

COUNCIL

EUROPEAN COUNCIL : BRUSSELS 29-30 MARCH 1985

CONCLUSIONS

ENLARGEMENT

The European Council noted with great satisfaction that the Essential points in the accession negotiations with Spain and Portugal have now been settled, as a result, in particular, of the considerable effort made by all parties in the week leading up to the European Council resulting in solutions to the key issues of Fisheries, Agriculture, Social Affairs and the Own Resources System.

The European Council called upon the Community bodies, together with the applicant countries, to complete the drafting of the accession treaty as soon as possible so that actual enlargement of the Community could take place on 1 January 1986 in accordance with the political resolve repeatedly expressed at the highest level.

THE ECONOMIC AND SOCIAL SITUATION

The European Council discussed the Community's current economic situation, which continues to be characterised by an unacceptable rate of unemployment, even though there has been an improvement in other economic factors such as inflation rates, balance of payments, the reduction of budget deficits, convergence of the economic policies of the Member States and the process of industrial restructuring.

The European Council reaffirmed the prime importance for each Government and the Community of combating unemployment through sustained, more employment-intensive economic growth, and asked the ECOFIN Council to report on the matter to the next European Council.

It stressed the importance of completing the implementation of the economic strategy approved to that end in Dublin in December 1984 and the determination of all the member governments of the Community to pursue in a concerted manner all the measures and policies which go to make up that strategy.

In this connection, the European Council laid particular emphasis on the following four fields of action:

(a) Action to achieve a single large market by 1992, thereby creating a more favourable environment for stimulating enterprise, competition and trade: it called upon the Commission to draw up a detailed programme with a specific timetable before its next meeting;

(b) Action to encourage the creation and development of small and medium-sized undertakings, particularly by significantly reducing the administrative and legal constraints to which they are subject: it called upon the Commission to report to the Council on the problems in this sector and on the measures to be taken at national and Community level, particularly with regard to administrative simplification;

(c) Action to adjust and adapt working conditions to the new social, economic and technological circumstances in order to increase the efficiency of the labour market. It called upon the Commission to submit any proposal it might consider useful in this area;

(d) Specific action to expand employment, including a commission study of the potential for using the Social Fund to promote innovatory model schemes, and programmes for solving the employment problems of certain disadvantaged social categories.

The European Council expressed its concern at the current international monetary instability which threatens to endanger the Community's economic recovery: it stressed the responsibility incumbent on all industrialised countries in the efforts to be made to achieve greater stability on exchange markets and to strengthen the international financial system.

The European Council stressed the importance of the decision adopted by the Council of Ministers with regard to all the factors which will enable a new round of multilateral trade negotiations to be initiated in Brussels as soon as possible.

This new round will represent an important contribution to the campaign against protectionism.

Strengthening the technological base and competitiveness of Community industry.

The European Council reiterates the importance of strengthening the technological base and competitiveness of industry, it recalls that such strengthening was one of the major objectives of the guide-lines which it adopted in March 1984 for the future development of the Community.

It considers that this aspect, which is vital for the Community's future, requires:

ex. dividis - Firstly, improvement of the environment in which undertakings operate so as to encourage their capacity for industrial innovation and their commercial enterprise;

- Secondly, better utilisation of the Community dimension by States and above all by undertakings so as to enable the latter to develop in a competitive, unified and open market.

It reiterates its commitment to increasing the Community resources earmarked for research and development.

The European Council welcomes the Commission's memorandum and endorses a number of specific objectives, namely:

- Achieving complete unification of the internal market, in particular by the mutual recognition of standards, the creation of European standards in appropriate cases, the opening up of public contracts, and stricter rules on aid to industry;

- Adapting the Community's external commercial policy to its objectives as regards new technologies, in the framework of GATT;

- Strengthening and making better use of the scientific and technological potential of the Community;

- Making better use of human resources, in particular by means of increased mobility for students and researchers and by recognising certain high-level establishments as Community "Centres of Excellence";

- Encouraging innovation and establishing an information market;

- Achieving a breakthrough in telecommunications.

The European Council calls on the Council of Ministers actively to pursue the examination of the Commission's current proposals, which already correspond to these objectives, and to initiate the examination of any new proposals which the Commission considers it appropriate to submit.

At each European Council, the Commission will submit a stage report on the progression achieved in strengthening technological co-operation and the competitiveness of the European economy.

ENVIRONMENT

In accordance with its decision taken in Dublin in December 1984, the European Council devoted part of its present meeting to the serious problems raised by the considerable deterioration of the environment and to the question of the remedial measures to be taken.

In this connection, the European Council noted with satisfaction the useful work done by the Environment Council in the field of combating air pollution caused by exhaust gases from motor vehicles: it noted that this progress is an important stage in the achievement, on a Community scale, of a genuine overall and balanced environmental protection policy and expressed the desire, firstly, that this work take a practical form as soon as possible and, secondly, that similar progress be made regarding pollution caused by large-scale combustion plant.

The European Council considers that a Community environmental protection policy must be based on the following considerations:

- Having acknowledged that this policy can contribute to improved economic growth and job-creation, it affirms its determination to give this policy the dimension of an essential component of the economic, industrial, agricultural and social policies implemented by the Community and by its Member States.

- It acknowledges the need for the Member States to take coherent action in the Community framework to protect the air, the sea and the soil, since isolated action is unlikely to prove effective and may even be harmful.

It requests the Council to expedite its proceedings and to make every effort, together with the Commission, to ensure that the years to come are marked by significant progress in Community action for the protection of the environment in Europe and throughout the world.

no ref to }
the directive }

In this connection, the European Council has decided that 1987 will be designated "European Environment Year".

HUNGER IN THE WORLD

The European Council, concerned by the dramatic situation of certain African countries and the risk of its worsening, noted that the action it had decided on in Dublin to combat famine in Africa had been rapidly implemented. It welcomed the fact that the Community's action and the mobilization of the Member States had made it possible to go beyond the commitments entered into in Dublin and had given the lead for initiatives by other industrialised countries.

The Community and its Member States will continue to keep a close eye on developments in the situation, together with the other donors.

The European Council called for a continuation of the efforts already undertaken to improve the effectiveness of the action set in motion, thanks to Community and international co-ordination, particularly on the ground, in order to ensure that deliveries reach all the famine victims.

The European Council stressed the need for short-term aid to be supplemented by medium and long-term structural measures which alone can enable the countries concerned to re-establish their food production potential and, by their own means, face up in future to the problem of their food security.

The European Council noted the Commission's intention of sending it a report on the implementation of aid, following the fact finding visit which Vice-President Natali is shortly to make to Africa.

A PEOPLE'S EUROPE

The European Council examined the report from the Committee on A People's Europe: it considered its contents and agreed to both the proposals for immediate implementation and those relating to long-term objectives.

It therefore requests the Council of Ministers to take those decisions which are within its sphere of competence as quickly as possible. It also requests the Commission to take the necessary steps for putting the report's proposals into practice. Lastly, it invites the Member States to implement those decisions which are within their field of competence.

In this context, the European Council emphasises that the achievement of the objective of abolishing frontier formalities must remain compatible with the need to combat terrorism and drug trafficking.

The European Council requests the Council of Ministers to report to it at its meeting in June 1985 on the progress which has been made in the various sectors covered by the Committee's report.

The European Council requests the Committee to continue with its discussion and expects to have a further report, containing proposals on the other sectors already indicated, by the June 1985 meeting.

AD HOC COMMITTEE ON INSTITUTIONAL AFFAIRS

The European Council held an initial exchange of views on the final report submitted to it by the Ad Hoc Committee on Institutional Affairs in accordance with the mandate given to the Committee at the Fontainebleau and Dublin meetings.

The European Council welcomed both the approach outlined in the report and the content of the interesting proposals put forward, and expressed its warm appreciation of the Committee's excellent work.

Detailed examination of the Committee's proposals will continue over the coming months by means of bilateral contacts, in order to enable the European Council to arrive at final conclusions at its next meeting in June.

CONCLUSIONS ON INTEGRATED MEDITERRANEAN PROGRAMMES

In accordance with the undertakings given at its meeting in Brussels on 19 and 20 March 1984, the European Council has decided to launch the Integrated Mediterranean Programmes in favour of the southern regions of the present Community within the framework of the proposals made by the Commission.

These programmes will last seven years: their aim will be to improve the economic structures of those regions to enable them to adjust under the best conditions possible to the new situation created by enlargement.

As far as financing arrangements and methods are concerned, the European Council agrees with the broad outlines of the approach recommended by the Commission in its communication of 21 February 1985, ie:

- Participation by the structural funds for an amount of 2,500 million ecu;

- An additional budget contribution amounting to 1,600 million ecu which will permit the Commission to supply the additional funds for the implementation of the programmes approved by it;

- Loans of 2,500 million ecu contracted by the regions concerned with the EIB and under the new Community instrument.

The two first categories of resources will benefit Greece for an amount of 2,000 million ecu. The European Council feels that these figures and the accompanying provisions in this text meet once and for all the commitments undertaken by the Community concerning the "Integrated Mediterranean Programmes".

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

The increases in real terms which will apply to the regional and social funds and the EAGGF guidance section over the next seven years will help to finance the IMPs, but without adversely affecting transfers from these funds to other less-prosperous and priority regions of the Community.

On this basis, the European Council agrees with the proposals of the Commission designed to achieve fully co-ordinated programmes for the mediterranean regions most in need through the operation of the three structural funds.

As regards resource allocation, which should be based on the criteria contained in the Commission proposal, the European Council would emphasise that the allocation criteria should take account, first and foremost, of the actual needs of the different regions and their situation as regards economic and social development.

In particular, the European Council would draw attention to the special case of Greece, whose entire territory comes within the sphere of the Integrated Mediterranean Programmes, and to the legitimate expectations of the Greek Government.

With regard to the quality of the programmes to be financed, which is an important factor in the success of the IMPs, the European Council requests the Commission to place at the disposal of those Member States who so request groups of experts needed for the assessment, preparation and implementation of the programmes.

Lastly, the European Council would emphasise that it is important that the IMPs measures for regions belonging to Italy and France should in particular use the EIB and NCI appropriations.

The European Council requests the Council to take a decision on the Commission proposal for a framework regulation before 30 June 1985.

ENLARGEMENT

BRITISH INTERESTS IN ENLARGEMENT?

- Overriding objective has been to consolidate stability and democracy in Europe;
- Agreement last week good for Britain and good for Europe;
- All will gain from trade access to an enlarged Common market;
- Transitional arrangements establish balance between interests of existing member states and those of applicants - gives time to adapt by both sides;
- Existing Community does not look for budgetary gains from enlargement - Spain and Portugal below average prosperity;

SPANISH INDUSTRIAL TARIFFS

Terms agreed with Spain in margins of 17/18 December
FAC: - Spanish tariffs will be cut by 52 per cent by the end the first three years of a seven years' overall transitional period.

- In addition, there will be a reduced-duty quota for cars, set at 32,000 units in the first year rising to 40,000 in the third year, at a tariff of 17.4 per cent.
- The new quota for cars will in its first year be more than twice the size of the existing quotas - which have higher rates of duty - and offers considerable further improvements in the later years.

IS 1 JANUARY 1986 TIMETABLE FEASIBLE?

- European Council affirmed need to complete drafting of Treaty and to meet 1 January 1986 target date;
- All member states determined to tidy up outstanding details and meet deadline.

WHAT AGREED ON FISHERIES ?

- Spanish vessels will be subject to strict limits on numbers of boats (150 actually fishing at any time);
- Strict reporting and monitoring requirements;
- Access only to those species controlled by TAC and quota under CFP for which Spain receives quotas under EC/Spain fisheries agreement (hake, monk, megrim and anchovy);
- No access to North Sea;
- All this to endure for full duration of CFP i.e. to 2002
- Irish box (exclusion zone including Irish and Celtic Seas) to last for 10 years;
- British fishing effort not affected;
- Arrangements for Spanish fishing to be reviewed in 1993, after existing mid-term review of CFP in 1992 - but no change will take place without Council agreement.

TRANSITIONAL FINANCING ARRANGEMENTS

- Community have agreed to system of degressive refunds of VAT contributions over 5 years as was done for Greece;
- arrangement covered by Fontainebleau mechanism - UK will pay 7% of net cost to Community budget (Germans 33% and French at 27%);
- Portugal also to retain duties and levies on agricultural imports during first 5 years of transition to ensure that she is substantial net beneficiary from accession - Spain will pay all duties and levies from outset;
- Earlier Commission estimates suggested that at end transition enlargement would cost annually between 0.1% and 0.2% of VAT ceiling.

WHAT AGREEMENTS REACHED ON AGRICULTURE

- 10 years transition agreed for Spanish fruit and vegetables and 7 years for other agricultural products;
- no restriction from Accession on most EC exports to Spain of continental products eg barley, pigmeat;
- British farmers enabled to export other continental products (beef, veal, dairy products and wheat for breadmaking) to Spain upon accession at progressive rates (5% immediate increase on present levels, with at least 10% annual increase thereafter - no restrictions from 4th year);
- 10 years transition for Portugal; given underdeveloped state of Portuguese agriculture, Portugal will not begin to apply CAP regimes until sixth year after accession;

BRITISH SHERRY

- Community position maintained;
- EC position provides that names British (and Irish) sherry may continue to be used on UK (and Irish) markets.

SOCIAL AFFAIRS

- 7 years transition on free movement of workers agreed with Spain and Portugal;
- Gibraltar's interests fully protected.
- Joint Declaration on Free Movement of Workers to be annexed to Treaty as for both previous enlargements - this provides for any problems arising (e.g. for Gibraltar) to be brought before EC institutions to obtain a solution.

INTEGRATED MEDITERRANEAN PROGRAMMES (IMPS)

HOW MUCH WILL THE UK PAY TOWARDS IMPS?

European Council agreed to a total of 1.6 billion ecu (£960 million) spread over seven years. Because of operation of Fontainebleau mechanism, cost to the UK will be £9½ million per annum over the 7 year period.

JUSTIFICATION FOR IMPS

- European Council agreed a year ago that Integrated Mediterranean Programmes would be needed to improve the economic structures of poorer Mediterranean regions to enable them to adjust to enlargement.
- European Council agreed that bulk of funding should benefit Greece, the poorest member of the present Community.

WHY SHOULD FRANCE AND ITALY BENEFIT?

- Bulk of 1.6 billion ecu new money will go to Greece. France will be substantial net contributor to IMPS.
- Italian and French farmers will also be directly affected by agricultural competition from Spain and Portugal.
- Some of Italian Mediterranean regions have very low levels of prosperity. European Council recognised that sums were needed to help poorest Mediterranean regions adapt.
- European Council conclusions make clear that the needs of France and Italy will be met primarily by loans from the European Investment Bank and under the New Community Instrument to which the UK makes no budgetary contribution.

WHY SHOULD UK NOT ALSO BE COMPENSATED?

- UK stands to gain from Spanish and Portuguese accession:
 - larger EC market for UK industry;
 - new Mediterranean markets for UK agricultural produce.

- UK will continue to benefit from Community's structural funds. Over past five years,
 - Regional Fund has committed £1236 million to UK;
 - Social Fund has committed £1245 million to UK.

- Commitments to the UK in 1984 were:
 - Social Fund: £352.8 million
 - Regional Fund: £371 million

- UK also protected under Fontainebleau mechanism. Our net contribution to the costs of enlargement will be 7 per cent as against the German financing share of 33 per cent and French financing share of 27 per cent.

ANY EFFECT ON UK RECEIPTS FROM THE STRUCTURAL FUNDS?

- The conclusions explicitly state that "the Structural Funds will continue to operate normally, on the basis of a Community-wide regional policy, in accordance with the regulations which have recently been revised".

- Exact amount devoted to Funds each year is negotiated annually. Commission decide individual allocation in accordance with need. In case of Regional Fund each Member State has an agreed quota range (UK 21.42 - 28.56 per cent). This will not be affected.

SPAIN AND PORTUGAL TO BENEFIT TOO?

- No. IMPs temporary and clearly limited to the southern regions of the present Community.

- Spain and Portugal will benefit from phasing in of Community financing arrangements to ensure that neither is a significant net contributor to Community resources.

UNEMPLOYMENT/DEREGULATION

UK INITIATIVE ON UNEMPLOYMENT/DEREGULATION

- UK wanted to ensure that European Council agreed:
 - (i) approach on combatting unemployment through non-inflationary economic growth; and
 - (ii) steps to limit the burden of regulations on enterprises on whom job creation depends.

- The Communiqué reflects this approach in:
 - an attack on rules and regulations which tie small firms in knots of red tape (it refers to "significantly reducing the administrative and legal constraints") and put a heavy burden on the resources and time of even larger firms and;
 - steps to make for a more flexible and less rigid labour market so that employing people is made easier and less costly.

- This attracted wide support in the discussion. Commission charged with producing an action programme in these areas.

SPECIFIC MEASURES TO CREATE EMPLOYMENT?

European Council stressed four fields of action:

- (a) Action to achieve a single large internal market by 1992 on the basis of a specific timetable;
- (b) Action to encourage the creation and development of small and medium sized undertakings;
- (c) Action to adjust and adapt working conditions to current social, economic and technological circumstances;
- (d) Specific action to expand employment, including a Commission study on the possibility of using the Social Fund to promote innovatory model schemes.

ROLE OF TAX HARMONISATION?

Community committed to single market by 1992. Not necessary to have tax harmonisation to achieve this - cf example of United States.

BRITAIN TO JOIN ERM?

- Britain has encouraged greater use of the ecu.
- Government will judge when time is right, in interests of our economy as well as the operation of the system.

WHAT STEPS DOES COMMUNITY PLAN TO STRENGTHEN TECHNOLOGY?

- Improvement of economic climate so as to encourage innovation.
- Increase in commitment to Community R & D, as already agreed.
- Unification of internal market, including mutual recognition of standards and creation of European standards where appropriate.
- Opening up of public contracts.

COMMUNITY INVOLVEMENT IN SDI

- M. Delors' idea of joint research on a Community basis not discussed.

- May be of interest for a few of us to engage in joint collaboration. But this not a matter for the Community as a whole.

DOOGE COMMITTEE

STATUS OF REPORT?

- Committee's work now at an end. There will be bilateral consultations between governments before discussion at European Council in June.

HAS REPORT BEEN MADE AVAILABLE TO THE HOUSE?

- Copies of the report have been deposited in the Library.

- If any decisions arising from the report give rise to proposals for legislation these will come before the House as usual. Normal scrutiny procedures will apply.

GOVERNMENT'S VIEW OF REPORT?

- Committee's report shows a good many areas of agreement.

- emphasis on need to create genuine internal market by the end of the decade;
- good text on development of political cooperation;
- passages on defence and security;
- endorsement of UK suggestion of one Commissioner per Member State;
- emphasis on strategic role of European Council. Should not take on role of Foreign Affairs Council.

- All concerned to ensure that the Community functions effectively after enlargement.

UK VIEW OF MAJORITY VOTING?

- General recognition that, with enlargement, Community will need to make greater use of majority voting provisions of the Treaty where non-essential issues are under discussion.

- Community has got too much into the habit of seeking consensus on all issues, however trivial.

- Government considers that British interests will be well served if votes were more regularly taken in respect of those Treaty articles which provide for majority voting.

- But it must remain open to any Member State to insist on discussions continuing until unanimous agreement is reached where very important national interests are at stake.

- Our aim must be to implement the Treaties: especially making a reality of the common market.

PRESERVATION OF THE VETO?

- Treaty already makes provision for unanimity on major issues. We see no case for changing unanimity provisions of the Treaty.

- Where majority voting is laid down it remains the case that no Member State is prepared to see itself voted down where a matter of vital national interest is at stake.

- UK proposed in Dooge Committee that, to prevent abuse, a member of the Council insisting that discussion should continue until consensus reached should, through special procedure of the Council, explain fully and finally why his Government considers a very important interest to be at stake.

MORE POWERS FOR THE EUROPEAN PARLIAMENT?

- No reason to change present balance of Treaties.

- There are other ways of improving relations between Council and Parliament.
 - European Parliament should be encouraged to make more constructive use of its powers.
 - should make more use of its right to put proposals for Community action for the Council to consider.
 - There should be improvement and extension of conciliation procedure. This would make a reality of consultation between the Council and the Parliament.
 - Council should follow up European Parliament resolutions with the Parliament - or explain its reasons for not doing so.

INTER-GOVERNMENTAL CONFERENCE

- Our aim should be to arrive at conclusions in June. Believe there is a great deal that European Council could decide to do without need to launch a lengthy conference.

COMMITTEE ON PEOPLE'S EUROPE

MAIN RECOMMENDATIONS

Practical Ways to Ease Movement Across Frontiers:-

- No change in duty-free shops,
- Higher allowances for tax-paid goods, including wine,
- Higher limit on tax exemption for small postal consignments,
- Easing some administrative rules which otherwise stop coach tours at frontiers,
- Simplifying movement of goods on change of residence.

Right of Establishment:-

- General approach should be mutual recognition of qualifications but some provision for exceptions.
- Right of residence qualified by evidence of adequate resources.

WILL THIS NOT REDUCE OUR DEFENCES (DRUGS, TERRORISM, ILLEGAL IMMIGRATION)?

- I made United Kingdom position, included in the European Council conclusions, absolutely clear.
- People's Europe Committee is not recommending us to abandon necessary controls.
- It recommends practical improvements, eg wider use of two-channel system which is working well at Heathrow and elsewhere (UK invention); others can learn from us.

MORE COMMUNITY CITIZENS TAKING ADVANTAGE OF OUR
SOCIAL SECURITY AND OTHER BENEFITS?

- Certainly not. Committee's report is helpful in stressing that: "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".

COMMUNITY SYMBOLS

- Report makes no recommendations on flags, anthems or any other symbols. It is simply a series of practical proposals to make life easier for the individual citizen, particularly when travelling within the Community.

FUTURE WORK

- Committee will submit a further report in June.

NEW OWN RESOURCES

WHEN WILL UK GET ITS 1,000 MECU?

- Council has now agreed a common position on an acceptable text of the own resources decision which incorporates Fontainebleau agreement in Community legislation.

- The Decision provides for payment of our 1,000 mecu (£600 million) immediately following the last ratification of the Decision ie by the end of the year.

- Following discussion with the Parliament, the Council will formally adopt the decision.

CAN EUROPEAN PARLIAMENT BLOCK IT?

- The Own Resources Decision will be part of Community law and binding on all EC institutions including the European Parliament.

CAN ANY MEMBER STATE BLOCK THAT DECISION?

- The Decision has to be approved by national parliaments in all 10 Member States. But any Member State which sought to block our abatement could only do so by blocking the Own Resources Decision as a whole.

WHAT IF RATIFICATION PROCEDURES SLIP?

- All Member States have strong incentive to ratify quickly so that new own resources can become available by 1 January 1986.

GERMAN LINK WITH ENLARGEMENT?

- The UK will receive its 1,000 mecu abatement as soon as the own Resources Decision has been ratified by the Member State.
- The increase in own resources as a whole will come in when instruments of ratification of Enlargement Treaty have been deposited - or sooner if Council so decides by unanimity.
- All aiming to complete so that Spain and Portugal can join by 1 January 1986.

UK PAYING FOR ITS ABATEMENT BY FINANCING OVERRUN?

- The Council agreed last October to meet Community's inescapable financial obligations in 1985. Cannot avoid legal obligations including to UK farmers.
- Amount to be financed, which must reflect rigorous search for savings, will be decided in the Budget Council.

UK NOT TO CONTRIBUTE TO INTER-GOVERNMENTAL AGREEMENT UNTIL 1,000 MECU RECEIVED?

- We will only pay or share of the IGA when our abatement is guaranteed.

PARLIAMENT TO HAVE FULL OPPORTUNITY TO APPROVE OWN RESOURCES DECISION AND IGA?

- Parliament will have to approve both the Own Resources Decision and the British contribution to an inter-governmental agreement. Timing not yet decided. There will be full opportunity for debate.

HOW WILL PARLIAMENT'S APPROVAL BE SOUGHT?

- No decision yet taken.

WILL GOVERNMENT GUARANTEE NOT TO USE 1(3)

PROCEDURE?

- High Court ruled last year that use of 1.3 for IGA was perfectly in order. Repeat, however, that no decision yet taken.

FONTAINEBLEAU MECHANISM

UK'S NET CONTRIBUTION FOR 1985/86

Under Fontainebleau UK's adjusted net contribution will be around half what it would have been without Fontainebleau; our VAT rate will remain below 1%.

- Public Expenditure White Paper clearly shows that our refunds were on a declining trend. Abatements will now be on rising trend

- £ in 1984

- £ in 1985

considerably more, as a result of Fontainebleau mechanism next year.

BUDGETARY DISCIPLINE

COMMISSION'S 1985 PRICE PROPOSALS WITHIN GUIDELINE?

- Proposals represent cut of 0.3% in ecu terms and 4.9% in real terms.

- Proposals allow for growth rater in EAGGF Guarantee expenditure lower than that ow own resources base, in accordance with budget discipline agreement.

GERMANS HAVE MADE NONSENSE OF BUDGET DISCIPLINE?

- Price fixing negotiations not yet over.

Commission are standing by proposal for cereals price cut of 3.6%.

ENVIRONMENTAL ISSUES

WILL UK TAKE MORE POSITIVE ATTITUDE TO COMMUNITY ENVIRONMENT INITIATIVES?

- UK has made great progress in improving the environment.

- Rivers cleaner, urban air healthier.

- Recent UK initiatives include:
 - early introduction of unleaded petrol, now agreed for 1/1/89;
 - special measures to encourage agricultural methods compatible with conservation needs;
 - recent agreement on a further substantial reduction in vehicle pollution was based on UK proposals.

WHAT MEASURES WILL THE GOVERNMENT TAKE TO REDUCE AIR POLLUTION?

- UK has made enormous progress in reducing air pollution.

- Since 1970 our national emissions of sulphur dioxide have fallen by about 40 per cent.

- The UK share of total European emissions (excluding USSR) has fallen from 25 per cent in 1972 to 11 per cent today.

- Emissions of nitrogen oxides in the UK have remained constant since the mid sixties, whereas NO_x emissions in other countries, including the FRG, have risen by up to 50 per cent.

WILL THE UK AGREE TO THE DRAFT DIRECTIVE ON LARGE
COMBUSTION PLANTS?

- UK supports measures to reduce air pollution in cost-effective ways. The Commission's draft Directive on Large Combustion Plants would cost £2 billion to implement in the United Kingdom for uncertain benefit.

- UK is aiming to cut both sulphur emissions and emissions of nitrogen oxides by 30 per cent by the end of the century. We do not believe agreement to the draft Directive on Large Combustion Plants is the best way to achieve this.

WHAT IS THE AIM OF DESIGNATING 1987 AS THE YEAR OF
THE ENVIRONMENT?

- Signals importance we attach to protecting and improving the environment.

- Provides opportunity to evaluate success of the first three environmental action programmes.

NEW GATT ROUND

Welcome statement at March Foreign Affairs Council of readiness to participate in new round subject to adequate prior international consensus on objectives, participation and timing.

- No more important task than preserving and strengthening open trading system.
- European Council called for new round to be "initiated in Brussels as soon as possible".
- Must make early progress in GATT to achieve consensus.
- EC will enlist support of trading partners, particularly developing countries who have greatest possible interest in keeping world trading system open.

FAMINE IN AFRICA

- Community has gone beyond Dublin commitment: more than 1.2 million tonnes grain allocated to 8 most seriously-affected countries; 1.5 million tonnes to sub-Saharan Africa altogether.
- Need to improve speed and effectiveness of food aid recognised by European Council .

ALLOCATIONS TO SUDAN SINCE DUBLIN SUMMIT?

- EC and Member States have committed almost 170,000 tonnes to be delivered this year.

AID FOR ETHIOPIAN REFUGEES IN SUDAN?

- EC has given £4.5 million to UNHCR to buy 18,500 tonnes food and other supplies and is giving 25,000 tonnes cereals via international and voluntary organisations.
- EC also discussing with Sudan Government distribution of further 16,000 tonnes.

FOOD FOR ERITREA AND TIGRAY?

- EC shares UK view that aid best channelled through international and voluntary agencies including International Committee of Red Cross.

92,850
in UK
110,850
in SF

EUROPEAN POLITICAL COOPERATION

We discussed East/West relations, the Middle East, South Africa and Latin America. Guidelines for the Presidency's statement to the press were agreed and have been placed in the Library of the House.

SOUTH AFRICA

The Ten:

- Express their grave concern about the increased tension in South Africa.
- Reaffirm their urgent appeal for the ending of the apartheid system and for substantial reforms guaranteeing full and equal participation of all South Africans in the political process.

EAST/WEST RELATIONS

The Ten:

- Noted recent positive developments in East-West relations.
- Welcomed the opening of US/Soviet negotiations in Geneva.
- Will continue to work in Stockholm for agreement on a set of concrete confidence- and security-building measures.

Delors initiative on SDI?

- Not raised. Not an appropriate matter for the Community.

ARAB/ISRAELI CONFLICT

The Ten:

- Welcome and support recent moves towards a reactivation of the negotiating process, especially 11 February Jordanian/Palestinian agreement.
- Reconfirm willingness to contribute to comprehensive, just and peaceful settlement.

IRAN/IRAQ

The Ten:

- Urge Iran and Iraq to agree upon an immediate ceasefire and to start a negotiating process with a view to achieving a peaceful solution which is honourable and acceptable to both sides.
- Call upon Iran and Iraq to comply with the June 1984 agreement to refrain from bombing civilian targets.
- Condemn the use of chemical weapons.

LEBANON

The Ten:

- Continue to view with concern the deterioration of the situation in Lebanon.
- Look for the early, orderly and complete withdrawal of Israeli forces in accordance with the relevant resolutions of the Security Council.
- Are deeply concerned about the sufferings of the Lebanese people and about the recent kidnappings involving foreign nationals.

LATIN AMERICA

The Ten:

- Welcome the return to democracy in a number of Latin American countries.
- Note with deep concern the deterioration of the situation in Chile.
- Confirm their support for the continuing work of the Contadora Group.
- Noted the serious effects in many countries of the burden of indebtedness.

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; for
7
- (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

Robin.

1. Leave at 10.30 net 10.00
2. Fly slower and gain 45/60 minutes
3. Spend 45 minutes more on the ground in Behain.