

PRIME MINISTER

EUROPEAN COUNCIL

I attach the briefs. The two serious items are:

- (a) The Economic and Social situation in the Community. You will want to speak on deregulation under this heading. The brief includes a full speaking note. You will also want to glance at the Commission's report. *(detached)*
- (b) The Intergovernmental Conference. We have split this up into individual subjects, attaching in each case the Presidency's texts with a commentary on them. You will want to read in particular the Presidency's report to the European Council.

We have a very restricted briefing meeting on Sunday evening, to be attended by the Foreign Secretary, David Hannay and David Williamson.

There are two possible scenarios for Luxembourg:

- a modest agreement in principle to amend the Treaty in a number of rather minor respects, leaving Foreign Ministers to settle the details over ensuing weeks; or
- a recognition that positions are not yet close enough to allow agreement and by implication a decision that the IGC will have to continue for several more months.

It is not in our interest to treat either outcome as dramatic. There will in fact be strong pressure to achieve the first because several important member states (particularly France) do not want the IGC hanging around any longer; and because most people recognise that postponement is likely to lead to more disagreement rather than a better chance of agreement.

I don't think it matters much to us either way, though the first outcome will be less hassle if we can secure it on reasonable terms.

Our starting point has to be what you said in the House after the last European Council. I attach your statement and supplementaries. You made clear then that we:

- supported action to complete the internal market by 1992 but would wish to keep the unanimity rule on directives which could be vital to our industries;
- wanted to see improvements in decision-taking without impairing our ability to safeguard our national interests;
- were ready to contemplate an agreement formalising existing political co-operation arrangements;
- wished to strengthen technological co-operation;
- could envisage procedures for improved consultation with the European Assembly;
- did not believe that harmonisation of taxation was necessary for completion of the internal market; and
- acknowledged that any Treaty amendments would have to be approved by Parliament.

I think that most of these objectives can be met at Luxembourg. If they are, you could credibly and with justice claim that in substance we have achieved in December what we wanted to achieve in June; our view then that an Inter-governmental Conference was unnecessary has been justified by events; it would have been far simpler to make the various improvements without Treaty amendment; but this is in the end only a procedural question, and it will be for Parliament to decide whether it accepts the proposed amendments.

In short, I don't think you should have any difficulty in justifying an outcome involving limited Treaty amendments. If, on the other hand, there is no agreement at Luxembourg it will be important to be able to demonstrate that this is because others (Italy, Commission, Benelux) were asking too much. We want to avoid a position in which we alone can be blamed for causing a failure by conceding too little.

To achieve a satisfactory outcome our basic requirements on each of the individual issues are:

Internal Market

- to maintain unanimity on questions affecting the rights and interests of employees ("social engineering") and human, animal and plant health.
- to avoid amendment of Article 99 (indirect taxation) or at the least preserve unanimity on any matter affecting it.
- ensure that definition of the internal market does not widen existing rights of free movement of persons or interfere with our immigration control.
- to limit the list of Treaty Articles to which we extend majority voting - subject to the conditions above - to Article 100 and perhaps Article 57(2).

Cohesion

- to obtain a text which avoids any commitment to spend more Community taxpayers money on the south European member states. And to resist Greek attempts to hold the Community to ransom on this point as the price of "success" of the IGC.

Assembly

- to ensure that the Council can always overrule the Assembly. [There is one point here which you will want to probe at the briefing meeting. It seems to me that the Council can only overturn Assembly amendments to its decisions if it votes by unanimity. This would be difficult to achieve and could be dangerous to our interests. But I may have misunderstood.]

- to prevent the Assembly from acquiring the right to assent to new accessions to the Community and new association agreements. [NB: The FCO recommend that you should agree to this: in my view it means giving a new power to the Assembly]

Powers of the Commission

- to ensure that the Council decides in each case what powers to give to the Commission. (The Presidency text ensures this).

Technology

- to agree a new Treaty Article provided unanimity is preserved for all key decisions.

Environment

- to agree a new Treaty Article provided unanimity is preserved on all important issues.

- not to hinder the independent role of member states in the UN and other international organisations.

Monetary Issues

- to resist Treaty amendment altogether.

- as a fallback to concede the wording in the Chancellor's minute.

Political Co-operation

- to agree the text on the table in the context of a generally satisfactory outcome to the Luxembourg meeting.

Act of European Union

The French have tabled a text on this. The FCO will want you to accept it. You may feel that it will cause unnecessary political trouble, for instance:

- the title: "Act of European Union" has in the UK a particular connotation which will raise unnecessary suspicions.
- renaming the European Council the "Council of the European Union".
- defining European Union as the existing Treaties plus political co-operation (though this at least puts the whole issue of Union to bed).
- creating a separate Secretariat for the European Council which is absurd.

You will want to judge the texts in the briefs - which may be further amended by Foreign Ministers at the weekend - by how far they match these objectives.

I also attach a copy of the Treaty.

C.P.P.

Charles Powell

29 November 1985

German proposal for the final communiqué of the Luxembourg European Council

In order to strengthen economic and monetary co-operation within the European Community, the European Council has decided as follows:

1. Member States will make a sustained effort to achieve further progress towards convergence of economic and monetary policy geared to stability *and development.*
2. Member States pledge themselves to put into effect, before the end of 1986, ~~lasting~~ liberalization of payments and capital transactions as already stipulated in the Treaty.
3. The exceptions allowed hitherto under the EMS for some Member States should be terminated as soon as possible.

The circumstances are right.

*From deposits
to structural role*

X rate mechanism

PRESIDENCY ADDITIONS TO THEIR DOCUMENT : COMMENTARY

The Presidency document remains as it was before, with the additional remarks printed on the left hand page.

Page 5 : Internal Market

The Conference was not able to agree on a definition. We could accept either :

a) 'a single market without internal frontiers' with the addition at the end of the second paragraph of Article 1 : 'as provided for in this treaty', or

b) 'area without frontiers', provided we get the addition; 'as provided for in this treaty'.

Choice of Articles

Quid dicit
We would want any changes to be restricted to Articles 57(2) and 100 (though we could also accept Articles 28 and 84). We could agree that the European Council should instruct the Foreign Ministers to compile this list.

Quid dicit
- *sem*

Indirect Taxation

The Presidency report that our position is reserved on the need for any change to Article 99 (as is that of the Danes).

Page 6a : Article 100a

The Presidency report our objection to ^{directives} 'measures'. We could agree to 'measures' provided that it is clearly established that all matters affecting the approximation of laws or regulations having the force of law must be by directives; regulations for approximation of administrative measures only.

On the German proposal concerning high standards, this is a simple declaration of intent. Others may oppose.

← The reference at the bottom of the page is to the fact that the United Kingdom and Ireland are insisting on unanimity for measures concerning human, animal and plant health. The idea on page 7(a) that such measures should be provisional is not acceptable. We could accept, however, the three criteria set out by the Presidency on page 7, ie that any solution must be a Community solution; precisely defined; and avoid disguised protectionism.

Page 7a. We have not agreed that there should be a separate protocol on the free movement of persons. We could agree to a protocol provided this refers only to cooperation between the member states on matters to do with drugs, crime and third country immigration (not involving the Commission or the Community). Otherwise any more general statement would have to be in an act of the Conference (not a legally binding protocol).

We would prefer to avoid the French proposal (5b) about a report on 'balanced progress'.

On point 5(c), we see no need for special delegation of powers to the Commission in this area beyond the general provision on the Commission's implementing powers which is nearly agreed (page 11a).

Page 8a : Monetary Capacity

The Presidency reports that the proposals on the table are:

- a) the Commission proposal (mainly on EMS) and
- b) the Dutch proposal (mainly on EMU).

The Presidency reports our position and that of the German Government as entirely reserved; and the German proposal for the adoption of an 'action programme' for the liberalisation of capital movements.

The Commission and Dutch proposals are annexed.

Page 9a : Cohesion

The Presidency, at our insistence, have incorporated a reference to the 'reconversion of declining industrial regions'. But we want this reference in Article 1 (not Article 3), since there is a cross reference to Commission proposals under Article 4. If this point is established, the rest of the text could be accepted.

The Presidency points out that the Presidency proposal on cooperation with the Parliament would preserve the Council's power of final decision. This has been confirmed by the Council legal service. We should support the Presidency proposal, since this has been clarified to ensure that in the final phase, the Commission will 'reexamine' its proposal in the light of any amendments from the Parliament ie., it could maintain its original proposal.

12/95
Add 2

If possible we should also like to get it established that if the Parliament rejected the common position of the Council (paragraph 2c) the Commission should still give its opinion; and that unanimity should only be required for the Council position to be adopted if the Commission changes its proposal (this would take the whole procedure back to the existing article 149 of the treaty).

The Commission proposal, like that of the Belgians, would not leave the last word with the Council since the Parliament amendment would pass unless the Council by simple majority decided against them (also confirmed by the Council legal service).

The objectionable feature of the Italian proposal is the suggestion that the powers of the European Parliament should be extended from 1992 to co-decision.

The Germans are proposing far too extensive a role for the Parliament under the assent procedure. The Presidency's proposal is that this should apply only for new ascensions (article 237).

The Germans may also propose a review of the relationship with the Parliament in five years time.

Page 11a : Commission's Implementing Powers

Our amendment is wrongly reported. We want to delete "some" or "certain". We would prefer to avoid the German amendment. Otherwise the Presidency text is acceptable.

Page 12a : Technology

The Presidency have taken account of two UK amendments. But they have not described correctly our proposed amendment to Article 10(2). What we proposed was adding to Article 10: "The estimated cost of the specific programmes should not, in aggregate, exceed the financial provision in the framework programme".

We would prefer the amendment to Article 4 to read: "lay down the broad lines of the sectoral programmes".

The President of the Commission has endorsed our statement that the reference to 'natural resources' must not affect energy depletion policies. The Presidency suggests a entry into minutes recording this.

On point 2, we support the German amendment.

On point 3, we could accept the Presidency text with the addition instead : 'Nothing in the present provisions shall prevent the member states from [negotiating in international fora and] concluding agreements with third countries and international organisations concerning all matters for which they are responsible'.

On point 4, the purpose of our amendment was to get it clearly established that all environmental measures must be brought forward under the new articles on the environment (maintaining unanimity) and should not be over-ridden by majority voting under article 100a. This must be clarified.

The Presidency does not record that our position on the need for any new provision in this area is entirely reserved. In any event, we could not agree to any such provision without maintaining unanimity.

We and Germany oppose the text concerning employment policy, which is largely meaningless.

The Presidency reports as agreed the idea, which we support, that the European Court should have a tribunal of first instance, to deal with minor matters. This suggestion came from the British President of the European Court.

Further Contributions

We endorse the Presidency view that the European Council should declare that its inclusions are to be recorded as the final decision on the matters dealt with; and that Foreign Ministers should resolve any drafting points. Our strong preference would be to avoid discussion in the Conference continuing on other proposals which have aroused little interest and/or attracted little support.

Luxembourg, 1 December 1985

NOTE FROM THE PRESIDENCY

Attached is a revised note prepared by the Presidency following the meeting in conclave of the Ministers for Foreign Affairs. The note contains

- on the right-hand page, the text of the summary note submitted to the conclave by the Presidency,
- on the left-hand page, the new factors which came up during the conclave's own discussions.

Another note containing the formal texts resulting from the conclave, together with a note from the Legal Service concerning the Parliament, is being circulated under reference CONF-RGEM 111/85 Addendum 2.

CONFERENCE OF THE GOVERNMENTS
OF THE MEMBER STATES

PRESIDENCY REPORT TO THE EUROPEAN COUNCIL

Following the European Council in Milan, a Conference of the Governments of the Member States was convened on 22 July 1985.

The outcome of the Conference, and contributions from a number of Member States and the Commission have been submitted to the European Council.

The Presidency is referring to the Heads of State or Government
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SUMMARY NOTE

given in Annex I, in which the principal questions requiring a decision by the European Council are listed and briefly commented upon.

Annex II contains the report drawn up on the basis of the various proposals on political co-operation put forward with a view to the European union on which the Council will have to decide. ⁽¹⁾

The matters submitted to the European Council are not the only ones involved in the Conference's negotiations. The European Council should confine its discussions to only those questions on which the Heads of State or Government are required to decide.

Among the questions dealt with by the Conference, some have emerged as the centre pieces in an operation which is designed above all to fit the Community for its future tasks, to strengthen its institutional structures for this purpose and to extend the area of its activities in keeping with the demands of our age.

⁽¹⁾ This report has been revised following the conclave and is contained in SN 4272/85.

SN 4237/1/85

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The Conference has therefore concentrated its attention, from the outset, on a limited number of questions:

- the Internal market;
- monetary capacity;
- economic and social cohesion;
- technology;
- the environment;
- social policy and employment;
- European political co-operation.

The conclusions which the Presidency has drawn from the Conference's discussions will have to be supplemented by a decision on the Community's monetary capacity.

Making the rules on Council decisions more flexible (extension of majority voting) and extending the Commission's implementing powers should ensure improved efficiency.

The time has also come to draw conclusions from the decision taken ten years ago to give the members of the European Parliament a mandate by universal suffrage, allowing them to take an effective part in the legislative process.

The general level on which agreement has been reached and on which, if the European Council so decides, consensus may be achieved, means that there can be no further watering down of any important question or any significant formulation.

A Treaty is not in itself a programme. The task before the Conference is to determine the legal framework, to establish procedures and rules. It cannot be a substitute for the Community Institutions, whose role is to formulate, decide upon and implement the policies and the action needed for Community development.

This means that the Conference must keep an open mind about future developments and refrain from measuring the demands of the future against today's contingencies.

A reform of the Treaty is an important event in the history of the Community. The way in which the European Council conceives of the common future of the people of the Community will serve as a signal to our fellow citizens, whose support is needed if the Europe of tomorrow is to be up to its tasks and to the hopes which have been placed in it.

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Procedure

When it was proposed, in Milan, to convene a Conference of the Governments of the Member States, it seemed desirable that it should not extend beyond the next European Council, nearly six months later. The Presidency feels that what was said then is still reasonable and realistic today.

An extension, even on justified grounds, is no guarantee of improved results. There is, however, a certain amount of technical work still to be done.

The Presidency also attaches great importance to the presentation of the results of the next European Council to the European Parliament. The date of 11 December has been agreed for this purpose.

The Presidency therefore feels it appropriate to propose:

- ✓ - that the European Council declare that the outcome of its discussions is to be regarded as the final decision on the questions involved;

- ✓ - that the Conference will, however, meet at Foreign Minister level in the weeks following the meeting of the European Council to finalize the texts and decide, if necessary, on those points on which the European Council has not already decided and which have been referred to them.

As an earnest of its determination to come to a conclusion within the given time, the Conference of the Governments of the Member States will set the date for signing of the Treaty.

CONCLAVE

1. Definition

The Conference was not able to agree on a definition of the internal market and a choice has therefore still to be made.

1a. List of Articles

Certain differences of view as to the list of Articles came to light.

The Presidency would suggest that the European Council instruct the Ministers for Foreign Affairs to compile this list.

2. Harmonization of indirect taxation

The rule of unanimity to be retained. Reservation from two delegations.

Annex 99

INTERNAL MARKET

1. Definition (Article 1)

The objective may be formulated in two ways:

- a single market without internal frontiers as preferred by a majority of the Member States;
- an "area without frontiers", underlining the political implications of the operation, particularly from the point of view of a people's Europe (position of the Commission, supported by some Member States).

The choice between these two formulas does not raise any major legal problems since the rules and conditions for establishing this "market"/"area" are precisely defined in the articles which follow.

The European Council will have to make a choice.

2. Harmonization of indirect taxation (Article 2(2))

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This is an essential aspect of the single market. Almost all the Member States consider, however, that the unanimity rule (Article 99 of the Treaty) should be retained for any measure to harmonize taxation.

This being the case, the Presidency is proposing an explicit ~~commitment~~ on harmonization.

Some Member States are reluctant to make such a commitment for specific reasons. Article 3 should enable these to be taken into account to a certain extent.

CONCLAVE

3. Article 100a

(a) Germany asked that the "immediate aim" of the measures to be adopted on the basis of Article 100a should be the establishment and operation of the internal market.

(b) Objections from the United Kingdom to "measures".

X Proposal: replace "measures" by "Directives or Regulations or Decisions".

(c) In order to allay the misgivings of those countries with high standards, Germany proposed inserting a provision that the Commission's proposals for the approximation of laws on health, safety, environmental protection and consumer protection would be based on a high level of protection.

This proposal met with broad agreement.

However, Denmark asked to be able to maintain or introduce high standards, even if they might entail a barrier to the smooth operation of the internal market.

Ireland and the United Kingdom maintained their positions.

*Amind
Halt*

The target date is not in any event legally binding.

The European Council is invited to approve the provisions proposed by the Presidency.

3. Article 100a (Article 2(3))

Article 100 (harmonization) is the cornerstone for the establishment of the single market. Efforts to strengthen the decision-making process should therefore concentrate chiefly on this Article.

To this end, the Presidency is proposing the adoption of a new Article 100(a), which would be a derogation from the provisions of Article 100, and would enable measures aimed at the establishment and operation of the internal market to be adopted by a qualified majority.

The United Kingdom and Ireland have raised the problem of the special health rules which they apply, deriving from the fact that they are island States. They are requesting assurances that harmonization will not affect these rules.

Germany and Denmark are asking for the right to maintain high standards even if they are higher than Community standards and may be a barrier to the free movement of goods.

Various suggestions have been put to the Conference (assurance of a high level of standards in the Commission proposal; ~~derogation~~ derogation, by a qualified majority, with Community criteria and controls). However, none of them have met with agreement from the countries concerned, or their partners.

CONCLAVE

In view of the question-marks on the exact scope of the measures to be taken pursuant to the safeguard clauses, the Presidency suggested specifying that these were provisional measures which could be taken in appropriate cases.

4. Other problems

Article 3: no objections.

5. Problem not referred to in the summary note

- (a) Freedom of movement for persons: there will be a separate Protocol on this.
- (b) Article 5: France, supported by the Presidency, asked for a second paragraph to be added to Article 5 reading as follows: "The Council, acting by a qualified majority on a proposal from the Commission, shall determine the guidelines and conditions necessary to ensure balanced progress in all the sectors concerned."
- (c) Administrative powers of the Commission: delegation of competence to the Commission, which suggests the setting up of an Advisory Committee (Article 4).

.../...

A proliferation of exemption clauses in the Treaty would significantly diminish the scope of the decision on the single market to the point of depriving it of a large part of its substance and also destroying the credibility of Community determination to establish an effective internal market.

The Presidency feels that other ways should be explored of solving the problems raised by the governments concerned, which are essentially political in character.

The solution to be sought must obviously:

- be a Community solution;
- be precisely defined as to its objective;
- rule out any disguised protectionism.

Unanimity *ISLANDS*
Not a solution *Unanimity*

Harmonization should not remove all the guarantees that the Member States had before harmonization through invocation of Article 36. To this end it must be specified in the Treaty that Community provisions should lay down a safeguard clause enabling any Member State to take emergency measures, under Community control, in the eventualities envisaged in the present Article 36 of the Treaty.

4. Other problems

Article 3 permits the adoption of special provisions (if need be, temporary derogations) in favour of countries whose economies show marked differences in development. The Presidency considers this clause politically indispensable.

C O N C L A V E

- proposal from the Netherlands Government [SN 4270/85]
- unsuccessful attempt to combine the Commission's initial proposal with the Netherlands proposal [SN 4271/85]
- ten Member States agreed to insert a text on monetary capacity:

The German and United Kingdom Governments still have reservations.

The German Government pointed out certain problems involved in developing the Community's monetary capacity and pressed most particularly for the adoption of an action programme for the liberalization of movements of capital and the importance of a decision on this by the European Council.

The President of the Commission announced that the Commission intended to submit a programme for speeding up the liberalization of movements of capital if agreement were reached on amendments to the Treaty in the monetary sphere.

MONETARY CAPACITY

The decision on the Community's monetary capacity is an essential factor in the credibility of the Conference and the final agreement. The Presidency supports the text submitted by the Commission.

C O N C L A V E

The Presidency's text was in general favourably received and regarded as a point of balance between opposing points of view, as witness the conflicting changes which were requested. The Presidency is accordingly proposing to retain the text as it stands, but with Article 3 amended as follows:

"The ERDF is intended to help redress the principal regional imbalances in the Community through participating in the development and structural adjustment of regions whose development is lagging and in the reconversion of declining industrial regions."

COHESION

1. Economic and social cohesion is vital to the Community of twelve. This general objective dictates that special allowance must be made for those Member States whose economies perform less well.
2. The economic development of each of our countries is first and foremost a national responsibility. The Community can and must give its support, through its common policies and its financial instruments.
3. The efficiency and coherence of these financial instruments must be improved, as agreed at Stuttgart, to ensure better use of the necessarily limited resources available to the Community.
4. The ERDF must take its place in the Treaty together with the other two funds provided for at the outset. It must be managed in accordance with the same rules as those governing the other funds (qualified majority decisions).

These four principles are supported by the great majority of Member States. The Presidency requests the European Council to ratify them and adopt the provisions it has established to give them effect.

CONCLAVE

Further to the proceedings of the conclave, the Presidency submits the following proposals to the European Council:

- the Presidency proposal, the main effect of which would be to preserve the Council's power of final decision; this proposal has been clarified further to the discussions.
- the Commission proposal, amended as suggested by Belgium, whereby amendments agreed by the Commission are taken as adopted, unless the Council rejects them by a simple majority.
- Italian proposal, which is:
 - = application of a system during the period of establishment of the internal market, i.e. until 1992, under which the Council takes a decision directly on the European Parliament's amendments, after the Commission has given an opinion.
 - = formulation of a system assigning wider powers to the European Parliament as from 1992 (co-decision).

The Presidency would also point out that Germany has suggested:

- extending the instances in which the European Parliament is consulted;
- extending the instances in which the assent of the European Parliament is required under Articles 138 (uniform electoral procedure), 236 (revision of the Treaties), 113 (conclusion of trade agreements of major importance) in addition to those cases already covered in the Presidency's proposal (Article 237 - Accession, Article 238 - association agreements).

In response to a request from one Member State a note from the Council Legal Service [CONF-RGEM 115/85] on the legal effects of the expiry of the three-month period within which the Council is required to take a decision was submitted to the Conference.

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EUROPEAN PARLIAMENT

It has not been possible to synthesize the proposals made by the European Parliament, three Governments and the Commission, especially in view of the firm and persistent objections from other Governments.

Accordingly, a procedure for co-operation between Parliament and Council has been proposed. This procedure is intended for decisions to be taken by a qualified majority which concern the internal market and "new fields".

The procedure provides that Parliament's amendments in these fields, provided they are adopted by the Commission, are to be examined by the Council which must act unanimously for the purpose of rejecting them.

This system is acceptable to some Governments. At least one Member State and Parliament consider it too weak, particularly in relation to the idea of a genuine joint decision-making procedure. At least one Member State has so far been unable to agree to the principle of altering Parliament's powers by means of a Treaty.

The President of the Commission has proposed another method of co-operation: more weight would be given to Parliament's amendment proposals when they are given a second reading by the Council, without thereby detracting from the Council's final say.

This proposal has been forwarded to the Governments.

C O N C L A V E

Germany proposed the following form of wording

"..... the Council shall

.....

.....

..... confer as a general rule on the Commission, in the acts it adopts, powers to implement the rules it lays down. The Council may impose certain requirements in respect of the exercise of those powers.

....."

This proposal was not adopted as a result of objections by two delegations.

The United Kingdom has proposed the following amendment to the Presidency's proposal:

"..... The Council may also reserve the right in specific cases to exercise directly some implementing powers itself."

This amendment was accepted.

The Presidency stands by its proposal as amended.

THE COMMISSION'S IMPLEMENTING POWERS

Agreement seems likely on the Presidency proposal. The latter recommends the European Council to adopt its proposal as it stands.

CONCLAVE

- Presidency's proposed amendment for Article 4:

For "specify the content of the envisaged activities",
read: "set a broad outline for the envisaged activities".

This proposal met general acceptance except on the
part of Germany and the United Kingdom.

- the Presidency has endorsed two amendments suggested by
the United Kingdom

- . In Article 2(b) and Article 8, the word "Community"
should precede the expression "RDTD";

- . In Article 10(2) it should be specified that the amount
of the annual contribution must be within the limits
of the framework programme.

TECHNOLOGICAL RESEARCH AND DEVELOPMENT

The Presidency proposal is based on a distinction between:

- a (unanimously adopted) framework programme defining the nature and scope of Community action for a period of several years, and
- specific programmes (adopted by a majority) laying down more detailed rules for and duration of RTD projects

The arrangement proposed has the support of a large majority of the Member States. The Commission considers the framework programme, as defined by the Presidency, too detailed: the unanimity requirement would detract from the effectiveness and dynamism of Community action. It proposes that its own proposal /24/85, Article 3(1)_7 should be considered.

CONCLAVE

1. Article 1(1)

- (a) The Danish Government considers that the wording of paragraph 1 interprets too widely the Community's powers. Denmark proposes that Community action be confined to controls on transboundary pollution and other common problems.

The Presidency considers that this aspect is largely catered for by Article 1(4), and that if Denmark considered it necessary it could be further specified by an interpretative declaration.

- (b) The United Kingdom delegation suggests that the third indent should read as follows:

- to ensure the prudent and rational use of natural resources which affect quality of life.

The Presidency suggests an entry in the minutes of the Conference to the effect that Community action relating to the environment must not interfere with national policies on energy.

2. Article 1(4)

On the basis of an amendment put forward by Germany, the Presidency suggests that the following words be added to the end of paragraph 4: "without prejudice to certain measures of a Community nature, the Member States shall see to the implementation and the financing of the other measures."

3. Article 1(5)

The United Kingdom delegation suggest that this paragraph be replaced by the following: "where common rules exist, the Community shall co-operate with third countries and the competent international organizations; in other cases the Member States shall do so."

The President of the Commission has pointed out that this text represented a step back from Community legislation in its present form, under which, as the Court of Justice has confirmed, the Community can act externally without having adopted internal rules beforehand.

4. Article 2, first paragraph, (100)

The United Kingdom delegation has suggested adding, after the word "unanimously", the words "or by means of an approximation of the laws, regulations and administrative provisions in the Member States for the purpose of ensuring the establishment and operation of the internal market, or by some other means ...;"

The Presidency has pointed out that this suggestion is inconsistent with Article 100a.

5. Article 3

Denmark has suggested that the words "and with the operation of the internal market in particular" be deleted. The Presidency has agreed to this.

.../...

ENVIRONMENT

The Presidency's version has received a large degree of support and ought to be endorsed by the European Council.

The problem of financing environment measures requires some clarification:

- those Member States which implement measures naturally do so under their own responsibility and at their own expense;
- certain activities (such as, in particular, aid from the Structural Funds for research programmes and pilot programmes) clearly have a Community dimension by definition and are financed accordingly.

C O N C L A V E

Broad agreement on the Presidency's text. However, the United Kingdom has requested that the words "by a qualified majority" in Article 198(2) be replaced by the word "unanimously".

Other Member States were in favour of a simple majority vote.

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The Federal Republic of Germany and the United Kingdom oppose the text concerning employment policy.

The Presidency stands by its texts.

SOCIAL POLICY

1. To accommodate Denmark, the Presidency proposes that Article 118 should be supplemented by a provision allowing for the adoption (by a qualified majority) of minimum standards for the working environment. This text has met with fairly widespread approval and the Presidency considers its adoption politically advisable.
2. The Commission has made further-reaching proposals ("European social space" - Article 117 - extension of minimum standards to cover the whole of Article 118). These are being firmly opposed by several Member States and, for this reason, the Presidency cannot recommend that they be taken into consideration.
3. The Presidency is also submitting a passage on the dialogue between both sides of industry; this text, which is essentially of a political nature and does not involve any legal constraints, has been suggested by the Commission and has the support of France. The text merits consideration by Ministers.

Denmark has submitted a contribution on employment, to which it attaches particular importance.

On the basis of this contribution, the Presidency is submitting an alternative text, which essentially lays down a number of procedures.

C O N C L A V E

Court of Justice

The Presidency's conclusions have met with agreement as to the principle [see CONF-RGEM 113/85].

Other contributions

Since these points were not able to be discussed by the Conference, the Presidency feels it desirable to propose that:

- the European Council should declare that the findings of its deliberations are to be regarded as the final decision on matters dealt with;
- the Conference composed of Ministers for Foreign Affairs should meet in the weeks following the meeting of the European Council to finalize the texts and, where appropriate, to take a decision on those points on which the European Council had not yet taken a decision and had referred to them.

COURT OF JUSTICE

The President of the Court of Justice has proposed an amendment to the Treaty. The Presidency will inform Ministers of the conclusions it draws from the outcome of the proceedings of a Working Party of Legal Experts.

FURTHER CONTRIBUTIONS

Several Member States and the Commission have submitted further contributions on the following points, which the Conference has been unable to discuss in detail:

- proposal for an Article 235a;
- culture;
- human rights;
- development;
- energy policy;
- animal protection.

Luxembourg, 1 December 1985

CONF - RGEM 111/85	
ADD 2	
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N O T E

from: the Presidency
to : European Council

Subject: List of the proposals put by the Presidency to the
European Council

This document contains:

- the formal texts produced during the conclave with regard to monetary powers and the powers of the European Parliament,
- a note from the Council Legal Service on the legal effects of the expiry of the three-month period within which the Council is required to take a decision (powers of the European Parliament).

CONTENTS

1. Monetary capacity
 - . Netherlands proposal
 - . combined proposal from the Presidency

2. Powers of the European Parliament
 - . Presidency's proposal (latest version)
 - . Belgian proposal
 - . Italian proposal

3. Note from the Council Legal Service

Proposal by the Netherlands delegation on economic
and monetary union

Article 2 (in accordance with the Belgian proposal)

The Community shall have as its task, by establishing a common market, and progressively bringing about an economic and monetary union, to promote throughout the Community the harmonious development of economic activities, steady and balanced expansion, an increase in stability, an accelerated rise in the standard of living and closer relations between the States belonging to it.

Add the following in Title II "Economic Policy" before the chapter on conjunctural policy.

Chapter 1: Progressive achievement of economic and monetary union

Article 103A

1. Through their economic and monetary policies Member States shall progressively create the necessary conditions for achieving economic and monetary union and shall co-operate for this purpose in accordance with the provisions of Article 104. In doing so, they shall take account of experience in co-operation in the framework of the European Monetary System.

*and report on the
competences*

2. The Commission shall, after consulting the Monetary Committee, make proposals to the Council regarding the transfer of powers necessary for the creation of economic and monetary union. The Council, acting unanimously on a proposal from the Commission and after consulting the European Parliament, shall lay down provisions

*The Committee
of Central
Banks
Council*

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which it shall recommend to the Member States for adoption in accordance with their respective constitutional requirements.

3. With a view to achieving economic and monetary union and in order to ensure monetary stability in the Community, a Community central banks system shall be set up and its tasks and powers defined in accordance with the procedure referred to in Article 236.

*Conseil de
Gouvernement
Central banks*

Monetary provisions: new text replacing the COM text of
18 November 1985 (CONF-REGM 80/85)

I. The reference to economic and monetary union would appear in the Preamble to the text amending the Treaty of Rome, which would read as follows:

- new*
- Whereas the Heads of State or Government, at their Conference in Paris from 19 to 21 October 1972, approved the objective of the progressive achievement of Economic and Monetary Union;
 - Considering the Annex to the conclusions of the Presidency of the European Council meeting in Bremen on 6 and 7 July 1978 and the Resolution of the European Council meeting in Brussels on 5 December 1978, concerning the setting-up of the European Monetary System (EMS) and related questions;
 - Whereas, on the basis of that Resolution, the Community and the Central Banks of the Member States have taken a number of measures designed to implement monetary co-operation;

II. The following shall be added to Annex 107 of the EEC Treaty:

1. Each Member State shall treat its exchange rate policy as a matter of common interest.

Descriptive

The European Monetary System shall include an exchange and intervention mechanism between Community currencies, in which Member States which are able to meet its obligations shall participate. The European Currency Unit (ECU) shall be the pillar of the system; it shall be used in particular for settlements between Community monetary authorities.

2. If a Member State makes an alteration in its rate of exchange which is inconsistent with the objectives set out in Article 104 and which seriously distorts conditions of competition, the Commission may, after consulting the Monetary Committee, authorise other Member States to take for a strictly limited period the necessary measures, the conditions and details of which it shall determine, in order to counter the consequences of such alteration.

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3. The procedures for operating the exchange mechanism shall be determined by agreement between the Central Banks of the Member States of the Community.
4. Responsibility for running the EMS shall be vested in the European Monetary Co-operation Fund. It shall be granted the autonomy necessary for accomplishing its tasks. Its Board of Governors shall be made up of members of the Committee of Governors of the Central Banks of the Member States and of a Commission representative.
5. Where further developments in the EMS entail a transfer of powers (including the replacement of the European Monetary Co-operation Fund by a European Monetary Fund with institutional autonomy), the Commission shall submit a proposal after consulting the Monetary Committee and the Committee of Governors of the Central Banks. The Council, acting unanimously on the Commission's proposal and after consulting the European Parliament, shall lay down provisions which it shall recommend to the Member States for adoption in accordance with their respective constitutional rules.

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POWERS OF THE PARLIAMENT

PROPOSAL FROM THE PRESIDENCY

Article 1

A Co-operation procedure shall be introduced which shall apply to acts based on Articles 7, 49, 54(2), 56, 57 and 100(a) of the Treaty establishing the European Economic Community. The Co-operation procedure shall also apply to acts based on Article 11(2) of the text on research and technological development and on Article 5 of the text on cohesion and also on acts to be taken by a qualified majority pursuant to Article 118.

Article 2

The provisions of Article 149 of the Treaty establishing the European Economic Community shall be replaced by the following:

1. Where, in pursuance of this Treaty, the Council acts on a proposal from the Commission, unanimity shall be required for an act constituting an amendment to that proposal.

2. Where, in pursuance of this Treaty, a Council act is adopted in co-operation with the European Parliament, the following procedure shall apply:

- (a) The Council, acting by a qualified majority under the conditions of paragraph 1 above, on a proposal from the Commission and after obtaining the Opinion of the European Parliament, shall adopt a common position.
- (b) The common position of the Council shall be transmitted to the European Parliament. The Council and the Commission shall inform the Parliament fully of the reasons which led the Council to adopt its common position and also of the Commission's position.

If, within three months of such communication, the European Parliament approves this common position or has not taken a decision within that period, the Council shall definitively adopt the act in question in accordance with the common position.

- (c) Within the period of three months referred to in paragraph 2(b), the European Parliament may, by an absolute majority of its constituent members, propose amendments to the common position of the Council. The European Parliament may also reject the common position of the Council by the same majority. The result of the proceedings shall be transmitted to the Council and the Commission.

— If the Parliament has rejected the common position of the Council, unanimity shall be required for the Council to act on a second reading.

(d) The Commission shall, within the period of one month, re-examine the proposal, on the basis of which the Council adopted its common position, by taking into account the amendments proposed by the European Parliament.

(e) The Council, acting by a qualified majority, shall adopt the proposal re-examined by the Commission.

Unanimity shall be required for the Council to amend the re-examined Commission proposal.

(f) The Council shall be required to act within a period of three months.

3. As long as the Council has not acted, the Commission may alter its original proposal, in particular where the European Parliament has been consulted on that proposal.

Article 3

The provisions of the first paragraph of Article 237 shall be replaced by the following:

*New amendment
237*

Any European State may apply to become a member of the Community. It shall address its application to the Council which, after consulting the Commission, shall act unanimously after receiving the assent of the European Parliament which shall act by a majority of its members.

Article 4

The provisions of the second paragraph of Article 238 shall be replaced by the following:

*238
New amendments*

These agreements shall be concluded by the Council, acting unanimously and after receiving the assent of the European Parliament which shall act by a majority of its members.

CO-OPERATION PROCEDURE WITH THE PARLIAMENT

Amendment - suggested by Mr TINDEMANS and supported by the Commission - to Article 2(2)(e) of the Presidency's proposal.

(e) The re-examined proposal from the Commission shall be adopted by the Council acting by a qualified majority. Unanimity shall be required for the Council to amend the proposal from the Commission.

The Council shall act within a period of three months.

The re-examined proposal from the Commission shall be deemed to be adopted if, on expiry of the period of three months, the Council, acting by a simple majority, has not rejected it.

If the Parliament rejects the common position of the Council, the Council shall act unanimously.

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Amendment by the Italian delegation to the
Presidency's text (110/85)

Article 2(d), (e) and (f) are replaced by the following provisions:

(d) The Commission shall deliver an opinion within one month of the European Parliament's debate.

(e) Within three months of the period referred to in (d), the Council shall finally adopt the text. The Council shall act in accordance with the provisions of the Treaty if it approves the text as amended by the European Parliament; it shall act unanimously if it departs from or amends the opinion of the Commission.

As from 1 January 1993, subparagraph (e) shall be replaced by the following:

(e) Within three months of the period referred to in (d), the Council, acting in accordance with the provisions of the Treaty, may finally adopt, amend or reject the act in the new version approved by the European Parliament.

The Council shall act unanimously if, in finally adopting the act or amending the text thereof, it departs from the Commission's opinion. The European Parliament shall be briefed on the Council's proceedings.

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- (f) If the Council amends the act in accordance with subparagraph (e), the European Parliament may approve the new text or, acting by an absolute majority of its Members, reject it.

If the European Parliament approves the text or fails to state a position within two months of being informed as laid down in paragraph 5, the Council, acting in accordance with the provisions of the Treaty, shall adopt the act in the form last submitted to the European Parliament.

- (g) Where, under the circumstances provided for in (e) and (f) of this Article, the Council or the European Parliament reject the act, the Council shall note that the procedure has been completed.

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Luxembourg, 1 December 1985

CONF - RGEM 115/85	
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OPINION

of: Council Legal Service

Subject: Powers of the European Parliament

- legal effects of the expiry of the three-month period
during which the Council is required to act

Nos prev. docs. CONF-RGEM 110/85
CONF-RGEM 111/85
CONF-RGEM 112/85

During the present meeting of the Conference the Irish delegation requested the Council Legal Service's opinion on the above question.

Given the case-law of the Court of Justice as it stands at present, in particular as regards the interpretation of Article 175 of the EEC Treaty, the Council Legal Service considers that:

- (1) in the wording submitted by the Presidency (CONF-RGEM 111/85), the only effect of the expiry of the three-month period provided for in Article 2(2)(e) and (f) in CONF-RGEM 110/85 is that the Council could find itself in a situation of failure to act under the conditions laid down in Article 175 of the EEC Treaty.

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(2) in the amended version submitted by the Commission (CONF-RGEM 112/85), the revised Commission proposal would, on the other hand, be automatically adopted should the Council, on expiry of the three-month period, have failed to adopt the proposal by a qualified majority, or amend the proposal unanimously or reject the proposal by a simple majority.

The version amended during the meeting by the Commission President and the Belgian delegation does not affect the conclusions set out in (2) above.

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1 December 1985

Progress of discussions on the draft Treaty on
European Political Co-operation

Following the discussion by the Representatives of the Governments of the Member States on 1 December, the following points are still unresolved:

Title of the Treaty

Two versions of the title are still being discussed:

- "Treaty on European Political Co-operation"
- "Treaty on European Co-operation in the sphere of Foreign Policy".

Article 1

The text proposed on 26 November 1985, namely "The High Contracting Parties, being members of the European Communities, set as their objective the search for joint formulation and implementation of a European foreign policy" met with objections from several delegations.

However, one delegation said that this was the only wording to which it could agree.

By way of compromise, the Presidency proposed the following text:

"The High Contracting Parties, being members of the European Communities, shall endeavour jointly to formulate and implement a European foreign policy".

Article 3:

"[The Ministers for Foreign Affairs] [The European Council] [The Council of the European Union] shall give general political guidelines for Political Co-operation."

One delegation is against giving legal substance to the role of the European Council and would prefer: "The Ministers for Foreign Affairs ...".

Two delegations are proposing that the version "The Council of the European Union ..." be used.

The other delegations have reserved their positions pending the outcome of the Intergovernmental Conference and are proposing that, for the time being, the words "The European Council ..." be used.

ARTICLE 8

1. The High Contracting Parties consider that closer co-operation on questions of European security would contribute in an essential way to the development of a European external policy identity. They are ready to co-ordinate their positions more closely on the political and economic aspects of security.
2. The High Contracting Parties are determined to maintain the technological and industrial conditions necessary for their security. They shall work to that end both at

KEY POINTS FOR THE EUROPEAN COUNCIL

Internal Market

- The definition "single market without internal frontiers" (not "area without frontiers").
- || - No need to change Article 99. In any event, unanimity must be maintained. *Insh*
Danes
- || - Unanimity for human, animal and plant health, in any event so far as measures affecting standards in Britain and Ireland are concerned.
- In Article 100, majority voting should apply only for directives. In any event, "measures" must be clarified to ensure that the approximation of laws and regulations having the force of law should only be by directives; Regulations for approximation of administrative provisions.
- Cooperation on drugs, terrorism and immigration from third countries is a matter for the Member States.

Cohesion

- Reference in Article 1 to the need to help areas of high unemployment and industrial restructuring (as in the existing Social and Regional Fund Regulations).

European Parliament

- Ensure that any agreement is based on the Presidency proposal, and that the Commission proposal is set aside.
- Any agreement must be final and not subject to negotiation with the Parliament.

Technology

- Get Presidency text accepted. Commission proposal set aside.
- [Agreement that the estimated cost of specific programmes should not exceed the financial provision in the framework programme.]

Environment

- Ensure that the rights of Member States to negotiate in international fora like the International Maritime Organisation will be unaffected (it is for the Community to negotiate in international organisations only where common rules have been established).
- Agreement that in future, all Community action on the environment will be taken under the new Treaty Articles (maintaining unanimity).
- Agreement that reference to the conservation of natural resources cannot affect energy depletion policy (this could be done by adding after "natural resources", "on which the quality of life depends").

Powers of the Commission

- To get the Presidency proposal adopted (avoiding any automatic delegation of powers to the Commission).

Social Policy

- To get this proposal set aside; or unanimity maintained for all measures in this area.

Employment

- To get this proposal set aside.

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EUROPEAN COUNCIL, LUXEMBOURG: 2/3 DECEMBER 1985

INTER-GOVERNMENTAL CONFERENCE

Reference: A: Presidency Report to European Council

OPENING INTERVENTION BY THE PRIME MINISTER

- We all have a common aim: seeking to make the Community work better in the interests of all our citizens.

- The Treaty has stood the test of time remarkably well. I am in favour of making it work better and made proposals to enable it to do so.

- I would have liked to see decisions taken already to put practical reforms into effect straightaway. But I recognise there is widespread desire on the part of other member states to try to achieve similar results through changes to some Treaty articles. We have played a full part in these discussions, in accordance with our obligations under Article 236 of the Treaty.

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- These discussions have shown the difficulty and complexity of the task we set ourselves. Much time and effort have been devoted to these discussions. We must now reach conclusions.

- The real problems facing the Community are still there and ever more urgent. We have to complete the common market if we are to create wealth and jobs; we have to make ourselves competitive in the new technologies; we have to sustain the process of reform of the Common Agricultural Policy, because its costs deny us resources for other policies, and we cannot justify continuing to devote one third of all Community spending to the disposal of surpluses for which we can find no markets. Any institutional changes must serve the purpose of real reform.

- The texts that have been discussed by Foreign Ministers and officials reflect the enormous area of common ground between member states, but also some important outstanding differences on some issues. I am ready to take decisions at this meeting: decisions which will lead to the early completion of the common market in goods and services; decisions which will

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improve the Community's ability to compete in technology; decisions which will enable the European Parliament to play a more constructive role in decision-taking, while leaving the last word with the Council of Ministers.

- The proposals presented to us by the Presidency incorporate many of these goals. The Presidency have done sterling work in bringing the discussions this far. I see our task at this Conference as to set the Community firmly on the path of reform in the areas I have indicated. I hope we can concentrate first and foremost on establishing the essential objectives and means of achieving them, with such detailed follow up work as is necessary being done either here or, as necessary, by Foreign Ministers.

- We all agree that the key to the prosperity of the Community is the development of the internal market. We agree on the need for faster progress to create growth, prosperity and jobs in Europe and to strengthen our competitive position on world markets.

- Any changes must advance these objectives while taking account of the legitimate concerns of member

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states.

- I am prepared to see more majority voting to help complete the internal market. But the United Kingdom has a special concern to guard against problems associated with animal and plant imports. As an island we have been preserved from some of the worst animal or plant diseases. As an island free of such diseases, we would be particularly vulnerable to them if they were introduced. I could not therefore agree to voting provisions that could overrule our ability to maintain essential safeguards related to the protection of the life and health of humans and animals.

- I am also ready to consider how we can best take account in the Treaty of areas of activity which have long been under way in the Community, in the Research and Environment Councils. Here too, institutional change must be at the service of member states, not the other way round. Action on the environment will remain primarily the responsibility of member states. Cooperation in technology needs to help, not hamper, enterprises. If we are to be competitive then we have to allow industry to compete.

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- Similar practical considerations need to guide us in addressing the role of the European Parliament. The members of the European Parliament are directly elected. They have a clear right to make known the views of those they represent.

- We therefore favour better and earlier consultation with the Parliament. We favour encouraging the Parliament to make its input to decision-taking.

- But we must do this without upsetting the institutional balance or making decision-taking slower or more difficult. Members of the European Parliament are the democratic representatives of those who elect them. So are we. Moreover, we have to take decisions for our own countries and, in the Council, for the Community as a whole.

- A wide variety of other proposals had been tabled in the Inter-governmental Conference. I believe that at this meeting we must concentrate on the key issues if we are to reach agreement.

- I put forward proposals before the Milan European Council to strengthen our cooperation in foreign

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policy. Recent experience has shown how far we still have to go. Nevertheless, there is agreement on the objective and we are close to agreement on the text.

- I would have liked to see decisions taken in Milan. I have come to this meeting ready to take decisions here in Luxembourg. We must do so if the Community is to deal with the real challenges we face.

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PRIME MINISTER'S OPENING INTERVENTION:
ADDITIONAL POINTS FOR USE AS NECESSARY.

MONETARY COOPERATION

Of course the Community has talked of the aspiration to economic and monetary union. But to make economic and monetary union a specific Treaty objective is a very different matter. That objective is one which, as we all know, poses great difficulties even among countries with very similar levels of economic development (like the Benelux). We all are seeking to bring about a convergence of economic policy and of economic performance. But we all know that we have a very long way to go before that can be achieved. What really is required is to concentrate on practical steps, such as the liberalisation of capital movements and wider use of the ecu.

Inclusion of the EMS in the Treaty could change the basis on which it has developed satisfactorily so far. It would have juridical consequences, making the system less flexible to operate than it is now. We all are concerned about the role and independence of our Central Banks; and we do not want to find ourselves in

a situation in which changes to the operation of the EMS could only be made by action under Article 235. Do not see how we can take this further at this point, in the absence of the people with direct responsibility for the operation of the system, i.e. the Finance Ministers and Central Bank Governors.

[As necessary]

On procedure, agree on need to concentrate on a few key issues. Agree also with the proposals on page 4 of the Presidency note that decisions must be taken now; the European Council's conclusions should be regarded as the final decision on the questions involved. There will still remain points of legal drafting which will have to be dealt with; and Foreign Ministers can clear up outstanding points.

On the internal market (page 5), agree with the definition "unified market without frontiers", not "area", which in our view would have different juridical consequences. Controls to deal with drugs, terrorism and immigration must remain a matter for the Member States.

On indirect taxation, see no need for a change to Article 99. In any event this is an area in which unanimity must be maintained.

In relation to the proposed Article 100(a), prepared to see an extension of majority voting to help realise internal market objectives.

Article 100(a) in our view should refer to "directives", not "measures". In any event it must be made absolutely clear that, where the approximation of national laws and regulations having legal force is concerned, the appropriate legal form is a directive: to attempt to approximate laws by regulation would create legal confusion. Where approximation deals with administrative provisions, regulations are acceptable.

Grateful to Presidency for making clear that a solution has to be found to enable Britain and Ireland to maintain the special health rules in our countries which derive from our position as island states. We agree that a solution should be compatible with the three criteria set out on page 7 of your note, namely that it should be (a) a Community solution, (b) precisely defined as to its objectives, and (c) rule

out disguised protectionism.

Only Community-wide solution we can see is that unanimity should be maintained generally for measures affecting human, animal and plant health. Of course prepared to look at proposals which would enable us and Ireland to maintain those health standards. But they must have a precise legal effect. A solution could not be based on reliance on Article 36 (where safeguards may no longer apply when common rules are established).

On monetary cooperation, we do not see a need to amend the Treaty in this area. Do not see how we can take this further at this point, in the absence of people with direct responsibility, i.e. the Finance Ministers and Central Bank Governors.

On cohesion, we can support much in the Presidency text. We agree that the coordination of the Funds should be improved and that the Regional Fund could be included in the Treaty. We have recognised the special needs of the least developed countries and that the Community has to make provision for them, as we have done through the Integrated Mediterranean Programmes. But a regional policy has to be Community-wide. The

description of the purpose of the Funds in the Presidency text must refer to the problems of high unemployment and industrial restructuring which are in the present agreed definitions of the Funds.

On the Parliament (page 10), we are prepared to look at ways to enable the Parliament to make a more constructive contribution to decision-taking. We believe that the Presidency proposal on cooperation with the Parliament would enable it to do that. We could not agree to the proposal that an amendment by the Parliament should pass automatically unless a majority in the Council decided against it.

On the Commission's implementing powers, we agree that a solution should be based on the Presidency's proposal.

On technology, (page 12), we believe that a solution can be found on the basis of the Presidency's proposal. But it should be made clear (in Article 10) that the financial total of the specific programmes cannot exceed that established in the framework proposal.

On the environment (page 13), we agree with much of the present text, subject to one or two important points of clarification. I am sure that it is not the intention that the reference to the conservation of natural resources could affect oil or gas depletion policy; we shall be seeking explicit confirmation of this.

Environmental programmes will remain primarily the responsibility of the Member States and the Member States must remain responsible for negotiations with third countries and in the International Maritime Organisation within those areas of responsibility; while the Community is responsible where common rules are established. This needs to be clarified; otherwise the text seems acceptable.

On social policy, not clear that this is an area where Treaty amendment is required; and it certainly is an area where unanimity must be maintained.

On the Court of Justice, we agree with the changes the President of the Court has proposed to improve its functioning. There seems wide support for these among our legal experts. The details could be settled after the European Council.

On other proposals, we must keep in mind the need to reach conclusions at this European Council. Doubt if it makes sense to try to deal with other proposals which have not, generally speaking, attracted much interest or support.

On political cooperation, can lift our reserve on the Presidency formulation in Article 1 about the search for joint formulation of a European foreign policy.

We think it makes sense to stick to "European Council" in Article 3.

We can support the Presidency proposal for Article 8(3).