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Foreign &
Commonwealth
Office

London SW1A 2AH

28 November 1991

Dear Stephen,

Political Union IGC: Your Talks with the French,
29 November

/ As promised in my letter of 27 November, I enclose
a note (the missing Annex B) about lists of areas
for possible joint action.

I omitted to say anything in my letter about
cohesion. Experience in the IGC suggests that the
French are unlikely to share our concern to get the
draft cohesion articles further amended, but we
should nonetheless argue our case for Articles 130B
and D (on pages 43 and 44 of the back to back). The
French should be more sympathetic to the case for a
non-prejudicial declaration, pushing Spanish demands
forward into next year's future financing negotiations.
/ I enclose a copy of our draft declaration, which you
might give Morel.

Yours ever,
Christopher Prentice,

(C N R Prentice)
Private Secretary

J S Wall Esq
10 Downing Street

Reference: Extract from Kohl/
Mitterrand letter of
11 October on CFSP

1. The Kohl/Mitterrand letter of 11 October on CFSP, which dealt largely with defence matters, included a section on a declaration by member states on priority areas of CFSP. This helpfully divided subjects for joint action from subjects to be included within the common security policy. In discussion at Political Committee the French and Germans made clear that they did not necessarily exclude security subjects from joint action. Nevertheless they are not repeating the confused approach in the Presidency CFSP text (annex 1) which includes all security issues in joint action.

2. We oppose the annexation of a list of subjects for joint action in the Treaty since this would impede our objectives of ensuring that joint action can be specific in scope, time-limited and reversible. We could agree a list of security issues falling within the common security policy to be annexed to the Treaty, subject to satisfactory wording.

3. A majority of partners will wish to have some kind of list to demonstrate that joint action will not be an empty concept. We could agree to a general and permissive list of subjects for joint action (to take the place of the "general guidelines from the European Council" on which joint action will be based), if this were in the Maastricht conclusions, not annexed to the Treaty, and subject to review just before CFSP came into effect (i.e. at Edinburgh). Possible wording might be as follows:

/"The ...

CSCE
Arms control

"The European Council considers that aspects of the following areas could be susceptible to joint actions under the common foreign and security policy. It agrees, therefore, that Foreign Ministers may, in the light of circumstances, and subject to review by the European Council at their meeting in Edinburgh in December 1992 shortly before the Union Treaty enters into force, decide to introduce joint action on specific questions arising in these areas:

- Eastern Europe;
- the Soviet Union;
- the CSCE Process (excluding Basket 1);
- the Middle East Peace Process."

4. This conclusions language draws on the Franco-German language which is helpful in some respects. We would need clearance before suggesting the questions which might be included in such a list, but the language without the list itself could be handed to the French.

PRIME MINISTER'S MEETING WITH MITTERRAND, 2 DECEMBER

POLITICAL UNION: SPEAKING NOTES

General

- We want agreement at Maastricht. We want closer European cooperation across a wide range of policies. But we cannot move too fast. There are limits to what Parliament will accept. Political Union is an evolving, indeed inexorable, process. Great mistake to be over-ambitious now, and finish with no Maastricht outcome. Recognition of this from Kohl.

- Agreement in sight on large parts of Presidency text (subject to detailed work at Conclave): most institutional provisions, including negative assent procedure for Parliament; citizenship; new chapters on CFSP, and interior/justice cooperation; some extensions of competence.

- If we stand back from the sensitive points still outstanding (immigration, social, majority voting etc), this treaty will be a big step forward. Bigger than the Single European Act. Important to keep this firmly in view as we negotiate over the difficult issues at Maastricht.

European Parliament

- Earlier ambitious proposals for "co-decision" now whittled down. Negative assent procedure now acceptable to all, (including Germany) despite UK reservations.
- We are willing to accept its inclusion provided scope is strictly limited. We have proposed Article 100a legislation (subject to some practical limitation), R and D (if unanimity retained) and environment multi-annual programmes, (but not on the basis of the current text).
- Any further extension would go too far. Accepting principle of EP veto is in itself a significant change.
- Particularly undesirable in areas of significant expenditure - development, networks - or other areas where we have significant problems with the texts themselves - eg social. We cannot be expected to make a double jump.
- Rest of package to increase non-legislative powers of the EP acceptable. Taken as a whole these measures will represent an important step forward.
- In principle we support French "Congress" proposal. Similar to our ideas for involving national parliaments. But too biased in favour of EP. Officials in touch over changes which will allow us to support text. Doubts about a treaty text - (prefer declaration) because we can't tell Parliament what to do.

European Parliament: Background

1. The French have moved a long way to meet German desires for a greater legislative role for the EP. They have done so with some reluctance, but have moved all the same. They accept the negative assent procedure now proposed, although Dumas spoke up against German efforts at the Conclave to make it still more friendly towards the EP.

2. Mitterrand himself is unlikely to have focussed on the details of the scope of the procedure. At the Conclave, France proposed a scope covering Articles 100a and 100b, environment, networks, R and D (with QMV), plus if necessary culture, health, training, industry and social. They explicitly ruled it out for development or cohesion. We need to convince Mitterrand that the Germans will settle for less than this, and that he stands to get less on the texts that matter to him if he insists on codecision as well.

3. The German proposal to increase the number of its MEPs to 99 is accepted by all, subject to a French reserve. It may be that the prospect of a German dominated Parliament will temper Mitterrand's views on the scope of codecision when he comes to focus on the issue.

4. We have two main difficulties with the French proposal for a "Congress" or Conference of European and National parliamentarians. It should not figure in the treaty itself (dictating to Westminster) and should not be so biased in favour of MEPs (half the members and the chairman). We support the principle, but wish to amend the detail. We anticipate trouble in Westminster with the French text as it stands.

Interior/Justice Cooperation

- Clearly we must work together to combat illegal immigration, abuse of asylum and organised crime. Welcome provisions for this in separate treaty chapter on interior/justice.

- Article A, (outside competence), covers all the important areas: asylum; immigration conditions of residence, combatting unauthorised immigration; combatting drug addiction and international fraud; judicial cooperation in civil and criminal matters; customs and police cooperation in preventing terrorism, drug trafficking and serious forms of international crime.

- Strong UK interest in extending existing cooperation, within the Union on their basis.

- But see no ^{need} to introduce Community competence here. Commission has no experience in this area; wrong to give ECJ jurisdiction over sensitive national issues like immigration and visa policy. Would be surprised if France disagreed.

- Recognise importance to Germany of immigration questions to be handled within Community competence at some stage. We might accept a provision that this could happen in the future. But no need to have any issues within competence now. Deal on these lines may be acceptable to Germany.

Interior/Justice: Background

1. The Presidency text includes a separate pillar for interior/justice matters, including a substantial list of areas for inter-governmental cooperation in Article A. But some immigration matters (short-term immigration and visa issues) are placed within EC competence, with visas subject to QMV. A link between inter-governmental cooperation and the Treaty of Rome is also provided (Article K) which would enable other immigration/asylum issues to be brought within Community competence subject to a double-lock: unanimity and a national ratification procedure.

2. France has indicated it is willing to accept the treaty text as it stands. Although we would have expected them to share our concerns, (and parts of the French administration have done so), we have received little support for our scepticism about a Community immigration policy. It seems that France effectively accepts creeping Community competence in this area, and is ready to go along with any text acceptable to Germany.

3. Given the sensitivity of immigration issues in French domestic politics at present and French distrust of the Commission, it is worth trying to shake Mitterrand out of this ^{acquiescent} ... approach.

Defence

- As you know, you and I both want to maintain the Atlantic Alliance and to build a serious European defence capability. The trick is to synthesise the Atlantic and European dimensions to our defence.
- Not difficult to identify the elements in such a synthesis, which should be reflected in agreement *at* Maastricht on Treaty article on defence, underpinned by a single Declaration by WEU on its links with Union and Alliance (as you and Chancellor Kohl suggested).
Common ground:
 - perspective of a common European defence policy (which I said in Rome I was prepared to see written into Treaty);
 - compatibility with NATO (Rome Summit language);
 - independent WEU, with close but different links to both Union and Alliance, responsible for defence questions arising from CFSP;
 - review in 1996.
- Believe that all 4 could be incorporated in Treaty if we have time to get it right. But still far from there. With a week to go, officials should be authorised to get down to business.
- Not asking France to give up her perspectives (common defence in CFSP from start, fusion of WEU and Union); they can be for history and future reviews to decide.
- Defence too sensitive and complicated to be taken to Maastricht unprepared. Would prefer to leave this issue to 1996 rather than accept defective or ambiguous language.

- Chance of historic step forward at Maastricht on European defence if our officials start work now.

Defence: Background

1. Mitterrand's likely approach should become clearer at the Wall/Morel talks on 29 November. But the signs are that he may well camp on the Franco-German proposals until Maastricht itself. Once there, however, he may well be prepared to be flexible over not including "common defence" in CFSP from the start, or subordinating WEU to the Union, provided the Treaty includes the perspective of a common defence. The most difficult task may well be to persuade him to accept a reference in the Treaty to compatibility with the Alliance.

2. Although French and German officials agreed reluctantly on 27 November to discuss a single draft WEU Declaration, they showed virtually no flexibility on points of principle, and apparently still envisage the Twelve being invited to approve a text on relations between the Union and the WEU.

CFSP

- UK strongly committed to strengthening European foreign policy. This will be one of the big steps forward from this IGC.

- We are ready to accept a legally binding commitment to joint action if the detailed arrangements are right.

- Continue to believe that QMV in CFSP would be a mistake. Present text provides for its use "as a general rule" for the modalities of implementing joint action.

- On what sort of issues is France prepared to allow use of QMV? How will it be possible to define these? Will extension of QMV to issues of real substance not become inevitable once the principle of QMV in CFSP has been agreed?

- Believe that the increase in our obligations to concert and abide by a CFSP means that we need a supreme national interest release clause.

- Both UK and France have a vital interest to protect in our Permanent Membership of the Security Council. Need to be sure that, in that forum, we cannot be gagged or paralysed by the CFSP.

- This means that we must have a declaration annexed to the Treaty on the Security Council. Our officials have agreed a form of words which the Belgians have sold to the Presidency. The Presidency are now negotiating the text with the Italians (who can be difficult on this subject).

- We need to be prepared to defend this declaration at Maastricht and ensure that it is not diluted.

BACKGROUND: CFSP

1. On CFSP the French are committed both to joint action and QMV. President Mitterrand is unlikely to be concerned about the exact terms of joint action but it may be worth pursuing with him how far he is prepared to extend use of QMV in CFSP. France supports the Presidency text on this matter which provides for use of QMV "as a general rule" for the modalities of implementing joint action. It would be useful to have Mitterrand as an ally on a supreme national interest let out clause. We must also make sure that he is aware of efforts to secure a declaration protecting the British and French position in the Security Council and that he is prepared to fight for it, if necessary, at Maastricht.

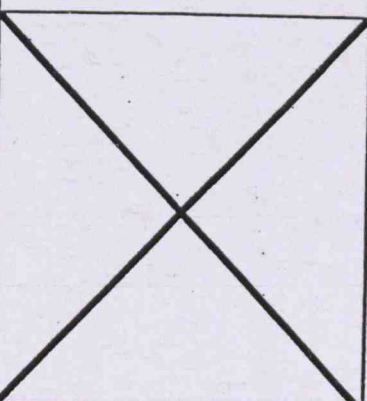
Competence and QMV

- Deletion of four marginal texts a significant improvement.
No need to have texts on everything.

- Of remaining texts, willing to see extension of competence in areas such as health and education.

- But texts on industry and culture are contrary to free market principles of Treaty, contrary to principle of subsidiarity; and to broad acquis of the Single Market, which has been the Community's success.

- Also very concerned about potential costs of some competence chapters. In particular must retain unanimity for development, networks, and research and development. QMV could lead to higher costs and distortion of national policies. Given this growing cost to France [significant net contributions] we should share this objective.

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Social Policy

- You know our position on this. We cannot go beyond the existing Treaty arrangements. The Commission is already interpreting existing treaty texts more widely than we want (eg over pregnant workers, working time directive etc). Widening those texts still further would not be acceptable to Parliament.

- Recognise you regard an extension of competence in the social field as important. But if others insist on retaining an unacceptable text in the treaty, there will be no political union treaty at all. Self-defeating to demand an over-ambitious text.

- Every member state has its own special concerns in employment and social policy. Not trying to interfere with national practices. Subsidiarity should apply.

- In UK, much political will and energy expended in past decade to improve structure of industrial relations. Not willing to put these advances at risk through inappropriate harmonisation.

- Presidency's proposals bear out problems: an elaborate structure dividing subjects between unanimity and QMV with exclusion clauses would simply not work in practice.

- Others are free to regulate their social provisions as they wish. But UK cannot accept Presidency proposals.

Social Policy: Background

1. A key subject for France. Mitterrand is keen to extend France's social protection levels to rest of Europe. Widespread support in France for this, so Mitterrand's position is therefore defined by political as much as by practical needs. At 12/13 November Conclave, France said current text on social was the bottom line for them. But we must hope that the French would risk losing their key objective (EMU) by incurring a British block on the social chapter and hence on political union as a whole.

2. Our objective with Mitterrand should therefore be to give him a clear indication of the limits in our flexibility on this issue. This may stimulate the French to consider before Maastricht what whether they can give Mitterrand the publicly defensible appearance of progress without the same degree of underlying substance.

Cohesion: Background

1. The French support the Northern line, although they are openly sympathetic to Spanish problems and would be prepared to accept a formula which gives a bigger nod in the direction of an increased EC budget than we would like. However, they are more worried than they were about France's growing net contribution and will be reasonably sensitive to our arguments.

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