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EUROPEAN COMMUNITY DEPARTMENT

(INTERNAL)

FOREIGN AND COMMONWEALTH OFFICE

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ccjk

M. MITTERRAND'S VISIT, 16 OCTOBEREC TOPICS

POINTS TO MAKE

- Welcome the extremely close cooperation established between us on EC issues. Must continue and intensify this.

European Council: London 5/6 December

- Aim to show EC tackling problems that are top of public agenda.
- Intend first session to be focussed on theme of business and jobs:
 - need to carry forward work on ideas on employment now being discussed by Employment Ministers (better training for new technology, re-training for long-term unemployed, and helping young to become self-employed).
 - focus on problems of small businesses and how to create favourable conditions for them (eg by

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improving their access to venture capital and new technology). Crucial to job creation.

- need to review progress on internal market and give a push to Council decisions which need to be taken in December (areas where we want to see progress include liberalisation of capital movements, steps towards liberalisation in air transport - on both of which there is a measure of agreement between us and the French).

- Another main theme will be discussion over dinner of terrorism, drugs and immigration. Interior Ministers carrying forward work on this. Chancellor Kohl wants discussion of immigration and asylum seekers. European Council should call for:
 - top priority to be given to joint fight against terrorism: solidarity, no concessions to terrorists, more cooperation between police and tightening up Community's external frontiers

 - stepped up cooperation on immigration (cooperation on false passports, visa policy, abuse of asylum, ensuring expulsees do not return

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via other EC countries etc).

- a joint anti-drugs campaign, following up work of Interior Ministers (eg measures to reduce demand among young, mutual enforcement of confiscation of drug traffickers' assets)

President of Commission.

- We will be sounding Jacques Delors to confirm that he is willing to serve a further two years. Aim to announce this at European Council.

Japan

- Essential that Foreign Affairs Council this month confirms decision to take GATT action on Japanese discrimination against imported alcoholic drinks.
- vigorous anti-dumping campaign also needed;
- UK and France should continue to work closely together to maintain pressure on Japan (the main obstacle has been the Germans, who are now themselves increasingly concerned).

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EC Budget/1.4% VAT ceiling (if raised)

- We stand by Fontainebleau: "the maximum rate may be increased to 1.6% on 1 January 1988 by unanimous decision of the Council and after agreement has been given in accordance with national procedures."
- No increase could be considered before 1988.
- Effective action will have to be taken to put a stop to the waste of resources on agricultural production beyond what Community can consume and what we can export.
- Have to go on supporting our farmers, but in a rational way.
- It is the marginal over-production which imposes extremely high budgetary costs. This has to be corrected in the key sectors - beef, milk and, for the future, cereals and olive oil.
- Hence ideas we put forward on alternative land use for cereals. Have also to reduce intervention price of beef and tighten up milk quotas.
- Just as important to hold down non-agricultural expenditure. Must resist pressures from Mediterranean. Must continue to concert privately together to find solutions.