



CONFIDENTIAL

Prime Minister

2

CDP

People's Europe
ME 6
2573

Qz.04304

MR POWELL

COMMITTEE ON PEOPLE'S EUROPE

The first report of the Committee on People's Europe will be submitted to the European Council of 29-30 March. It deals with the movement of citizens of Community member states across frontiers, easier movement of their goods and with the possibilities for professional and other people to establish themselves in other member states, including the recognition of qualifications.

2. I have pressed throughout the discussions for a practical programme of rather modest measures, the combined effect of which would be to make life easier for ordinary people moving about the Community on business, as tourists or for other reasons. I have also made as much ground as possible on freer movement of goods and, in particular, on the abolition of the more annoying and costly bureaucratic nonsenses. The report is on these lines. Examples of specific recommendations by the Committee for removing such obstructions are:

(i) a higher traveller's allowance for tax-paid goods. This means that more people will go through the green channel and will have less to declare. The actual figures are consistent with the agreed United Kingdom position;

(ii) at present coach tours are often stopped at the borders of a member state in order to be re-assessed for VAT in respect of their journey through that member state. This is a time-consuming and annoying practice for the holiday-makers. The United Kingdom has argued that the right course is to assess the tour for VAT at the point of departure for the whole of its journey. This is now being recommended by the Committee;

/(iii)

[Copy now attached]

CONFIDENTIAL

(iii) some member states stop buses at the frontier in order to measure the amount of fuel in their tanks and put a charge on it. The United Kingdom has always maintained that this delay and administrative inconvenience should be done away with. The Committee recommends this. We hope to come back to the same problem in relation to lorries in the near future.

3. The cumulative effect of removing obstructive practices is the best way to a people's Europe. Some Heads of Government, particularly President Mitterrand, may take the view that the Committee should have concentrated on grander schemes for improving the identity of the Community. We wanted, however, to get some practical things done to the benefit of the ordinary citizen. The second report for the following European Council will no doubt contain some recommendations on wider topics such as youth exchanges, language training and television.

4. On most points under discussion in the Committee I have been pressing for action. On two points, however, I have defended the United Kingdom's position and obtained the agreement of the Committee to arrangements which are consistent with our own. These points are:

(i) frontier formalities. This report distinguishes between action at land frontiers and action at seaports and airports. It argues for speeding up movement through ports and airports, including the wider use of the United Kingdom's own separate channel system, but it does not recommend the ending of systematic checks on Community citizens entering through ports and airports. This could be helpful to us in the further discussions on separate Commission proposals now under discussion in Brussels, which are directly contrary to the United Kingdom's practice;

/((ii)

CONFIDENTIAL

(ii) right of residence. This report specifically links right of residence with evidence of adequate resources (it includes, in particular, the sentences:

"Citizens wanting to reside in a country other than their own should not become an unreasonable burden on the public purse in the host country. Where it is evident that such a citizen would incur a certain level of expenditure, it seems reasonable for the host country to take into account whether he is able to meet such expenditure".)

The United Kingdom has always taken this view but it is under challenge elsewhere and the wider recommendation in this report of the link between admission to right of residence and adequate resources should be helpful to us in further discussions in Brussels or in further action in the United Kingdom (the case of the "spaghetti scroungers").

5. The briefing for the European Council will include the final version of the report and any specific recommendations on it.

6. I am sending copies to Colin Budd (FCO), Rachel Lomax (Treasury), Hugh Taylor (Home Office) and Sir Robert Armstrong.

D F Williamson

D F WILLIAMSON

25 March 1985

COMMITTEE ON PEOPLE'S EUROPE

The main specific recommendations in the first report are -

movement of people

- (1) distinction between land frontiers and ports/airports; [essential protection for UK position]

- (2) simplification of controls at land frontiers preferably by use of the E label on cars which are not then all stopped but are subject to spot checks (or full check in special situation, eg terrorist alert). [fully protects N. Ireland position]

- If arrangements already more open, no change;

- (3) at airports and seaports, practical measures to speed traffic including, where feasible, the two channel system [UK invention, working very well at Heathrow and elsewhere]

- (4) in longer term, timetable for completion of the common market [also dealt with in Dooge Committee's report] and further work on problems of cooperation on policy vis a vis third country citizens;

- (5) tourism: special attention to staggering holiday periods, improved information and protection for tourists, road safety, tourist information.

Movement of goods

- (1) no change in duty-free shops (which people like);
- (2) 25% higher allowance (350 ecu) for tax-paid goods from 1 July 1985 and provision to revise it regularly to broadly maintain its value;
- (3) 5 litres of still wine as tax paid allowance;
- (4) limit on tax exemption for small postal consignments to be raised to 100 ecu from 1 July 1985. Best endeavours to remove customs clearance fees on small parcels;
- (5) buses to be assessed for VAT at start of journey instead of at every frontier post;
- (6) no charge on fuel in tanks of buses (similar problem for lorries also needs to be resolved);
- (7) no double taxation on personal goods;
- (8) simplification of movement of goods on change of residence;
- (9) simplification of currency controls at frontiers;
- (10) special attention to these problems for those in border areas.

Movement of people to and from work

No great problems but attention to taxation problems eg for those receiving income in one member state and living in another.

Right of establishment

Committee recommends that general approach should be based on mutual recognition of qualifications. Some provision for exceptions.

Professional qualifications

Attention to ways in which professional qualifications can be better understood and possibility of a more widely recognised document showing equivalent qualifications of craftsmen.

Right of residence

General right of residence, qualified by evidence of adequate resources [UK stresses sentence "citizens wishing to reside in a country other than their own should not become an unreasonable burden on the public purse in the host country" which we inserted as a condition of agreement].

Chairman's covering letter sets out his view of future work but helpfully stresses "need to simplify and to reduce the burden of Community legislation on the individual citizen".

28 March 1985