



PM/85/81

PRIME MINISTEREuropean Community: Inter-Governmental Conference

1. In Luxembourg on 9 September I attended the first meeting of the inter-governmental conference to discuss the development of the Community. The evening before I had had a long and useful talk with Delors over dinner in Brussels. He was critical of the French and German manoeuvrings just before Milan and said that he regarded Britain as becoming progressively more European, while the Germans were becoming more difficult to deal with. I have kept in close touch also with the Luxembourg Foreign Minister, who is showing a real determination to try to re-establish common ground and work towards agreement at the European Council in December.

2. On procedure it was agreed that sessions of the conference will be held when Foreign Ministers are due to meet anyway at Foreign Affairs Councils and political cooperation meetings. Preparatory work is being carried forward in two groups at senior official level. The

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give much
evidence of
this at
Milan.

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Political Directors have started work on the draft treaty on political cooperation and a text is likely to be agreed on the lines we proposed.

3. On possible treaty amendment, the ideas of most other member states are still extremely vague. In our contacts with the Luxembourg Presidency before the meeting, we insisted on the need for extremely thorough and methodical preparation if this process were to have any chance of producing useful results. In particular we made clear that we would not be able to consider the ideas of others until these were put forward in much more specific form. The Luxembourg Presidency insisted at the meeting that any proposals for treaty amendment must be specific and should be presented by mid-October.

4. Most of the other member states have only now begun to undertake the thorough study of Articles 57(2) and 100 which we carried out before Milan. This process is already leading the others to much more modest proposals on decision taking. There is a pretty general recognition that radical amendment of Article 100 would be impossible. More limited proposals are likely to be made, in an attempt to accelerate work on the internal market. One of the concepts being considered is that on matters to do with the internal market, unanimity should

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continue to be required for framework regulations, but not necessarily for measures of implementation. The Commission may put forward more ambitious ideas. As we insist on others being more specific, differences are emerging between Commission and Benelux thinking and that of the Germans and French.

5. As others now see difficulties in substantial changes in existing Articles, more attention is being focussed on the idea of up-dating the treaty by including references to actions already being undertaken, in particular on the environment and technology. The French and Germans want this to be done in a way which enables joint actions to continue to be taken where agreed, but recognise that the Community's role will remain limited in either field. On technology any reference would be likely to emphasize that the role of the Community must be to open up a genuine common market for high technology products and services. There is a desire on the part of most member states for some form of "Final Act" which might cover both the political cooperation treaty and any treaty changes which could be agreed, but firm agreement with our view that political cooperation cannot be brought within the Community framework.

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6. On the European Parliament, there is a desire to try to do something to enable it to play a more constructive role, but a clear recognition that the Council must have the last word. The Germans have ideas in this area which would not help decision-taking, but these are already encountering resistance from the French.

7. There will now be a period of considerable confusion while member states who favour treaty amendment have to try to put forward more precise ideas. The Greeks and Irish will put forward amendments to stress economic convergence, to which the French and Germans will not agree. Despite the confusion, there will be a desire on the part of most participants to try to reach conclusions at the heads of government meeting in Luxembourg as the French elections will intervene before the next European Council.

8. In my talks with Delors, Genscher and Van den Broek I said that we remained to be convinced that treaty amendment was necessary. It certainly was going to be a difficult course. But our approach would be an empirical one. We should consider specific proposals on their merits and judge them on whether they would be likely actually to promote improved decision-taking and completion of a genuine common market.

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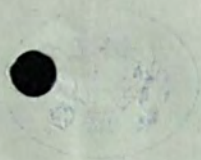
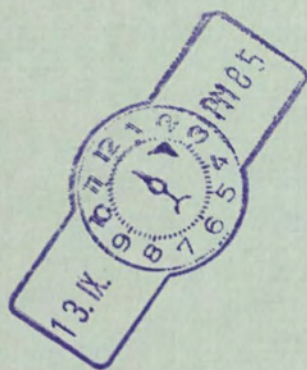
9. I am convinced that we should maintain this questioning approach. As you made clear to M. Fabius, we should wait and see what others are in practice prepared to do. We should not allow others, particularly the French, but now also the Germans, to shelter behind us. I will report further when there are specific proposals to be considered and when we can judge which of these are likely to attract a fair measure of support.

10. I am sending copies of this minute to the members of OD(E), the Secretary of State for the Environment and Sir Robert Armstrong.

(GEOFFREY HOWE)

Foreign and Commonwealth Office
13 September 1985

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10 DOWNING STREET

From the Private Secretary

15 September 1985

**EUROPEAN COMMUNITY:
INTER-GOVERNMENTAL CONFERENCE**

The Foreign and Commonwealth Secretary minuted the Prime Minister on 13 September on the outcome of the first meeting of the Inter-Governmental Conference to discuss the development of the Community.

The Prime Minister has noted this without comment.

I am sending copies of this letter to the Private Secretaries to members of OD(E) and to Michael Stark (Cabinet Office).

(Charles Powell)

Colin Budd, Esq.,
Foreign and Commonwealth Office.

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