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PRIME MINISTER

c Mr Ingham  
Mr Butler

EUROPEAN COUNCIL: PARLIAMENTARY  
STATEMENT

I attach a draft statement on the  
European Council to be made on Tuesday.  
It is a bit shorter than the version you  
looked at on the aircraft.

C.D.P.

(Charles Powell)

*As stated  
corrected*

30 March 1985

With permission, Mr. Speaker, I should like to make a statement about the European Council held in Brussels on 29-30 March, at which I was accompanied by my rt hon and learned Friend, the Foreign and Commonwealth Secretary. I have arranged for the Conclusions of the Council to be placed in the library of the House.

The European Council welcomed the completion shortly beforehand of the negotiations for the entry of Spain and Portugal into the European Community.

The United Kingdom has long supported enlargement which will strengthen democracy

in these two countries.

The drafting of the Treaty of Accession will now be rapidly completed and submitted to the twelve national Parliaments for ratification and the entry of Spain and Portugal on 1 January 1986.

The terms are very satisfactory for the United Kingdom.

In particular, there will be quicker dismantling by Spain in the early years of its high tariffs on certain industrial goods, including cars, to the benefit of the United Kingdom exporters.

There will be no detriment to our fishing industry; no reductions in the fish quotas

available to British fishermen and no new access for Spanish fishing boats to the North Sea fishing grounds.

There will be a full opportunity for the House to consider these points when the Act of Accession is presented for ratification.

The European Council also agreed on the financing of Integrated Mediterranean Programmes over a period of seven years, to help the Mediterranean member states adjust to the effects of enlargement.

A total additional amount of 1.6 billion ecu will be made available for these programmes.

As a result of the Fontainebleau mechanism,

the United Kingdom share will be about £9.5 million a year.

These areas will also benefit from increases in the structural funds as a result of decisions already taken and from 2.5 billion ecu of loans from the European Investment Bank.

Britain's receipts from the structural funds will not be affected.

We had a full discussion of the economic situation.

In the course of this I proposed, first, that the European Council should cut the burden of bureaucracy on businesses by reducing the number of existing Community rules and

regulations and by scrutinising any proposed legislation in the same spirit.

It is private enterprise which creates jobs; we must give them the freedom to do so.

Secondly, I proposed steps to moderate labour costs and remove restrictive practices, so as to increase the demand for labour.

The United Kingdom's initiative was widely welcomed in the European Council and is reflected in the Conclusions.

The Commission has been asked to follow it through.

The European Council had before it the final report of the Committee on Institutions.

We decided that there should be contacts  
between Community governments leading to a  
substantive discussion and decisions on what  
~~action, if any, might be~~ taken at the June  
European Council.

We also broadly endorsed the first report of  
the Committee on People's Europe.

This contains a number of specific proposals  
for easier movement across frontiers, higher  
travellers' allowances, easier arrangements  
for road transport, mutual recognition of  
qualifications, and right of residence,  
linked to proof of adequate resources, all of  
them designed to bring tangible benefits to  
individual citizens.

I made absolutely clear the need to maintain strong controls on drugs, terrorism and illegal immigration; and that the completion of the single market does not imply tax harmonisation.

The text of the revised decision on the own resources of the Community was also agreed.

It will now be submitted to national Parliaments for ratification.

This text will put into law, <sup>and</sup> subject to ratification of the Accession Treaty, the ~~increases in~~ the Community's own resources

*will be increased*  
( from 1 January 1986.

It includes the Fontainebleau <sup>of arrangements</sup> ~~mechanism~~ for



abatements ~~of~~ of the United Kingdom's VAT

contributions. *by reducing of the rest*

*of VAT paid over to the Community*

It also includes the United Kingdom's

1,000 million ecu abatement for 1984, which

will become available immediately on

ratification of this decision ~~and without~~

~~waiting for any general increase in the~~

~~Community's resources.~~

The European Council also discussed the measures to strengthen technology in the Community, in particular through mutual recognition of industrial standards and the opening up of public contracts.

We also discussed environmental policy and

East/West relations, welcoming the opening of the Geneva negotiations, and exchanged views on the Middle East, South Africa and Latin America.

This Council marks the conclusion of a period of important decision in the European Community: agreement on the entry of Spain and Portugal; agreement on the implementation of the favourable budgetary arrangements for the United Kingdom negotiated at Fontainebleau; agreement on the Integrated Mediterranean Programmes; progress on the environment, including the recent agreement on vehicle emissions; and the launching of an initiative

to truly open up the common market and to  
reduce the burdens on business as a means of  
stimulating the creation of more jobs.

## European Council

3.32 pm

**The Prime Minister (Mrs. Margaret Thatcher):** With permission, Mr. Speaker, I should like to make a statement about the European Council held in Brussels on 29 and 30 March, at which I was accompanied by my right hon. and learned Friend the Foreign and Commonwealth Secretary. I have arranged for the conclusions of the Council to be placed in the Library of the House.

The European Council effectively completed the negotiations for the entry of Spain and Portugal into the European Community. The treaty of accession will soon be submitted to the 12 national Parliaments for ratification, opening the way for the entry of Spain and Portugal on 1 January 1986.

The terms are very satisfactory for the United Kingdom. In particular, there will be quicker dismantling by Spain in the early years of its high tariffs on certain industrial goods, including cars, to the benefit of the United Kingdom exporters. There will be no detriment to our fishing industry, no reductions in the important quotas available to British fishermen and no new access for Spanish fishing boats to the North Sea fishing grounds. There will be a full opportunity for the House to consider these points when the act of accession is presented for ratification.

The European Council also agreed on the financing of what are called integrated Mediterranean programmes over a period of seven years to help the Mediterranean member states adjust to the effects of enlargement on their own economies. A total additional amount of 1.6 billion ecu—about £950 million—will be made available for these programmes.

As a result of the Fontainebleau agreement, the United Kingdom financing share will be some 7 per cent.—less than £10 million a year. The poorer Mediterranean areas will also benefit from the structural funds and from 2.5 billion ecu of loans from the European Investment Bank.

We had a full discussion of the economic situation, with particular reference to the creation of enterprise and jobs and the achievement of a single large market by 1992. In the course of this I proposed, first, that the European Council should cut the burden of bureaucracy on businesses by reducing the number of existing Community rules and regulations, and should scrutinise any proposed new Community legislation with regard to its effect on business. Secondly, we were all greatly concerned to moderate labour costs and remove restrictive practices, especially with regard to new technology.

The United Kingdom's initiative was widely welcomed in the European Council and is reflected in the conclusions. The Commission has been asked to follow it through.

We also broadly endorsed the first report of the Committee on Citizens' Europe. This contains a number of specific proposals for easier movement across frontiers, higher travellers' allowances, right of residence linked to proof of adequate resources, easier arrangements for road transport and mutual recognition of qualifications—all of them designed to bring advantages to individual citizens.

With regard to frontiers, I made absolutely clear the need to maintain strong controls against drugs, terrorism and illegal immigration and also that the completion of the single internal market does not imply tax harmonisation.

The Council agreed the text of the revised decision on the own resources of the Community, and I am arranging for copies to be made available in the Library. It will be submitted to national Parliaments for ratification. The text provides for new own resources generally to be available from 1 January 1986. It also puts into law the Fontainebleau arrangements for abating the United Kingdom's contributions by reducing the amount of VAT paid to the Community. It includes the United Kingdom's 1,000 million ecu abatement for 1984, which will become available after ratification of this decision and without waiting for any general increase in the Community's own resources.

The European Council discussed the measures to strengthen technology in the Community, in particular through mutual recognition of industrial standards and the opening up of public procurement to competitive tender from firms across the Community.

We also discussed East-West relations, welcoming the opening of the Geneva negotiations, and exchanged views on the middle east, Latin America and South Africa, where we expressed grave concern about recent events.

This European Council marks the conclusion of a period of important decisions in the European Community—agreement on the entry of Spain and Portugal; agreement on the implementation of the favourable budgetary arrangements for the United Kingdom negotiated at Fontainebleau; agreement on the integrated mediterranean programmes; progress on the environment, including the recent agreement on vehicle emissions; and the launching of an initiative truly to open up the Common Market and to reduce the burdens on business as a means of stimulating the creation of more jobs.

It is a particular source of satisfaction to us all that 40 years after the end of the second world war the European Community has further demonstrated in this impressive way its capacity to resolve its problems and move forward in a spirit of partnership and co-operation.

**Mr. Neil Kinnock (Islwyn):** First, I welcome the enlargement of the European Economic Community membership with the accession of the newest European democracies of Spain and Portugal, especially as the pressures generated by that enlargement must surely bring the consequence of radical reform of the Common Market.

Secondly, I endorse the Prime Minister's view that any proposals to dismantle border controls must be resisted so that we can retain that vital means of combating terrorism and drug trafficking.

As the Prime Minister has failed to use the British veto either to control our contributions or to restrict the growth of the agricultural budget, will she now specify the sorts of occasion on which she will use it to protect the interests of this country—can we now assume that she has thrown away the veto?

Does the right hon. Lady admit that, however necessary the extra aid to the poor Mediterranean countries, the programme will involve the redeployment of regional and other funds away from Britain? As half of the Common Market's 15 poorest regions are now in the United Kingdom, why did she not press for a similar programme of help for Britain's stricken areas?

As the Prime Minister appears to have approved the inter-governmental agreement, will she confirm that it involves no switch in budget spending away from the 74 per cent. of the budget that goes to the common

**Q5. Mr. Nicholas Winterton** asked the Prime Minister if she will list her official engagements for Tuesday 2 April.

**The Prime Minister:** I refer my hon. Friend to the reply that I gave some moments ago.

**Mr. Winterton:** Bearing in mind the tremendous impetus that my right hon. Friend has given to industry and employment through the Budget and the encouragement that she has given to industry and domestic ratepayers with the announced intention of the reform of the rating system, may I ask her to give a categorical assurance that the manufacturing base of this country is vital to the Government and that she will do everything in her power to ensure not only that its present position is maintained, but that it is expanded?

**The Prime Minister:** The manufacturing base is vital to this country. My hon. Friend will have seen the CBI survey, which has just been released. The CBI expects that growth will rise to 4 per cent. in 1985. It expects that manufacturing output will rise a further 3.75 per cent. this year; it expects manufacturing investment to grow by a further 13.5 per cent. in 1985; and it expects further growth in the very high volume of exports we had in 1984. That was good news and has silenced even the Opposition.

**Q6. Mr. Ray Powell** asked the Prime Minister if she will list her official engagements for Tuesday 2 April.

**The Prime Minister:** I refer the hon. Gentleman to the reply that I gave a few moments ago.

**Mr. Powell:** The Prime Minister made many references in the House in October to her support for the NACODS agreement that was then drawn up. Will she now ensure that the NACODS agreement is carried out by the person whom she appointed to the chairmanship of the National Coal Board? At least then it will have the agreement that was negotiated in October last year.

**The Prime Minister:** My right hon. Friend the Secretary of State for Energy yesterday made it perfectly clear that the National Coal Board stands by the NACODS agreement and looks forward to further discussions on it.

**Mr. Pavitt:** On a point of order arising out of Question Time, Mr. Speaker. Is it possible for the Prime Minister to put the record straight and to say that the 1974 commitment was to phase out prescription charges, and in fact 3 million—

**Mr. Speaker:** Order. The hon. Gentleman is now seeking to do what the whole House is against—to prolong Question Time by raising points of order.

agricultural policy? Against that background, will she tell us why she has allowed the development aid budget to be cut in real terms while the agricultural programme—including food mountains—continues to grow remorselessly?

About 14 million people in Common Market countries are out of work and two out of five of them are under 25 years of age. Why has the summit yet again done nothing tangible to give those people help in getting jobs? Does the Prime Minister agree that the European Council would be better engaged planning jobs than discussing common passports and other gimmicks such as the so-called citizen's Europe?

**The Prime Minister:** I welcome what the right hon. Gentleman has said about enlargement and border controls. Prices under the agriculture budget are subject to majority voting and not unanimous voting. Only if a fundamental national interest is involved does the Luxembourg compromise come into play. We are not, therefore, able to exercise a veto on all agriculture pricing matters. *[Interruption.]* There was no need to use a veto on Spain. It was Greece which attempted to use a veto on Spain and we managed to overcome that by making reasonable arrangements.

Britain has done well out of the social and regional structural funds. The special arrangements under the integrated Mediterranean programme come from the increases in structural funds. It was made clear in the communiqué that the fundamental rules which govern the structural funds will continue to be the criteria.

We examined development aid, particularly in relation to African countries, and a report will be issued shortly. We came to the joint conclusion that sufficient food is being sent and that the real need is to ensure efficient distribution.

**Sir Anthony Meyer** (Clwyd, North-West): Is my right hon. Friend aware that, welcome though the entry of Spain and Portugal is, it strengthens the need for effective means of decision making within the Community? As my right hon. Friend said, the use of the veto must henceforth be restricted to when major national interests are at stake.

**The Prime Minister:** I am grateful to my hon. Friend. The veto can be used only in those circumstances. We have had occasion to use it, but the future of these matters will be considered in the debate on the Dooge committee in June. My hon. Friend knows our position. We shall not agree to any change in the treaty on these matters. It should stay exactly the same.

**Mr. Roy Jenkins** (Glasgow, Hillhead): May I endorse the view implicit in the Prime Minister's statement that this is our most successful European Council, for which a great deal of the credit, as on previous occasions, belongs to the Italian President? Does the right hon. Lady agree that if the entry of Spain and Portugal had been delayed it would have spelt disaster for the whole Community? Does she also agree that, since no further candidates are likely, the Community can finally settle down with a membership of 12 for some time? In those circumstances, how does the right hon. Lady intend to improve the decision-making process? Does she recognise that wanting a reformed and changed Community—as I believe that she and her Government do—unanimity in a Community of 12 is a recipe for inaction and not for change?

**The Prime Minister:** I think it likely that 12 will be the limit of the Community for a very long time. The treaty provides for unanimity on certain crucial issues. The treaty must continue, since I think that on most issues it is important for debate to continue until unanimity is achieved.

On majority voting, the tendency has been to go to unanimity even on matters such as standards which require only a majority vote for agreement. Where majority voting is possible we can act without unanimity if most countries vote in favour and a small minority abstain.

**Sir Anthony Kershaw** (Stroud): I congratulate my right hon. Friend upon three years of sterling work in Europe, the result of which has been greatly to the advantage of the United Kingdom and Europe itself. Does she agree that it is time to press on as fast as possible with the breaking down of barriers to trade before enlargement? After that takes place, things will become much more glutinous and accordingly more difficult to move.

**The Prime Minister:** One of the comparatively difficult issues to negotiate with Spain was changes in industrial tariffs. It was vital to the United Kingdom to achieve a reduction in Spain's industrial tariffs and to secure the main part of it in the early part of the transitional period. That has not been achieved, and it would be greatly to the advantage of our car industry if it were achieved. I agree that it is important to break down any further barrier to trade within the Community and to complete the Common Market in internal services.

**Mr. Merlyn Rees** (Morley and Leeds, South): The Prime Minister did not mention the much reported 30-minute meeting that she had with the Taoiseach. To dispel what must be misplaced rumours, what is afoot?

**The Prime Minister:** There was a brief communiqué issued after our meeting. We had a comparatively short meeting. It was held in the margins and was not part of the European Council. There is nothing further to report. The position is exactly as it was after the Chequers communiqué.

**Mr. Anthony Beaumont-Dark** (Birmingham, Selly Oak): Will my right hon. Friend comment on what the EEC will do about Japanese trade, bearing in mind that the United States of America is finding, as we are, that the Japanese have pillaged much of its industry and its hopes? Are we to act with America in ensuring that at least the Japanese go in for fair competition by opening their country to our products, or are we to sit by in Europe and America while the Japanese grow fruitful and we grow bare?

**The Prime Minister:** This matter will be considered at the Bonn economic summit. My hon. Friend knows that there is a certain number of voluntary agreements between industries in the United Kingdom and Japanese industries on cars and certain machine tools. One of the fundamental difficulties is that the Japanese people are not as ready to purchase foreign goods as the British people, who are accustomed to doing so. We are constantly in discussions with the Japanese on how they can and should open up their markets further to exports from other countries. No one can expect to export to the whole world unless he is prepared similarly to open his markets.

**Mr. Tom Clarke** (Monklands, West): Bearing in mind the concern which was expressed at the Council about drug

[Mr. Tom Clarke]

trafficking, is the Prime Minister aware of the unanimous view of the Civil Service unions that the reduction in the number of customs officers has been unhelpful? Does she agree that member countries should be doing far more in allocating resources to deal with this problem?

**The Prime Minister:** An additional 60 customs officers were put on drug matters, followed by a further 100. We now have 160 extra customs officers tracking down the drugs as they come in. They had a record year last year in the amount that they discovered. Nevertheless, drugs remain one of our most serious problems. I was concerned that if we had only a few checks at borders in the Common Market we might be preventing ourselves from checking the movement of drugs. I made the observation that certain things must be checked at the borders, and it was well received.

**Mr. Terence Higgins (Worthing):** Why do we continue to make advances of our own resources before they are legally due?

**The Prime Minister:** They are legally due on 1 January. This was to help Britain, possibly among others, to get its 1,000 million ecu refund this year by a deduction in the amount of VAT that would be payable in future and not by having to go through the previous arrangements with the European Parliament.

**Mr. Jack Ashley (Stoke-on-Trent):** Does the Prime Minister recall that the Commission's President urged wealthy countries to pay more to help the poor nations of the EEC? That obviously included us. Is the right hon. Lady aware that the Chancellor of the Exchequer is undermining our claim for European funds by his bogus party political claim that Britain is no longer the sick man of Europe, especially in view of the fact that our wealthiest and relatively more prosperous area—the south-east—is, in terms of income per head, below the national average?

**The Prime Minister:** I doubt very much whether the right hon. Gentleman would wish us to compete for resources with Portugal, Greece and certain parts of Italy. With regard to the financing of Mediterranean programmes for some of those countries, we shall be paying 7 per cent., but Germany will be paying 33 per cent. and France 27 per cent. All told, we have a reasonably good deal. I should have hoped that Opposition Members would be prepared to help poorer countries and to help Portugal which, after all, rose up and asked for its country back from the Communists who threatened it.

**Mr. David Harris (St. Ives):** Will my right hon. Friend explain how the fishing agreement with Spain is not to the detriment of our fishermen when the number of Spanish fishing boats in the western approaches to Cornwall will increase and Spain's hake quota will more than double? Given those increases, what steps will we take to increase our policing to ensure that there is no wholesale increase in cheating by Spain?

**The Prime Minister:** I said in my statement that there will be no detriment to our fishing industry. There will be no reductions in the important quotas that are available to British fishermen and no new access for Spanish fishing boats to the North sea fishing block. I think that I am right in saying that we do not take up our full amount of hake. To let the Spanish have a larger quota of hake will,

therefore, not effect our fishermen. I think that, on the whole, the hon. Gentleman will find that this is a very good fishing agreement. The fisheries protection fleet will continue to keep its normal careful watch on overseas vessels.

**Mr. Russell Johnston (Inverness, Nairn and Lochaber):** In dealing with enlargement, which is very much to be welcomed, the Prime Minister stressed throughout her statement that the terms were not just satisfactory but "very" satisfactory to the United Kingdom. Does she agree that, if enlargement is to work, Spain and especially Portugal, where poverty is marked and which threw off the yoke of Salazar, rather than the Communist party, should be treated with not just political understanding but economic generosity? That is very important. Is the North sea agreement permanent or transitional?

**The Prime Minister:** The hon. Gentleman will remember that, well after Salazar, Portugal was nearly taken over by the Communists and it could have stayed a Communist country. Due to the great bravery of the Portuguese people, Portugal was rescued from that for democracy. [Interruption.] I am sorry that the Opposition do not appreciate the fantastic efforts made by the Portuguese people.

Spanish vessels will be subject to strict limits on the number of boats, permitting 150 to fish at any one time. There are strict reporting and monitoring requirements. Spanish vessels will have access only to those species controlled by the TAC and the quota under the common fisheries policy for which Spain receives quotas under the EC—Spain fisheries agreement—hake, monk, megrim and anchovy. Spanish vessels will not have access to the North sea. Those measures are to endure for the full duration of the common fisheries policy—to the year 2002.

**Mr. Ivor Stanbrook (Orpington):** Is my right hon. Friend aware that much of the disillusionment in this country with the Common Market is due to the great disparity between its aims and the realities? The internal market is choked by national restrictions and internal air fares are outrageously high. Will my right hon. Friend devote all her considerable gifts and energy to making real progress on these matters before 1992?

**The Prime Minister:** One of our objectives is effectively to complete the internal market. I agree with my hon. Friend that that is not yet complete, as clearly there are a number of non-tariff barriers operating, and we are far from completing an internal market in services. I agree with him that air fares are one of the matters with which we have had difficulty. My right hon. Friend the Secretary of State for Transport has been successful in negotiating much cheaper fares on a bilateral basis, in particular, to Holland and Luxembourg. We have set the year 1992 for the completion of an effective internal market.

**Mr. Nigel Spearing (Newham, South):** Bearing in mind the Government's well-known policy for the reduction of taxation and expenditure within the United Kingdom to the pain of the people of this country and of her party, is it not anomalous that expenditure and taxation within the EC are increasing?

**Prime Minister:** With the agreement that we have obtained, the amount that we shall be spending and that will be going towards Europe is less now than it would have been if we did not have the Fontainebleau agreement.

**Mr. John Mark Taylor (Solihull):** Does my right hon. Friend accept that many of us on the Conservative Benches are pleased with the result of the European Council and her role but may we none the less have a word of reassurance about the position and role of the Gibraltarians?

**The Prime Minister:** As my hon. Friend is aware, the border between Gibraltar and Spain was fully opened a short time ago. That was absolutely necessary to enable the enlargement to go ahead. The position of Gibraltar is protected.

**Mr. Tam Dalyell (Linlithgow):** On the discussions on Latin America to which the Prime Minister referred in her statement, can she give us the names of those countries that supported her attitude towards President Alfonsín?

**The Prime Minister:** I cannot remember the particular name or the country being mentioned in our discussions.

**Mr. Nicholas Budgen (Wolverhampton, South-West):** Will my right hon. Friend confirm that one of the reasons why she was in favour of the accession of Spain and Portugal was her belief that thereby she would support democratic government in Spain and Portugal? Will she further confirm that, if Turkey adopts a democratic Government and applied to join the EEC, she will be in favour of that application?

**The Prime Minister:** If that were the case and Turkey applied, we should have to decide what position to adopt. I recognise the force of the point that my hon. Friend is making. The European Community is a community for which democracy is an absolutely vital condition of entry. One of the reasons why we are anxious to have Spain and Portugal in is to enlarge the area of democracy and to consolidate in those countries. I do not believe that we shall be faced with another application shortly, but if we are we shall have to consider it.

**Mr. Dave Nellist (Coventry, South-East):** Does the Prime Minister remember the referendum campaign in 1975 when giant posters bearing the words of the right hon. Member for Glasgow, Hillhead (Mr. Jenkins) promised jobs for the boys through Britain's entry into Europe? What happened? Does the Prime Minister recognise that Britain's membership of the Common Market has cost £1.5 million a day since then? For that, working people in this country are on the lowest level of social security benefits as a percentage of former earnings, compared with any of the Ten. What did the summit do to take up those problems?

**The Prime Minister:** The hon. Gentleman is plainly wholly against the EEC. There is a communiqué on what we are trying to do about jobs. If he wishes to read in more detail, there was a full economic report following the Dublin European Council. Yes, there are problems on unemployment in Europe. There are far more problems than in the much freer enterprise economics of the United States and Japan. If perhaps we followed more their free enterprise tenets, we might have more jobs.

**Mr. Eric Forth (Mid-Worcestershire):** Will my right hon. Friend confirm that before the House debates the treaty of accession and ratifies it we shall be given the

fullest possible information about the cost of the enlargement of the Community to the United Kingdom and her people, in particular, the potential loss of social fund benefits, regional fund benefits and the flood of money from the CAP, from north to south, after the entry of Spain and Portugal?

**The Prime Minister:** We shall, of course, put as many of the details of the costs as we can before the House, but our share of the enlargement costs, because of the agreement which we negotiated at Fontainebleau, is only 7 per cent. That was a very good agreement for Britain.

With regard to the regional and social funds, as was said in the communiqué:

"The structural fund will continue to operate normally on the basis of a Community-wide regional policy in accordance with the regulations which have recently been revised."

Over the past five years the regional fund has committed £1,236 million and the social fund has committed £1,245 million to the United Kingdom. The United Kingdom has done very well from both funds.

**Mr. Eric Deakins (Walthamstow):** How can the Prime Minister justify improved rights of residence in Britain for people from the Common Market when our own Commonwealth citizens are so shabbily treated by the British Nationality Act and the immigration rules and procedures? Will the right hon. Lady come to my constituency in Walthamstow and justify to my Commonwealth constituents the reason for the increasing inequality between them and Common Market citizens?

**The Prime Minister:** The hon. Gentleman knows that that is a part of being a common market. We arranged during the discussion of the Committee on Citizens' Europe that the right of residence in one another's country should be linked to proof of adequate resources. I hope that the hon. Gentleman will welcome that decision.

**Sir Anthony Grant (Cambridgeshire, South-West):** In view of the fact that one of the biggest burdens upon business today is instability of exchange rates, was there any discussion about Britain joining the European monetary system, particularly as the majority of exporting industries in this country now support such a policy?

**The Prime Minister:** Not at this particular meeting, although we have had such a discussion before and shall probably have it again in June. The recent instability has also affected the currencies in Europe. Indeed, the Deutschmark has been affected as much as if not more than sterling, so joining the EMS exchange rate mechanism has not shielded people from the shifts in the dollar, and would not do so.

**Mr. John Evans (St. Helens, North):** By how much will unemployment in Britain be reduced as a result of the measures adopted at the summit, and what were those measures?

**The Prime Minister:** As I have said, the measures were to encourage the development of enterprise, which was discussed in detail at the Dublin Council and in particular to try to get growth in labour-intensive industries, which are many of the service industries. There were measures designed to get across the fact that unit wage costs are very important. The hon. Gentleman is aware that it may be right for him to ask that question, but it is most unwise for anyone at this Dispatch Box ever to answer it.



**Several Hon. Members rose—**

**Mr. Speaker:** Order. I remind the House that there are two other statements and a ten-minute Bill before we reach the Committee stage of the Interception of Communications Bill, so I ask for brief questions.

**Mr. Tony Marlow** (Northampton, North): I congratulate my right hon. Friend on the completion of western Europe through the inclusion of Spain and Portugal, but as she looks for a positive direction as Europe goes forward will she give an undertaking that she will not attempt to make any changes that undermine her right to veto increases in expenditure programmes or the right of the House to throw out any legislation with which it may disagree?

**The Prime Minister:** On the latter point, there is nothing that I could do to undermine the rights of Parliament. They are absolutely vital. On the veto, I believe that the position should remain as it is under the treaty, together with the Luxembourg compromise.

**Mr. Gerald Malone** (Aberdeen, South): Is my right hon. Friend aware that in Scotland there will be a broad welcome for the accession to the Community of the democracies of Spain and Portugal? Is she further aware that the sharpest criterion brought to bear on those accession arrangements is by fishermen in the north-east of Scotland? According to that criterion, she has passed the judgment of those fishermen, and accession is welcomed.

**The Prime Minister:** I am grateful to my hon. Friend. The fishery provisions gave rise to a great deal of negotiating difficulty, but I believe that we fully protected the rights of our own fishermen in the agreement that we obtained.

**Mr. Harry Greenway** (Ealing, North): Bearing in mind the resistance in this country to changes in our currency, will my right hon. Friend say whether there was any discussion of a common currency for Europe and, if so, what was said?

**The Prime Minister:** From time to time there are requests and expressions of hope that the ecu will become

much more of a common currency than it is now. Of course, the ecu is dealt with in the City of London. Undoubtedly some of our Community colleagues would wish it to begin to rival the dollar in its importance as a reserve currency. I confess that I believe that it will take a long time before that happens.

**Mr. Andrew MacKay** (Berkshire, East): In the light of the welcome news of Spain's accession to the Community, can my right hon. Friend tell the House when she expects to have an extradition treaty with that country?

**The Prime Minister:** I cannot at the moment. The matter is being pursued in the customary way.

**Mr. Tim Yeo** (Suffolk, South): Does my right hon. Friend agree that for ordinary men and women the elimination of passport controls would be one of the most tangible and welcome consequences of British membership? Will she give the House an assurance that Britain will participate fully in any such experiment?

**The Prime Minister:** Subject to what I have said about checks at certain frontiers—I believe that they are vital to apprehend those dealing with drugs and in terrorism, and illegal immigrants—it is important that we have freer movement among the countries of Europe.

**Mr. David Heathcoat-Amory** (Wells): Does my right hon. Friend share my concern about the nature of the pay-off to Greece and the extra payments to Italy and France for agricultural restructuring? Does she agree that that will increase the production of Mediterranean foodstuffs and lead to the same problems of surplus that we have with milk and cereals?

**The Prime Minister:** The figure is about 1.6 billion ecu—less than £1 billion—for the three countries over a period of seven years to enable them to make the necessary changes and adaptations to their own economies, bearing in mind that many of their products will have enormous increases through the enlargement, with the accession of Spain and Portugal. I agree that we already have surpluses, and it is for those countries to make the requisite changes over that period using the moneys to enable them to do so.

WITH PERMISSION, MR. SPEAKER, I SHOULD LIKE TO MAKE A  
STATEMENT ABOUT THE EUROPEAN COUNCIL HELD IN  
BRUSSELS ON 29-30 MARCH, AT WHICH I WAS  
ACCOMPANIED BY MY RT HON AND LEARNED FRIEND,  
THE FOREIGN AND COMMONWEALTH SECRETARY.  
I HAVE ARRANGED FOR THE CONCLUSIONS OF THE  
COUNCIL TO BE PLACED IN THE LIBRARY OF THE  
HOUSE.

THIS EUROPEAN COUNCIL EFFECTIVELY COMPLETED THE  
NEGOTIATIONS FOR THE ENTRY OF SPAIN AND  
PORTUGAL INTO THE EUROPEAN COMMUNITY.

THE TREATY OF ACCESSION WILL SOON BE  
SUBMITTED TO THE TWELVE NATIONAL PARLIAMENTS  
FOR RATIFICATION, OPENING THE WAY FOR THE  
ENTRY OF SPAIN AND PORTUGAL ON 1 JANUARY  
1986.

THE TERMS ARE VERY SATISFACTORY FOR THE UNITED KINGDOM.

IN PARTICULAR, THERE WILL BE QUICKER  
DISMANTLING BY SPAIN IN THE EARLY YEARS OF  
ITS HIGH TARIFFS ON CERTAIN INDUSTRIAL GOODS,  
INCLUDING CARS, TO THE BENEFIT OF THE UNITED  
KINGDOM EXPORTERS.

THERE WILL BE NO DETRIMENT TO OUR FISHING  
INDUSTRY; NO REDUCTIONS IN THE IMPORTANT QUOTAS  
AVAILABLE TO BRITISH FISHERMEN AND NO NEW  
ACCESS FOR SPANISH FISHING BOATS TO THE NORTH  
SEA FISHING GROUNDS.

THERE WILL BE A FULL OPPORTUNITY FOR THE  
HOUSE TO CONSIDER THESE POINTS WHEN THE ACT  
OF ACCESSION IS PRESENTED FOR RATIFICATION.

THE EUROPEAN COUNCIL ALSO AGREED ON THE FINANCING OF  
WHAT ARE CALLED INTEGRATED MEDITERRANEAN  
PROGRAMMES OVER A PERIOD OF SEVEN YEARS, TO  
HELP THE MEDITERRANEAN MEMBER STATES ADJUST  
TO THE EFFECTS OF ENLARGEMENT ON THEIR OWN  
ECONOMIES.

A TOTAL ADDITIONAL AMOUNT OF 1.6 BILLION ECU  
[ABOUT £950 MILLION] WILL BE MADE AVAILABLE  
FOR THESE PROGRAMMES.

AS A RESULT OF THE FONTAINEBLEAU AGREEMENT,  
THE UNITED KINGDOM FINANCING SHARE WILL BE  
SOME 7 PER CENT, LESS THAN £10 MILLION A  
YEAR.

THE POORER MEDITERRANEAN AREAS WILL ALSO  
BENEFIT FROM THE STRUCTURAL FUNDS AND FROM  
2.5 BILLION ECU OF LOANS FROM THE EUROPEAN  
INVESTMENT BANK.

WE HAD A FULL DISCUSSION OF THE ECONOMIC SITUATION  
WITH PARTICULAR REFERENCE TO THE CREATION OF

5  
ENTERPRISE AND JOBS AND THE ACHIEVEMENT OF  
A SINGLE LARGE MARKET BY 1992.

IN THE COURSE OF THIS I PROPOSED, FIRST, THAT  
THE EUROPEAN COUNCIL SHOULD CUT THE BURDEN OF  
BUREAUCRACY ON BUSINESSES BY REDUCING THE  
NUMBER OF EXISTING COMMUNITY RULES AND  
REGULATIONS; AND SHOULD SCRUTINISE ANY  
PROPOSED NEW COMMUNITY LEGISLATION WITH REGARD TO ITS  
EFFECT ON BUSINESS.

SECONDLY, WE WERE ALL GREATLY CONCERNED TO  
MODERATE LABOUR COSTS AND REMOVE RESTRICTIVE  
PRACTICES, ESPECIALLY WITH REGARD TO NEW  
TECHNOLOGY.

THE UNITED KINGDOM'S INITIATIVE WAS WIDELY

WELCOMED IN THE EUROPEAN COUNCIL AND IS  
REFLECTED IN THE CONCLUSIONS.

THE COMMISSION HAS BEEN ASKED TO FOLLOW IT  
THROUGH.

WE ALSO BROADLY ENDORSED THE FIRST REPORT OF THE  
COMMITTEE ON CITIZENS' EUROPE.

THIS CONTAINS A NUMBER OF SPECIFIC PROPOSALS  
FOR EASIER MOVEMENT ACROSS FRONTIERS, HIGHER  
TRAVELLERS' ALLOWANCES; RIGHT OF RESIDENCE  
LINKED TO PROOF OF ADEQUATE RESOURCES, EASIER  
ARRANGEMENTS FOR ROAD TRANSPORT, AND MUTUAL  
RECOGNITION OF QUALIFICATIONS, ALL OF THEM  
DESIGNED TO BRING ADVANTAGES TO INDIVIDUAL  
CITIZENS.

WITH REGARD TO FRONTIERS, I MADE ABSOLUTELY

CLEAR THE NEED TO MAINTAIN STRONG CONTROLS  
AGAINST DRUGS, TERRORISM AND ILLEGAL  
IMMIGRATION; ALSO THAT THE COMPLETION OF THE  
SINGLE INTERNAL MARKET DOES NOT IMPLY TAX  
HARMONISATION.

THE COUNCIL AGREED THE TEXT OF THE REVISED DECISION ON  
THE "OWN RESOURCES" OF THE COMMUNITY AND I  
AM ARRANGING FOR COPIES TO BE MADE AVAILABLE  
IN THE LIBRARY.

IT WILL BE SUBMITTED TO NATIONAL PARLIAMENTS  
FOR RATIFICATION.

THIS TEXT PROVIDES FOR NEW OWN RESOURCES  
GENERALLY TO BE AVAILABLE FROM 1 JANUARY



1986.

IT ALSO PUTS INTO LAW THE FONTAINEBLEAU  
ARRANGEMENTS FOR ABATING THE UNITED KINGDOM'S  
CONTRIBUTIONS BY REDUCING THE AMOUNT OF VAT  
PAID OVER TO THE COMMUNITY.

IT ALSO INCLUDES THE UNITED KINGDOM'S  
1,000 MILLION ECU ABATEMENT FOR 1984, WHICH  
WILL BECOME AVAILABLE AFTER RATIFICATION OF  
THIS DECISION AND WITHOUT WAITING FOR ANY  
GENERAL INCREASE IN THE COMMUNITY'S OWN  
RESOURCES.

THE EUROPEAN COUNCIL DISCUSSED THE MEASURES TO  
STRENGTHEN TECHNOLOGY IN THE COMMUNITY, IN  
PARTICULAR THROUGH MUTUAL RECOGNITION OF

INDUSTRIAL STANDARDS AND THE OPENING UP OF  
PUBLIC PROCUREMENT TO COMPETITIVE TENDER FROM  
FIRMS ACROSS THE COMMUNITY.

WE ALSO DISCUSSED EAST/WEST RELATIONS, WELCOMING THE  
OPENING OF THE GENEVA NEGOTIATIONS, AND  
EXCHANGED VIEWS ON THE MIDDLE EAST, LATIN  
AMERICA AND SOUTH AFRICA, WHERE WE EXPRESSED  
GRAVE CONCERN ABOUT RECENT EVENTS.

THIS EUROPEAN COUNCIL MARKS THE CONCLUSION OF A PERIOD  
OF IMPORTANT DECISIONS IN THE EUROPEAN  
COMMUNITY:

- AGREEMENT ON THE ENTRY OF SPAIN AND PORTUGAL;
- AGREEMENT ON THE IMPLEMENTATION OF THE  
FAVOURABLE BUDGETARY ARRANGEMENTS FOR THE

UNITED KINGDOM NEGOTIATED AT FONTAINEBLEAU:  
AGREEMENT ON THE INTEGRATED MEDITERRANEAN  
PROGRAMMES; PROGRESS ON THE ENVIRONMENT,  
INCLUDING THE RECENT AGREEMENT ON VEHICLE  
EMISSIONS; AND THE LAUNCHING OF AN INITIATIVE  
TRULY TO OPEN UP THE COMMON MARKET AND TO  
REDUCE THE BURDENS ON BUSINESS AS A MEANS OF  
STIMULATING THE CREATION OF MORE JOBS.

IT IS A PARTICULAR SOURCE OF SATISFACTION TO US ALL  
THAT FORTY YEARS AFTER THE END OF THE SECOND  
WORLD WAR THE EUROPEAN COMMUNITY HAS FURTHER  
DEMONSTRATED IN THIS IMPRESSIVE WAY ITS  
CAPACITY TO RESOLVE ITS PROBLEMS AND MOVE  
FORWARD IN A SPIRIT OF PARTNERSHIP AND  
COOPERATION.

With permission, Mr. Speaker, I should like to make a statement about the European Council held in Brussels on 29-30 March, at which I was accompanied by my rt hon and learned Friend, the Foreign and Commonwealth Secretary. I have arranged for the Conclusions of the Council to be placed in the library of the House.

*effectively completed*  
The European Council welcomed the completion ~~shortly~~  
~~beforehand~~ of the negotiations for the entry  
of Spain and Portugal into the European  
Community.  
~~The United Kingdom has long supported~~  
~~enlargement which will strengthen democracy~~

~~in these two countries.~~

The ~~drafting of the~~ Treaty of Accession will

*soon made*

~~now be rapidly completed~~ and submitted to the

~~drafted~~ *be*

twelve national Parliaments for ratification,

*opening the*

*way for*

~~and~~ the entry of Spain and Portugal on

1 January 1986.

The terms are very satisfactory for the United Kingdom.

In particular, there will be quicker

dismantling by Spain in the early years of

its high tariffs on certain industrial goods,

including cars, to the benefit of the United

Kingdom exporters.

There will be no detriment to our fishing

industry; no reductions in the fish quotas

*Spanish tariffs will  
52% by end  
of first 3 years  
of 7 year  
transition period*

E.R.

available to British fishermen and no new access for Spanish fishing boats to the North Sea fishing grounds.

There will be a full opportunity for the House to consider these points when the Act of Accession is presented for ratification.

The European Council also agreed on the financing of *what we*

*called*

Integrated Mediterranean Programmes over a period of seven years, to help the

Mediterranean member states adjust to the effects of enlargement *on their own economies*

A total additional amount of 1.6 billion ecu

[£950] will be made available for these

programmes.

As a result of the Fontainebleau <sup>agreement</sup> ~~mechanism~~

the United Kingdom ~~financing~~ share will be <sup>less than</sup>

about <sup>£</sup>9.5 million a year, <sup>some 7% (as against</sup>  
<sup>the German share of 33% and the Bank 27%).</sup>

These areas will also benefit

~~The Decision~~ <sup>from the</sup>

~~substantially~~ from the structural funds ~~as a~~

~~result of decisions already taken~~ and from

2.5 billion ecu of loans from the European

Investment Bank.

We had a full discussion of the economic situation. <sup>with particular</sup>  
<sup>reference to the sector of jobs - enterprise jobs.</sup>

In the course of this I proposed, first, that

the European Council should cut the burden of

bureaucracy on businesses by reducing the

number of existing Community rules and

regulations and <sup>should</sup> ~~by~~ scrutinising any proposed <sup>new</sup>





E. R.

Council.

We also broadly endorsed the first report of  
the Committee on <sup>Chairman</sup> ~~People's~~ Europe.

This contains a number of specific proposals

for easier movement across frontiers, higher

travellers' allowances, easier arrangements

for road transport, mutual recognition of

qualifications, and right of residence ~~linked to proof~~

linked to proof of adequate resources, all of

them designed to bring <sup>advantages</sup> ~~tangible~~ benefits to

individual citizens.

*UK need to further*

I made absolutely clear the need to maintain

strong controls <sup>against</sup> ~~on~~ drugs, terrorism and

illegal immigration; and <sup>also</sup> (that the completion

of the single <sup>internal</sup> market does not imply tax

harmonisation.

The Council agreed the text of the revised decision on  
the own resources of the Community and I am  
arranging for copies to be made available in  
the Library.

It will be submitted to national Parliaments  
for ratification.

This text provides for new own resources  
generally to be available from 1 January  
1986.

It also puts into law the Fontainebleau  
arrangements for abating the United Kingdom's  
contributions by reducing the amount of VAT  
paid over to the Community.

D. R.

It also includes the United Kingdom's  
 1,000 million ecu abatement for 1984, which  
 will become available after ratification of  
 this decision. and without waiting for  
 any general increase in the Community  
 resources

HMT  
 suggested  
 addition

The European Council also discussed the measures to  
 strengthen technology in the Community, in  
 particular through mutual recognition of

industrial standards and the opening up of  
 public ~~contracts~~ <sup>procurement</sup> to <sup>competition</sup> tender <sup>from</sup> ~~the~~ ~~Community~~ <sup>the Community</sup>,  
 We also discussed ~~environmental policy~~ and

East/West relations, welcoming the opening of  
 the Geneva negotiations, and exchanged views  
 on the Middle East, ~~South Africa~~ and Latin

America, <sup>South Africa</sup> where we expressed  
 firm concern about recent events

D. R.

*Chapman*

This Council marks the conclusion of a period of

important decisions in the European Community:

agreement on the entry of Spain and Portugal;

agreement on the implementation of the

favourable budgetary arrangements for the

United Kingdom negotiated at Fontainebleau:

agreement on the Integrated Mediterranean

Programmes; progress on the environment,

including the recent agreement on vehicle

emissions; and the launching of an initiative

to truly open up the common market and to

reduce the burdens on business as a means of

stimulating the creation of more jobs.

*When a sense of partnership substituted  
to us all that the state ~~is~~ <sup>was</sup> ~~hostile~~ <sup>to</sup> jobs of the  
the end of the second world <sup>war</sup> Europe had ~~to~~ <sup>to</sup> ~~find~~ <sup>find</sup>  
~~is~~ <sup>is</sup> ~~find~~ <sup>find</sup> ~~its~~ <sup>its</sup> ~~own~~ <sup>own</sup> ~~way~~ <sup>way</sup> ~~to~~ <sup>to</sup> ~~resolve~~ <sup>resolve</sup> ~~its~~ <sup>its</sup> ~~problems~~ <sup>problems</sup> and ~~now~~ <sup>now</sup> ~~found~~ <sup>found</sup> ~~in~~ <sup>in</sup>  
spirit of partnership & co-operation.*



10 DOWNING STREET

From the Private Secretary

1 April 1985

Dear Colin,

EUROPEAN COUNCIL: PRIME MINISTER'S STATEMENT IN THE HOUSE

This has been further refined and I am circulating a revised version to a wider circle of departments. I should be grateful for any comments by 1200 hours on 2 April.

I am copying this letter to Rachel Lomax (HM Treasury), Ivor Llewelyn (Ministry of Agriculture, Fisheries & Food), Callum McCarthy (Department of Trade and Industry), John Graham (Scottish Office) and David Williamson (Cabinet Office).

yours sincerely,

(C.D. Powell)

Colin Budd, Esq.,  
Foreign and Commonwealth Office

Bol

With permission, Mr. Speaker, I should like to make a statement about the European Council held in Brussels on 29-30 March, at which I was accompanied by my right hon and learned Friend, the Foreign and Commonwealth Secretary. I have arranged for the Conclusions of the Council to be placed in the library of the House.

The European Council welcomed the completion shortly beforehand of the negotiations for the entry of Spain and Portugal into the European Community.

The United Kingdom has long supported enlargement which will strengthen democracy

in these two countries.

The drafting of the Treaty of Accession will now be rapidly completed and submitted to the twelve national Parliaments for ratification and the entry of Spain and Portugal on 1 January 1986.

The terms are very satisfactory for the United Kingdom.

In particular, there will be quicker dismantling by Spain in the early years of its high tariffs on certain industrial goods, including cars, to the benefit of the United Kingdom exporters.

There will be no detriment to our fishing industry; no reductions in the fish quotas

available to British fishermen and no new access for Spanish fishing boats to the North Sea fishing grounds.

There will be a full opportunity for the House to consider these points when the Act of Accession is presented for ratification.

The European Council also agreed on the financing of Integrated Mediterranean Programmes over a period of seven years, to help the Mediterranean member states adjust to the effects of enlargement.

A total additional amount of 1.6 billion ecu [£960] will be made available for these programmes.



As a result of the Fontainebleau mechanism, the United Kingdom financing share will be about £9.5 million a year.

These areas will also benefit substantially from the structural funds as a result of decisions already taken and from 2.5 billion ecu of loans from the European Investment Bank.

We had a full discussion of the economic situation.

In the course of this I proposed, first, that the European Council should cut the burden of bureaucracy on businesses by reducing the number of existing Community rules and regulations and by scrutinising any proposed

legislation in the same spirit.

It is private enterprise which creates jobs;

we must give them the freedom to do so.

Secondly, I proposed steps to moderate labour

costs and remove restrictive practices, so as

to increase the demand for labour.

The United Kingdom's initiative was widely

welcomed in the European Council and is

reflected in the Conclusions.

The Commission has been asked to follow it

through.

The European Council had before it the final report of

the Committee on Institutions.

Decisions will be taken at the June European

Council.

We also broadly endorsed the first report of the Committee on People's Europe.

This contains a number of specific proposals for easier movement across frontiers, higher travellers' allowances, easier arrangements for road transport, mutual recognition of qualifications, and right of residence, linked to proof of adequate resources, all of them designed to bring tangible benefits to individual citizens.

I made absolutely clear the need to maintain strong controls on drugs, terrorism and illegal immigration; and that the completion of the single market does not imply tax

harmonisation.

The Council agreed the text of the revised decision on the own resources of the Community and I am arranging for copies to be made available in the Library.

It will be submitted to national Parliaments for ratification.

This text provides for new own resources generally to be available from 1 January 1986.

It also puts into law the Fontainebleau arrangements for abating the United Kingdom's contributions by reducing the amount of VAT paid over to the Community.

It also includes the United Kingdom's 1,000 million ecu abatement for 1984, which will become available after ratification of this decision.

The European Council also discussed the measures to strengthen technology in the Community, in particular through mutual recognition of industrial standards and the opening up of public contracts.

We also discussed environmental policy and East/West relations, welcoming the opening of the Geneva negotiations, and exchanged views on the Middle East, South Africa and Latin America.

This Council marks the conclusion of a period of

important decision in the European Community:

agreement on the entry of Spain and Portugal;

agreement on the implementation of the

favourable budgetary arrangements for the

United Kingdom negotiated at Fontainebleau:

agreement on the Integrated Mediterranean

Programmes; progress on the environment,

including the recent agreement on vehicle

emissions; and the launching of an initiative

to truly open up the common market and to

reduce the burdens on business as a means of

stimulating the creation of more jobs.



10 DOWNING STREET

*From the Private Secretary*

1 April 1985

**EUROPEAN COUNCIL:**  
**PRIME MINISTER'S STATEMENT**

Further to my letter of earlier today,  
I enclose a slightly revised version of the  
draft statement as amended by the Prime Minister.

I am copying this letter and enclosure  
to Rachel Lomax (H.M. Treasury) and  
David Williamson (Cabinet Office).

(Charles Powell)

C.R. Budd, Esq.,  
Foreign and Commonwealth Office.

TS.

With permission, Mr. Speaker, I should like to make a statement about the European Council held in Brussels on 29-30 March, at which I was accompanied by my rt hon and learned Friend, the Foreign and Commonwealth Secretary. I have arranged for the Conclusions of the Council to be placed in the library of the House.

The European Council welcomed the completion shortly beforehand of the negotiations for the entry of Spain and Portugal into the European Community.

The United Kingdom has long supported enlargement which will strengthen democracy



D. R.

in these two countries.

The drafting of the Treaty of Accession will now be rapidly completed and submitted to the twelve national Parliaments for ratification and the entry of Spain and Portugal on 1 January 1986.

The terms are very satisfactory for the United Kingdom.

In particular, there will be quicker dismantling by Spain in the early years of its high tariffs on certain industrial goods, including cars, to the benefit of the United Kingdom exporters.

There will be no detriment to our fishing industry; no reductions in the fish quotas

available to British fishermen and no new access for Spanish fishing boats to the North Sea fishing grounds.

There will be a full opportunity for the House to consider these points when the Act of Accession is presented for ratification.

The European Council also agreed on the financing of Integrated Mediterranean Programmes over a period of seven years, to help the Mediterranean member states adjust to the effects of enlargement.

A total additional amount of 1.6 billion ecu [£        ] will be made available for these programmes.

As a result of the Fontainebleau mechanism, the United Kingdom share will be about £9.5 million a year.

These areas will also benefit from increases in the structural funds as a result of decisions already taken and from 2.5 billion ecu of loans from the European Investment Bank.

Britain's receipts from the structural funds will not be affected.

We had a full discussion of the economic situation.

In the course of this I proposed, first, that the European Council should cut the burden of bureaucracy on businesses by reducing the

number of existing Community rules and regulations and by scrutinising any proposed legislation in the same spirit.

It is private enterprise which creates jobs; we must give them the freedom to do so.

Secondly, I proposed steps to moderate labour costs and remove restrictive practices, so as to increase the demand for labour.

The United Kingdom's initiative was widely welcomed in the European Council and is reflected in the Conclusions.

The Commission has been asked to follow it through.

The European Council had before it the final report of

the Committee on Institutions.

Decisions will be taken at the June European Council.

We also broadly endorsed the first report of the Committee on People's Europe.

This contains a number of specific proposals for easier movement across frontiers, higher travellers' allowances, easier arrangements for road transport, mutual recognition of qualifications, and right of residence, linked to proof of adequate resources, all of them designed to bring tangible benefits to individual citizens.

I made absolutely clear the need to maintain strong controls on drugs, terrorism and

illegal immigration; and that the completion of the single market does not imply tax harmonisation.

The text of the revised decision on the own resources of the Community was also agreed.

It will now be submitted to national Parliaments for ratification.

This text will put into law, and subject to ratification of the Accession Treaty, the the Community's own resources will be increased from 1 January 1986.

It includes the Fontainebleau arrangements for abating the United Kingdom's contributions by reducing the amount of VAT

paid over to the Community.

It also includes the United Kingdom's 1,000 million ecu abatement for 1984, which will become available immediately on ratification of this decision.

The European Council also discussed the measures to strengthen technology in the Community, in particular through mutual recognition of industrial standards and the opening up of public contracts.

We also discussed environmental policy and East/West relations, welcoming the opening of the Geneva negotiations, and exchanged views on the Middle East, South Africa and Latin

America.

This Council marks the conclusion of a period of important decision in the European Community: agreement on the entry of Spain and Portugal; agreement on the implementation of the favourable budgetary arrangements for the United Kingdom negotiated at Fontainebleau: agreement on the Integrated Mediterranean Programmes; progress on the environment, including the recent agreement on vehicle emissions; and the launching of an initiative to truly open up the common market and to reduce the burdens on business as a means of stimulating the creation of more jobs.



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10 DOWNING STREET

*From the Private Secretary*

1 April 1985

EUROPEAN COUNCIL: PARLIAMENTARY STATEMENT

I enclose a draft of the Prime Minister's statement to be made in the House on 2 April. I should be grateful for any comments by 1700 this evening, together with full supplementaries.

I am copying this letter and enclosure to Rachel Lomax (HM Treasury) and David Williamson (Cabinet Office).

C.D. POWELL

C.R. Budd, Esq.,  
Foreign and Commonwealth Office.

CST.

With permission, Mr. Speaker, I should like to make a statement about the European Council held in Brussels on 29-30 March, at which I was accompanied by my rt hon and learned Friend, the Foreign and Commonwealth Secretary.

I have arranged for the Conclusions of the Council to be placed in the library of the House.

The European Council welcomed the completion shortly beforehand of the negotiations for the entry of Spain and Portugal into the European Community.

The United Kingdom has long supported enlargement which will strengthen democracy

in these two countries.

The drafting of the Treaty of Accession will now be rapidly completed and submitted to the twelve national Parliaments for ratification and the entry of Spain and Portugal on 1 January 1986.

The terms are very satisfactory for the United Kingdom.

In particular, there will be quicker dismantling by Spain in the early years of its high tariffs on certain industrial goods, including cars, to the benefit of the United Kingdom exporters.

There will be no detriment to our fishing industry; no reductions in the fish quotas

available to British fishermen and no new access for Spanish fishing boats to the North Sea fishing grounds.

There will be a full opportunity for the House to consider these points when the Act of Accession is presented for ratification.

The European Council also agreed on the financing of Integrated Mediterranean Programmes over a period of seven years, to help the Mediterranean member states adjust to the effects of enlargement.

A total additional amount of 1.6 billion ecu will be made available for these programmes.

As a result of the Fontainebleau mechanism,

the United Kingdom share will be about £9.5 million a year.

These areas will also benefit from increases in the structural funds as a result of decisions already taken and from 2.5 billion ecu of loans from the European Investment Bank.

Britain's receipts from the structural funds will not be affected.

We had a full discussion of the economic situation.

In the course of this I proposed, first, that the European Council should cut the burden of bureaucracy on businesses by reducing the number of existing Community rules and

regulations and by scrutinising any proposed legislation in the same spirit.

It is private enterprise which creates jobs; we must give them the freedom to do so.

Secondly, I proposed steps to moderate labour costs and remove restrictive practices, so as to increase the demand for labour.

The United Kingdom's initiative was widely welcomed in the European Council and is reflected in the Conclusions.

The Commission has been asked to follow it through.

The European Council had before it the final report of the Committee on Institutions.

We decided that there should be contacts between Community governments leading to a substantive discussion and decisions on what action, if any, might be taken at the June European Council.

We also broadly endorsed the first report of the Committee on People's Europe.

This contains a number of specific proposals for easier movement across frontiers, higher travellers' allowances, easier arrangements for road transport, mutual recognition of qualifications, and right of residence, linked to proof of adequate resources, all of them designed to bring tangible benefits to individual citizens.

I made absolutely clear the need to maintain strong controls on drugs, terrorism and illegal immigration; and that the completion of the single market does not imply tax harmonisation.

The text of the revised decision on the own resources of the Community was also agreed.

It will now be submitted to national Parliaments for ratification.

This text will put into law, subject to ratification of the Accession Treaty, the increases in the Community's own resources from 1 January 1986.

It includes the Fontainebleau mechanism for



abatements of the United Kingdom's VAT contributions.

It also includes the United Kingdom's 1,000 million ecu abatement for 1984, which will become available immediately on ratification of this decision and without waiting for any general increase in the Community's resources.

The European Council also discussed the measures to strengthen technology in the Community, in particular through mutual recognition of industrial standards and the opening up of public contracts.

We also discussed environmental policy and

East/West relations, welcoming the opening of the Geneva negotiations, and exchanged views on the Middle East, South Africa and Latin America.

This Council marks the conclusion of a period of important decision in the European Community: agreement on the entry of Spain and Portugal; agreement on the implementation of the favourable budgetary arrangements for the United Kingdom negotiated at Fontainebleau: agreement on the Integrated Mediterranean Programmes; progress on the environment, including the recent agreement on vehicle emissions; and the launching of an initiative

to truly open up the common market and to  
reduce the burdens on business as a means of  
stimulating the creation of more jobs.

EUROPEAN COUNCIL, 29/30 MARCH: PARLIAMENTARY STATEMENT

With permission, Mr. Speaker, I should like to make a Statement about the European Council held in Brussels on 29-30 March. I was accompanied by my rt hon and learned Friend, the Foreign and Commonwealth Secretary. X

The European Council welcomed the completion of the negotiations for the entry of Spain and Portugal into the European Community. These negotiations <sup>were</sup> ~~have been~~ successfully brought to a conclusion, on terms which are very satisfactory for the United Kingdom, in the Foreign Affairs Council immediately before the meeting of the European Council. The drafting of the Treaty of Accession will now be rapidly completed with a view to submission to the 12 national Parliaments for ratification and the entry of Spain and Portugal on 1 January 1986. For the United Kingdom this represents a further strengthening of democracy in these two countries and a re-affirmation of our friendly links with them, as was also evident from the successful State Visit of The Queen to Portugal last week.

The terms of entry, which will of course be submitted to this House for ratification in the Acts of Accession, include for Spain a basic 7 year transitional period; quicker dismantling by Spain in the early years of its high tariffs on certain industrial goods, including cars, to the benefit of the United Kingdom exporters; no reductions anywhere in the fish quotas available to British fishermen and no new access for Spanish fishing boats to

He  
to  
was not  
- she  
not be  
devised  
in interests  
of Brit.  
fishermen

the North Sea fishing grounds for 17 years, subject to review in 1993. [Without some transitional financing arrangements Spain would have been a substantial net contributor to the Community in the early years; for a transitional period only, therefore, there will be a rebate arrangement intended to keep Spain broadly in balance. For Portugal, the basic transitional period will also be 7 years and, in view of the weaker state of the Portuguese economy, the transitional financing arrangements are likely to make Portugal a net beneficiary from Community funds.] As far as the United Kingdom is concerned, all these arrangements are covered by the Fontainebleu Mechanism.

The European Council resumed discussion of the Integrated Mediterranean Programmes on the basis of the Commission proposal for a substantially lower level of expenditure than in its earlier proposal. The Greek Government had linked this issue with the enlargement of the Community. [The Council agreed that the Integrated Mediterranean Programmes would go ahead at a rate of about million ecu for years. In addition, the Commission has estimated that up to about 2.5 billion ecu will become available for these areas of the Community as a result of decisions previously taken on the revision of the structural funds; and that 2.5 billion ecu of loans can become available from the European Investment Bank.]

The cost of the Integrated Mediterranean Programmes will be covered by the Fontainebleu Mechanism, so that the United Kingdom's share will be largely abated.

In a full discussion of the economic situation, I launched an appeal that all Member States should mobilise efforts to create more wealth and more jobs. It is private enterprise which creates jobs: we must give them the freedom to do so. [We must also make sure that it pays to take a job rather than to live on state benefits.] I therefore proposed, first, that the European Council should cut the burden of bureaucracy on businesses by reducing the number of existing Community rules and regulations and by scrutinising any proposed legislation in the same spirit, Secondly, we should make sure that our labour markets work more flexibly [and that social measures for the unemployed are not a disincentive to their seeking work.] The United Kingdom's <sup>plan</sup> was widely welcomed in the European Council. <sup>2 effect</sup> The Commission has been asked to follow it through. [We aim to ensure that the result will be less regulation on the back of business and more flexibility on jobs.]

The European Council discussed the final report of the Committee on Institutions. This Committee was chaired by Senator Dooge of the Republic of Ireland and my rt hon Friend the Minister of State, Foreign and Commonwealth Office (Mr Rifkind) was my representative on it. The report stresses, in line with our views, the importance of building the internal market for goods and services by the end of the decade; calls for a genuine Common Market in financial services; and increased competitiveness in the economies of Member States by removing measures distorting competition and by strict control of state aids. It also supports the United Kingdom's views on the value of political cooperation;

and endorses our suggestion of a smaller Commission and a strategic role for the European Council. My representative entered a number of reservations, in particular on proposals that the European Parliament should have joint decision making power with the Council and further responsibilities on revenue. The European Council decided that there should be contacts between Community governments, between now and June, with a view to substantive discussion of all the proposals in the report and decisions on what action, if any, might be taken at the meetin in Milan in June.

The European Council broadly endorsed the first report of the Committee on People's Europe. This contains a number of specific proposals which "will be of direct relevance to individual citizens and possibly offer them tangible benefits in their everyday lives". It covers practical steps to see movement across frontiers, while of course maintaining strong controls on drugs, terrorism and illegal immigration; higher travellers' allowances; easier arrangements for road transport; mutual recognition of qualifications; and rights of residence, linked to proof of adequate resources.

The text of the revised decision on the own resources of the Community was also agreed. It will now be submitted to national Parliaments for ratification. This text will put into law, subject to ratification of access treaties, the increases in the Community's own resources from 1 January 1986. It includes the Fontainebleu Mechanism for abatements

of the United Kingdom's VAT contributions. It also includes the United Kingdom's 1,000 million ecu abatement for 1984, which will become available immediately on ratification of this decision and without waiting for any general increase in the Community's resources. The decision shows that, as I have always stated, the Fontainebleu agreement with all its benefits for the United Kingdom is being put into effect as agreed.

The European Council also discussed the measures to strengthen technology in the Community, in particular through mutual recognition of industrial standards and the opening up of public contracts. We also discussed environmental policy including progress on reducing pollution caused by large scale combustion plant, on which the United Kingdom's record is second to none. The Council also discussed East/West relations, the Middle East and Central America.

I have arranged for the Conclusions of the Council and the final report of the Dooge Committee to be placed in the library of the House.

This Council marks the conclusion of a period of important decisions in the European Community: the negotiation for entry of Spain and Portugal; the completion of the favourable budgetary arrangements for the United Kingdom negotiated at Fontainebleu; the agreement on the Integrated Mediterranean Programmes; the progress on the environment, including the recent agreement on



vehicle emissions; and the launching of a campaign to truly open up the Common Market and to reduce the burdens on wealth creating enterprise.

EUROPEAN COUNCIL, 20-30 MARCH: PARLIAMENTARY STATEMENT

With permission, Mr. Speaker, I should like to make a statement about the European Council held in Brussels on 29-30 March, <sup>at which</sup> I was accompanied by my rt hon and learned Friend, the Foreign and Commonwealth Secretary. I have arranged for the Conclusions of the Council to be placed in the library of the House.

The European Council welcomed the completion of the negotiations for the entry of Spain and Portugal into the European Community. These negotiations were successfully brought to a conclusion in the Foreign Affairs Council immediately before the meeting of the European Council. The drafting of the Treaty of Accession will now be rapidly completed, with a view to submission to the 12 national Parliaments for ratification and the entry of Spain and Portugal on 1 January 1986.

The terms are very satisfactory for the United Kingdom. In particular, there will be quicker dismantling by Spain in the early years of its high tariffs on certain industrial goods, including cars, to the benefit of the United Kingdom exporters. There will be no detriment to our fishing industry; there will be no reductions anywhere in the fish quotas available to British fishermen and no new access for Spanish fishing boats to the North Sea fishing grounds for 17 years, subject to review in 1993. There will be a full opportunity for the House to consider these points when the Act of Accession is presented for ratification.

The United Kingdom <sup>she</sup> has a result of  
 - 2 - the Fontainebleau mechanism, with  
 be less than ~~the~~ <sup>about 1.6</sup> billion million a year.

The United Kingdom has long supported the enlargement of the Community, which will strengthen democracy in these two countries. It is a re-affirmation of our friendly links with them, as was also evident from the successful State Visit of The Queen to Portugal last week.

The European Council resumed discussion of the integrated Mediterranean programmes on the basis of the Commission proposal for a substantially lower level of expenditure than in its earlier proposal. The Greek Government had linked this issue with the enlargement of the Community. <sup>of</sup> The Council agreed that <sup>over a period</sup> ~~the~~ 7 years a total additional amount of 1.6 billion ecu would be available for integrated Mediterranean programmes, ~~would go ahead at a rate of~~ <sup>These cuts will also benefit from the ~~cuts~~ <sup>cuts</sup> required in the structural funds</sup> about ~~million~~ <sup>million</sup> ecu for ~~years.~~ In addition, the Commission has estimated that up to about 2.5 billion ecu will become available for these areas of the Community as a result of decisions previously taken ~~on the revision of the structural funds;~~ <sup>and from</sup> and that 2.5 billion ecu of loans can become available from the European Investment Bank. ~~The cost of the integrated Mediterranean programmes will be covered by the Fontainebleau Mechanism, so that the United Kingdom's share will be no more than 7 per cent.~~

We had a full discussion of the economic situation. I urged agreement on ways to create more jobs. I therefore proposed, first, that the European Council should cut the burden of bureaucracy on businesses by reducing the number of existing Community rules and regulations and by scrutinising any proposed legislation in the same spirit. It is private enterprise which creates jobs; we must give them the freedom to do so.

Secondly, we should make sure that our labour markets work more flexibly. We must raise the demand for labour by moderating labour costs. The United Kingdom's initiative was widely welcomed in the European Council and is reflected in the Conclusions. The Commission has been asked to follow it through. We aim to ensure that the result will be less regulation on the back of business and more flexibility on jobs.

The European Council had before it the final report of the Committee on Institutions. We decided that there should be contacts between Community governments between now and June, with a view to substantive discussion of all the proposals in the report and decisions on what action, if any, might be taken at the meeting in Milan in June. The European Council broadly endorsed the first report of the Committee on People's Europe. This contains a number of specific proposals which "will be of direct relevance to individual citizens and <sup>visibly</sup> offer them tangible benefits in their everyday lives". It covers practical steps to easier movement across frontiers; higher travellers' allowances; easier arrangements for road transport; mutual recognition of qualifications; and right of residence, linked to proof of adequate resources. I made absolutely clear the need to maintain strong controls on drugs, terrorism and illegal immigration, and that the completion of the single market does not imply tax harmonisation.

The text of the revised decision on the own resources of the Community was also agreed. It will now be submitted to national Parliaments for ratification. This text will put into law, subject to ratification of the Accession Treaty, the

increases in the Community's own resources from 1 January 1986. It includes the Fontainebleau mechanism for abatements of the United Kingdom's VAT contributions. It also includes the United Kingdom's 1,000 million ecu abatement for 1984, which will become available immediately on ratification of this decision and without waiting for any general increase in the Community's resources. This result shows that, as I have always stated, the Fontainebleau agreement with all its benefits for the United Kingdom is being put into effect as agreed.

The European Council also discussed the measures to strengthen technology in the Community, in particular through mutual recognition of industrial standards and the opening up of public contracts. We also discussed environmental policy including progress on reducing pollution caused by large scale combustion plant, on which the United Kingdom's record is second to none. The Council also discussed East/West relations, welcoming the opening of the Geneva negotiations, and exchanged views on the Middle East, South Africa and Latin America.

This Council marks the conclusion of a period of important decisions in the European Community: agreement on the entry of Spain and Portugal; agreement on the implementation of the favourable budgetary arrangements for the United Kingdom negotiated at Fontainebleau; agreement on the integrated Mediterranean programmes; progress on the environment, including the recent agreement on vehicle emissions; and the launching of an initiative to truly open up the common market and to reduce the burdens on business as a means of stimulating the creation of more jobs.