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Prime Minister
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MR POWELL

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EUROPEAN COMMUNITY: INTERGOVERNMENTAL CONFERENCE

You asked in your letter of 29 October to Colin Budd (FCO) for a note on areas where we would want to avoid majority voting and those on which we could accept it with equanimity. These issues are being discussed in the Steering Committee on European Questions (EQS) tomorrow and in the Sub-Committee on European Questions of the Defence and Oversea Policy Committee (OD(E)) on 20 November. I attach, however, a note highlighting the main points.

I am sending copies to Colin Budd (FCO) and to Sir Robert Armstrong.

D F Williamson

D F WILLIAMSON

13 November 1985

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EUROPEAN COMMUNITY: INTERGOVERNMENTAL CONFERENCE PROPOSALS
FOR MAJORITY VOTING

Note by the European Secretariat, Cabinet Office

There are two ways, apart from procrastination or other procedural manoeuvres, by which the United Kingdom can block an unacceptable proposal -

(1) by invoking the Luxembourg compromise citing a very important national interest ("the veto"). In the discussions leading up to and immediately after the Milan European Council, there was much talk by others of the need to abolish or reform this arrangement. This threat has now been seen off. There will be no change in the veto as a result of the Intergovernmental Conference;

(2) by refusing to agree where unanimity applies or by collecting an ally or allies (one large member state at present and one large and one small member state after enlargement is sufficient) to block a decision where qualified majority applies. The fact, however, that we did not write the Treaty of Rome is very evident from the present division in the Treaty between those areas where qualified majority voting applies and those areas where unanimity is required. The most important sectors subject to qualified majority voting are the budget and agriculture, giving us a reduced chance to block some decisions which we do not want to be taken. On the internal market, however, unanimity is the rule, thus allowing others to block some of the decisions on effective free movement of goods and on a wider market for services which we do want to be taken. Unanimity is also the general rule - in this case, very reasonably - for any proposals for new Community policies.

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2. The main proposals submitted to the Intergovernmental Conference which might affect voting procedures are those concerned with:

- the internal market. The Treaty articles are article 100 (the internal market article - now requiring unanimity) and article 57.2 (services and professions - now requiring, in part, unanimity and, in part, qualified majority). The essential areas on which we must protect our own interests by maintaining unanimity are:

- ✓ (a) taxation. Although it is doubtful practice to use article 100 in relation to taxation, we must cut out this risk. Matters relating to taxation must require unanimity;
- ✓ (b) "social engineering". There is a large gulf between our political approach and the present philosophy of the Commission on legislation related to the service and conditions of workers eg on parental leave, worker participation, composition of company boards etc. We cannot stop them making some proposals for action which in our view is not best assured by legislation but we must not accept a change from unanimity;
- ✓ (c) movement of persons. We must not agree to an amendment of the Treaty which extends the definition of persons for the purposes of free movement. This could open up the prospect of more social proposals and could put pressure on our method of systematic controls at the frontier. On such issues we tend to be in the minority. We must not extend Community competence;
- ✓ (d) public, animal and plant health. We do not propose to agree to any change from unanimity on essential measures related to public, animal and plant health. This will assure us of the necessary protection on public health questions such as rabies and also allow us to avoid any risk of change to the animal and plant health advantages which we have gained from our island situation (eg freedom from foot and mouth disease and colorado beetle). These are sensitive issues and also of commercial importance. It would also retain unanimity on questions such as hormones, pesticides and the health status of food additives. There are also a number of other measures,

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eg on occupational health and safety, on which it might be in our interest to retain unanimity by extending the definition of public health to public health and safety.

Departments have also drawn attention to some other areas where the issues are less clear-cut, bearing in mind that we also have business and jobs to gain from opening up markets in other member states. For example, the Department of Trade and Industry has been making substantial efforts to reduce obstructions by other member states to agreement on standards while the Ministry of Agriculture, Fisheries and Food sees some disadvantages in more majority voting on some food standards and on seeds (health status is, of course, fully protected by (d) above). We are also examining the questions of intellectual property (its special position is already recognised by its inclusion in the "safeguard" article 36), of insurance and of some aspects of public purchasing, on which our principal objective remains to open up better export opportunities elsewhere in the Community;

- environment. We see some advantages in a better, ie more restricted, Treaty base for environmental measures. Experience also shows that the critical issue is normally the detailed limits, eg parts per million of possibly carcinogenic materials in waste oils. For this reason we conclude that, in order to protect our interests, unanimity should be the rule;

- technology. A better Treaty base could be worthwhile, particularly if we could include our ideas on market-led exploitation, on which we have made some ground in the development of the EUREKA idea. On the voting provisions on research and development we want unanimity on the overall programme, on financing and on the principal elements of any significant subsidiary programme such as ESPRIT or RACE. Beyond this there are some implementing measures which could be taken by qualified majority;

/ - new policies.

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- new policies. We should not agree to any change from unanimity on the basket article 235 itself. We cannot predict what the Commission might propose under this article in future years and it would be far too dangerous to change the voting provision.

These questions and the United Kingdom's approach at the next meetings of the Intergovernmental Conference in the period up to the European Council are being examined by the Sub-Committee on European Questions (OD(E) of the Defence and Oversea Policy Committee on 20 November.

13 November 1985

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