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FM UKREP BRUSSELS

TO DESKBY 200900Z FCO

TELNO 3925

OF 192005Z NOVEMBER 85

INFO PRIORITY EUROPEAN COMMUNITY POSTS, LISBON, MADRID *cm*

FRAME INSTITUTIONS/GENERAL

INTERGOVERNMENTAL CONFERENCE: BRUSSELS 19 NOVEMBER 1985 *ms*

SUMMARY

GENERAL

1. THERE WAS NO SERIOUS CHALLENGE TO THE PROCESS OF SHRINKAGE, WHICH CONTINUES IN PARTICULAR IN THE CASE OF THE INTERNAL MARKET, THE EUROPEAN PARLIAMENT AND COHESION. SOME SIGNS THAT THE COMMISSION AND A FEW DELEGATIONS ARE CONCERNED ABOUT THE MINIMAL NATURE OF WHAT IS EMERGING.

MONETARY COOPERATION

2. A PROCEDURAL DISAGREEMENT OVER WHETHER THE PROPOSALS SHOULD BE HANDLED BY THE ECOFIN OR IGC MACHINERY ENDED WITH PRESIDENCY INSISTENCE THAT BOTH THE PREPARATORY GROUP AND THE MONETARY COMMITTEE WOULD TAKE THIS WORK FORWARD. IT IS NOT YET CLEAR WHETHER OR WHAT PROPOSALS WILL GO TO THE EUROPEAN COUNCIL, BUT BELGIUM, ITALY, FRANCE AND THE COMMISSION ALL INSIST ON SOMETHING IN THIS FIELD.

INTERNAL MARKET

3. THE OVERALL SHAPE OF POSSIBLE TREATY AMENDMENTS IS BECOMING CLEARER. THERE IS BROAD SUPPORT FOR

- A NEW FRENCH DEFINITION BASED ON A UNIFIED MARKET WITHOUT BARRIERS TO PEOPLE, GOODS, SERVICES AND CAPITAL:
- UNANIMITY FOR ALL TAXATION QUESTIONS:
- MAJORITY VOTING FOR ARTICLE 100 APART FROM QUESTIONS CONCERNING TAXATION AND THE MOVEMENT OF PEOPLE

THERE IS NOW GROWING RECOGNITION THAT SAFEGUARDS FOR ANIMAL AND PLANT HEALTH, WORKERS' RIGHTS ETC. WILL NEED TO BE WRITTEN IN, THOUGH WHAT AND WHERE IS IN DISPUTE. OTHER QUESTIONS THAT REMAIN OPEN INCLUDE THE STATUS OF ANY DEADLINES FOR HARMONISATION OF TAXATION AND OTHER ASPECTS OF THE INTERNAL MARKET: WHETHER THERE SHOULD BE A STOCK-TAKING BEFORE 1992: AND HOW FAR DEROGATION FOR HIGHER AND LOWER STANDARDS SHOULD BE ALLOWED.

COHESION

4. AFTER A PREDICTABLE DISCUSSION IT WAS AGREED THAT THE PRESIDENCY WOULD PRODUCE NEW PROPOSALS ON THE BASIS OF ITS PAPER AND THE EARLIER FRENCH TEXT.

EUROPEAN PARLIAMENT

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5. A CONSENSUS HAS NOW EMERGED IN FAVOUR OF THE PRESIDENCY'S IDEAS FOR COOPERATION ON THE PROPOSALS TO BE DECIDED BY MAJORITY VOTING, WITH DEADLINES ON ALL INSTITUTIONS AND WITH A COMMISSION ROLE THROUGHOUT THE PROCESS (ON WHICH THE FRENCH PROPOSED THEIR AMENDMENTS).

MEETING WITH THE EUROPEAN PARLIAMENT

6. AS EXPECTED, THERE WAS SOME CRITICISM THAT THE IGC HAS WATERED DOWN THE MILAN WINE AND ANOTHER BID FOR PARLIAMENT TO BE ABLE TO AMEND THE OUTCOME AFTER THE EUROPEAN COUNCIL. BUT THE EP APPEARED LESS ASSERTIVE THAN LAST TIME AND THE PRESIDENCY DEFENDED THE IGC'S POSITION AFFECTIVELY.

EUROPEAN POLITICAL COOPERATION TREATY

7. SHORT DISCUSSION: LITTLE PROGRESS. NO SUPPORT FOR UK STAND AGAINST EUROPEAN FOREIGN POLICY AS AN AIM OF THE TREATY. FRANCE LED THE CAMPAIGN FOR A STRONGER ARTICLE ON SECURITY. FRENCH, GERMAN AND BELGIAN RESERVES ON ARTICLE 8(3). DISCUSSION OF SECRETARIAT SIDE-TRACKED WHEN FRANCE TABLED DRAFT PROPOSALS ON 'EUROPEAN UNION' INVOLVING SEPARATE SECRETARIATS FOR EPC AND FOR THE RENAMED EUROPEAN COUNCIL. NOT A FRANCO-GERMAN PROPOSAL. OTHERS PERPLEXED. JOINT MEETING OF POLITICAL COMMITTEE AND IGC PREPARATORY GROUP TO EXAMINE THIS AND OTHER POINTS ON 25 NOVEMBER, REPORTING TO THE IGC THE NEXT DAY.

PROGRAMME

8. PREPARATORY GROUP ON 21/3 NOVEMBER. IGC IN BRUSSELS ON 25 NOVEMBER (1200 TO 1930) AND 26 NOVEMBER (AFTER MEETING WITH EP). CONCLAVE IN LUXEMBOURG FROM 1800 ON 30 NOVEMBER TO END NOT LATER THAN LUNCH ON 1 DECEMBER. EUROPEAN COUNCIL NOW TO START AT 1030 ON 2 DECEMBER.

9. MR RIFKIND REPRESENTED THE UK

10. DETAIL IN MY 7 IFTS (EPC DETAIL TO BE REPORTED SEPARATELY).

HANNAY

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FRAME INSTITUTIONS/GENERAL

FCO ADVANCE TO:-

FCO - DEREK THOMAS, RENWICK, WALL, RICHARDSON, RAMSDEN

CAB - WILLIAMSON, JAY

UCLNAN 1194

FRAME GENERAL/INSTITUTIONAL
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2
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