking place in a rather difficult atmosphere, and on the evening of 19 March they unexpectedly presented a number of additional Spanish demands. Even so, there does seem a better than evens chance that the Council will succeed in reaching agreement on the main elements of the negotiations with Spain. If that does happen, the Council is expected also to reach agreement on the text of the new own resources decision, the Germans having now agreed to decouple our 1000 million ecu abatement and to make it available in 1985, a very satisfactory development for the United Kingdom.



2. The Foreign and Commonwealth Secretary may also report that the Dooge Committee reached agreement at its meeting on 13-14 March on its final report to the European Council. Its main features from our point of view are:

- a. useful conclusions on the internal market and high technology;
- b. positive elements in the text on political co-operation and defence;
- c. acceptable texts on the European Monetary System, convergence and budget;
- d. no United Kingdom commitment to Treaty amendment or to an intergovernmental conference;
- e. alternative texts with equal status on majority voting and the Luxembourg Compromise;
- f. fewer reservations from the United Kingdom than from other countries.

3. The Secretary of State for the Environment will report on the Environment Council on 20 March, at which the United Kingdom is being represented by the Parliamentary Under Secretary of State (Mr Waldegrave). The Council has been called primarily to reach a conclusion on vehicle emissions, the previous discussion on 7 March having come to an impasse in which the United Kingdom refused to accede to German insistence that after two years medium-sized cars should be treated in the same way as large cars - ie United States standards requiring three-way catalysts. The United Kingdom's aim at this week's Council is to bring the Germans to accept standards for medium-range cars which will not be capable of being met only by three-way catalysts and which will not impose serious financial burdens on the British



industry and car purchasers. Contacts before the Council with the French and the Commission showed agreement that the Germans would have to be persuaded to modify their position, both on this point and on the timing of their proposed fiscal incentives. If the Germans remain obdurate and it proves impossible to reach agreement within the terms of the conclusions of E(A), the United Kingdom's objective will be to leave adequate room for manoeuvre at the European Council. The Italian Presidency is also expected to press for agreement to a Directive on beverage containers; this has been much watered down and now would be unlikely to cause problems for the United Kingdom, but we have been making it clear that we would still prefer a Recommendation.

4. There was an Energy Council on 15 March, at which the United Kingdom was represented by the Parliamentary Under Secretary of State, Department of Energy (Mr Goodlad). This reached no decisions requiring a report to Cabinet.

5. The Agriculture Council meets on 25 to 27 March to continue its consideration on the Commission's 1985-86 price-fixing proposals, and the Industry Council on 26 March, when the major item will be steel. You will be attending the European Council on 29-30 March.

ROBERT ARMSTRONG

20 March 1985

PRIME MINISTER'S QUESTION TIME: 21 MARCH 1985

General

1. Report of the Ad Hoc Committee on Institutions (Dooge Committee) finalised on 15 March. To be submitted to the March European Council. Only brief discussion then. Intergovernmental consultations in coming weeks. Full discussion at June European Council.

Status of Report

2. The report is the work of personal representatives of heads of government, not all of whom were actually members of national governments. In some respects therefore, the report does not reflect the positions of Member States, eg: the general understanding in the Community that no Member State should be voted down on an issue where a very important national interest is at stake.

3. Availability: Expect European Council will make text available after next week's meeting. I shall be pressing for this.

[As necessary]

4. Substance: There is much in the report which reflects the UK's priorities:

- emphasis on the need to create a genuine internal market by the end of the decade;
- measures to improve political cooperation;
- sensible proposals on defence and security;
- endorsement of the UK's suggestion of a smaller and more effective Commission;
- emphasis on the strategic role of the European Council.

More Powers for the European Parliament?

4. UK does not believe that the relationship between the institutions laid down in the Treaty of Rome needs to be changed. What is required are better working relations between the European Parliament and the Council of Ministers and we have put forward a number of proposals.

Two tier Community?

5. The attitudes of member governments on many of the issues raised in the report are not far apart. We all agree that, in the enlarged Community greater use will need to be made of the existing majority voting provisions of the Treaty if decisions are not to be delayed. We all agree on the priority of completing the internal market. We all want to see greater action in political cooperation. We believe that governments will wish to focus on practical measures capable of immediate implementation by all Member States.

UK Reservations

6. United Kingdom representative reserved the UK's position, and put forward alternative proposals in three areas:

- decision taking;
- powers of the European Parliament;
- selection of EC Commissioners (UK believes the choice of Commissioners must be for national governments albeit after consultation with the President Designate).

Scrutiny by the House of Commons

7. It will be up to Heads of Governments to decide on follow up to the report. If Heads of Government recommended action which required Community legislation proposals would be put forward by the Commission and these would come before the House. There will of course in any case be opportunities for the House to debate Community issues in the usual way.

Background

1. The final meeting of the Dooge Committee was held on 15 March. There has been extensive (and largely accurate) press coverage of the contents of the report, highlighting the sections on majority voting and the powers of the European Parliament.

2. Although the contents of the report has already been widely publicised, the text is still "in confidence" until the European Council decides whether or not to publish it (as in the case of the interim report). We should not promise to deposit the text in Parliament until that decision is taken. The Commons Scrutiny Committee have already pressed that the report be deposited soon.