

CONFIDENTIAL

PRIME MINISTER

MEETING WITH M. DELORS

You are to have a meeting with M. Delors tomorrow to discuss the European Council. The Foreign Secretary will already have been through the detail with him.

You could begin by thanking M. Delors for the excellent cooperation with us during our Presidency.

Turning to the European Council, you could invite him to open the discussion on the economic and social situation. You want to focus as far as possible on the specific issues of creation of jobs, the role of small business and deregulation. You don't want everyone to talk at length about their national economic situation. You want to steer the Council towards positive conclusions on the employment initiative.

On the internal market, you want the European Council to instruct the Internal Market Council to reach agreement on outstanding measures by the end of the year.

You also want to get progress in the Transport Council on access to cheaper air fares. It will help enormously if Delors is ready to say that the Commission will apply the competition rules, ie. go to the Court, if there is no progress.

Thereafter you propose to deal with terrorism, drugs, AIDs, etc. You will also propose agreement to a European Cancer Year.

Over dinner, you will report on your visit to Washington as an introduction to a discussion on East/West relations. It would be helpful if Delors could give a brief account of the Commission's plans for the ex novo review of Community finances. It would also be helpful if he could mention the

CONFIDENTIAL

urgency of decisions on beef and milk, though you do not envisage a full-scale discussion of the CAP.

The most tricky issue of all with Delors is research. He feels passionately about it. If you reveal to him the figure you have in mind, he is quite likely to raise the subject at the European Council, and we risk losing his cooperation. It would be best if you could simply say that:

- Community research must be industrially relevant;
- the cost must be acceptable, bearing in mind the other additional calls on the Community budget next year, particularly from agriculture;
- some of the figures you have heard quoted are far too high;
- but it is for the Research Council (not the European Council) to settle the figure;
- our views and those of the French and Germans are very close.

That leaves all to fight for in the Research Council.

Finally you will want to mention to him David Williamson's claim to succeed Noel as Secretary-General. You are determined on this.

C.D.P.

C D POWELL

25 November 1986

SL3ATV



CONFIDENTIAL

CC PC
BUP

Qz.05472

26/11/85

MR POWELL (10 Downing Street)

Prime Minister's meeting with Monsieur Delors, 26 November

The Foreign and Commonwealth Office has submitted a brief for the Prime Minister's meeting with Monsieur Delors on 26 November. There are two points which I would underline:

(i) you have already received the two draft discussion documents for the European Council which, subject to the Prime Minister's approval, would be circulated by the Presidency. The Prime Minister should also be aware that the Commission proposes to circulate documents to the European Council on:

- economic prospects in the short term
- internal market (described by the Commission "completing an area without frontiers")
- action on employment and
- a European programme on cancer.

These cause no significant difficulties for us. The paper on employment, in particular, should be helpful in furthering our own ideas;

(ii) Monsieur Delors has strong views on research and development and is very sensitive on this point. He attaches great importance to the undertaking by the European Council, most recently in March 1985, that there should be an increase in the Community resources

CONFIDENTIAL



CONFIDENTIAL

earmarked for research and development and frequently refers to this as a test case for Europe. The Commission maintains - contrary to the view of some member states - that a simple continuation of existing schemes would amount to a programme for the next five years of about 5 becu and its own proposal is for a programme of 7.7 becu. We continue to attach very great importance to maintaining, as far as possible, common ground with the French and Germans. In particular, we want to avoid a situation in which any difference between our position (4.2 becu plus the 750 mecu payments under schemes or contracts already agreed) and that of France and Germany which is around 5 becu (plus the already agreed 750 mecu) would be exploited against us. Elements of the negotiation are not yet fully clear and the framework programme may yet turn out to be considerably modified. For example, it might be advantageous for the tight finance countries - France, Germany and the United Kingdom - to go for a shorter programme, since there is no requirement that it should be for five years. For all these reasons I hope that, if Monsieur Delors raises this point, the Prime Minister will make clear the importance of acceptable cost and of industrially relevant research but will not quote our five year figure.

D F Williamson

D F WILLIAMSON

25 November 1986

CONFIDENTIAL

CONFIDENTIAL

CCPC/
B/UT



Foreign and Commonwealth Office

London SW1A 2AH

25 November 1986

CDP 26/11

Dear Charles,

Prime Minister's Meeting with M. Delors:

26 November

I enclose a brief for the Prime Minister's meeting with M. Delors on 26 November.

The main purpose of the meeting will be to discuss arrangements for the European Council. Cooperation with M. Delors so far has been good throughout our Presidency. He has given support to our initiative on employment and strongly supports also the initiative the Prime Minister has taken on the internal market. He has agreed on the desirability of limiting discussion on Community financing. He will give heads of government an account outside the formal sessions, of the time-table for putting forward the Commission's ex-novo review of Community finance at the end of the year. The Prime Minister will wish to ask M. Delors to do this when heads of government meet for drinks or dinner on 5 December. We hope that he will mention the need to take decisions in the Agriculture Council. Delors is nervous that in-depth discussion of agricultural issues at the European Council would be counter-productive before the German elections. The Prime Minister will wish to tell him that this is not our intention. We shall be aiming for a conclusion that the Agriculture Council should take the necessary decisions.

/M. Delors

CONFIDENTIAL



M. Delors may raise research. He feels strongly that an increased effort in this area is of great importance. He spoke on these lines at this week's Foreign Affairs Council. The Foreign Secretary was able to avoid substantive discussion by concluding that all members of the Council stood by the previous conclusions of European Councils, that Research Ministers were actively engaged in working out a programme which met Europe's industrial needs and was compatible with available resources, that Mr Pattie was visiting European capitals and that decisions must be for Research Ministers to take. They meet again on 9 December.

M. Delors does not know that the French and German government may be able to settle for a higher figure for the framework programme than the United Kingdom. The Foreign Secretary recommends that the Prime Minister should not be drawn into discussing figures with M. Delors. We do not want to trigger discussion at the European Council. This must be dealt with at the Research Council.

I am writing separately about senior appointments in the Commission.

*Yours ever,
Colin Budd*

(C R Budd)
Private Secretary

C D Powell Esq
No 10 Downing St

CONFIDENTIAL

CALL ON THE PRIME MINISTER BY M. DELORS, 26 NOVEMBER

POINTS TO MAKE

- Glad of excellent cooperation between us throughout the Presidency.
- Saw reports of your address to CBI National Conference.
- Geoffrey Howe has already discussed handling of European Council with you. Some points I want to underline.

Afternoon session, 5 December

- Will ask you to introduce discussion of economic and social situation.
- Want to steer Council to positive conclusions on employment initiative. Grateful for helpful role you have played. We have taken account of your views.
- Get heads of government to back your initiatives on lifting the burdens on business (creation of task force

CONFIDENTIAL

to focus on problems of SMEs; assessment of impact of new proposals on business).

- Internal market. You have seen my letter to other Heads of Government urging agreement on a package of 13 measures at 1 December Internal Market Council.

- Will follow up in European Council by pointing out that a number of measures still held up will be adopted by qualified majority as soon as Single European Act enters into force.

- Heads of Government should agree, as Lubbers and I proposed at Dublin, not to hold up such measures. They should instruct Councils to adopt them by end of year.

- Helpful if you would intervene in support.

- Have to get progress in Transport Council in December on access to cheaper air fares. Helpful if you would stress Commission determination to apply competition rules of Treaty if no progress in the Council.

- Will move on to discussion of ways to achieve our objective of simplifying frontier procedures without lowering our defences against terrorists, drug traffickers, illegal immigrants, asylum abusers.
- Heads of Government should call for further progress in carrying out the programme of cooperation agreed by Interior Ministers in consultation with Commission.
- Will propose Council agrees to European Cancer Information Year, following on from President Mitterrand's initiative at Milan.
- Will also propose concerted campaign on prevention of AIDS.

Discussion over dinner

- Grateful for your agreement to let colleagues have brief account of your plans for ex-novo review of Community finance. Cannot have substantive discussion until we have your report. Helpful if you could mention also urgency of decisions on milk and beef. Not for heads of government to negotiate on these

matters. But need to tell Agriculture Council to take the necessary decisions.

- Will discuss East/West. Lubbers, Schluter may raise South Africa. No point in prolonged discussion.

Saturday morning 6 December

- Will circulate draft Presidency conclusions as main theme at beginning of second formal session.

Message to Heads of Government

The Prime Minister will wish to hand over her message to heads of government and the Presidency discussion papers.

[If raised]

R&D

- UK remains committed to European Council conclusions to increase proportion of funds going to R&D.

- Useful progress in identifying the most worthwhile programmes in consultations between Research Ministers. Glad to note greater emphasis on pre-competitive research and ESPRIT type programmes with part industry funding.

- We will be aiming for decisions at the Research Council on 9 December.

[as necessary]

- Have to take account of available resources. Half the total EC budget spent on storage and disposal of agricultural surpluses. Know that you are just as concerned about this as we are. Does crowd out other expenditure. Will have to deal with this in ex novo review.

People's Europe

- Not included as separate item because subsumed under other headings (safeguarding open societies, easing of air transport restrictions, Cancer Information Year, AIDS initiative).

[If Delors mentions possibility of two European Councils to discuss ex novo under Belgian Presidency

- Decision for M. Martens but doubt whether early discussion at European Council will lead to agreement.
- Substantive discussion by Heads of Government of ex-novo issues will need careful preparation.

BACKGROUND

1. M. Delors visited UK provinces in early November. In Bradford he opened the Alhambra entertainment centre. In Birmingham he laid the Foundation Stone of the International Conference Centre. Both visits usefully drew attention to UK receipts from EC Regional Funds (with 62% of the 1986 ERDF Budget allocated, the UK only awarded 4.2%; UK hopes to make up shortfall in remaining awards). He also visited Glasgow to receive an honorary directorate. He addressed the CBI Annual meeting on 10 November.

Employment Initiative

2. The UK initiative on employment growth in the 1990s is making good progress. But there is still some opposition in parts of the Commission. The Commission paper on employment for the European Council is however helpful and it will be useful to confirm M Delors' continuing support for the initiative.

CONFIDENTIAL

President and Vice-President of Commission

3. [As of 24 November] All except Lubbers and Kohl have confirmed their agreement to re-appoint Delors: both are expected to reply positively.

4. Background on Vice-Presidents in Mr Williamson's minute of 21 November to Mr Powell.

This is a summary of
the Commission's papers
for the European Council
CAP

EUROPEAN COUNCIL: COMMISSION PAPERS

The Commission paper on Short-term economic perspective examines the prospects for growth in the European economy. It attaches somewhat exaggerated importance to the agreement between the United States and Japan on interest rates and the level of the yen. It refers in vague terms to a cooperative growth strategy - a phrase which was included in the European Council conclusions at The Hague. The paper is unlikely to attract much attention in the European Council discussion.

The Commission paper on Community action on employment is very helpful from our point of view. It concentrates on creating the right environment for small and medium enterprises (including deregulation and the simplification of VAT on small business). It gives support to the specific ideas on employment launched by the United Kingdom in the Social Affairs Council.

The Commission paper on the Internal Market ("completing an area without frontiers") expresses concern at the slow rate of progress despite signature of the Single European Act.

The term "area without frontiers" was defined in the Single European Act as applying for the purposes of the EC Treaty. It was explicitly agreed that nothing in this could affect the ability of Member States to take the action necessary to deal with terrorism, immigration, drugs, etc. The paper gives strong support to the initiative taken by the Prime Minister to get agreement on a package of measures at the ~~International~~ Market Council on 1 December. It refers also to the need to make progress with internal market measures in other Councils (Transport, Agriculture and ECOFIN).

Internal

7
It urges that attention should be paid to measures in the fiscal area in 1987 (including the approximation of VAT: but handling of this matter in ECOFIN has shown that few Member States are prepared to take action in this sense at the present time).

The Commission paper on Europe Against Cancer draws attention to the action already taken following the conclusions reached at the Milan European Council and draws attention to the Commission's proposals for a concerted campaign on the prevention of cancer. This is in line with the proposal the Prime Minister will be making in her letter to the Heads of Government before the European Council.

CCPS



CD
2/A

Qz.05346

MR POWELL

Meeting with President of the European Commission

I confirm that the time (Wednesday 26 November, 11 am) suggested in your minute of 30 September is possible for Monsieur Delors and he accepts the Prime Minister's invitation to this meeting.

I am sending copies to Colin Budd (FCO) and Michael Stark.

D F Williamson

D F WILLIAMSON

2 October 1986



MS2 CLK
v6
file

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

MR WILLIAMSON
CABINET OFFICE

PRESIDENT OF THE EC COMMISSION

BF | You asked me to find a time when the Prime Minister could see M. Delors, President of the EC Commission. The Prime Minister could manage Wednesday 26 November at 11 a.m. for one hour. I should be grateful if you would propose this to M. Delors.

I am copying this minute to Mr Budd (Foreign and Commonwealth Office).

Charles Powell

30 September 1986

ECL

MR. POWELL

*Virginia.
Thank you: most kind
CSP 29/9.*

M. DELORS, PRESIDENT OF THE EUROPEAN COMMISSION

BT | Could you please offer him 11 a.m. on Wednesday
26 November for one hour.

CR

CAROLINE RYDER

29 September 1986

VISIT BY M. DELORS : 24/25 MAY 1985

24 May

12.45 ETA BA377 Heathrow (from Brussels)

M. Delors
M. Lamy (Chef de Cabinet)
M. Charles (Bodyguard)

Greeted by Special Representative of the Secretary of State and Mr Scott, Head of Commission's London Office.

[Light refreshment will be available]

13.15 Depart Hounslow Suite.

[Commission cars

Car 1
M. Delors
Mr Scott

Car 2
M. Lamy
M. Charles]

[14.00 FCO car to collect Mr Renwick from home address for journey to Chevening.

Sir Michael Butler leaves central London for Chevening using own transport.]

14.15 M. Delors' party arrives 10 Downing Street for talks with Prime Minister.

[Prime Minister
Secretary of State
Mr Williamson
PS/PM

M. Delors
M. Lamy

Luggage to Commission office

[14.20 FCO van to collect luggage from Commission office and transport to Chevening.]

15.00 Departure from No 10 for Trigg Lane Heliport (near Blackfriars).

[Car 1
(Secretary of State's car)

Car 2
(Commission's car)

Secretary of State
M. Delors
Secretary of State's detective

M. Lamy
Mr Williamson
M. Charles]

15.20 Depart Trigg Lane Heliport by 6-seater helicopter.

15.35 Helicopter arrives Chevening
approx

16.00 Talks at Chevening
(to 18.00 approx)

[Secretary of State	M. Delors
Sir Michael Butler	M. Lamy
Mr Williamson	
Mr Renwick	

18.45 Mr Braithwaite arrives Chevening by private car].
approx

19.00 Drinks

19.30 Dinner

[Secretary of State	M. Delors
Lady Howe	M. Lamy]
Sir Michael Butler	
Mr Braithwaite	
Mr Williamson	
Mr Renwick	

25 May

08.00 Breakfast

08.40 M. Delors departs Chevening with Mr Renwick and
M. Charles [official car]

09.10 Arrive Gatwick North Suite

09.30 ETD BR 884 Gatwick for Paris (ETA 11.30). Mr Renwick
will bid farewell and return to London by official
car.

08.55 M. Lamy leaves Chevening by second official car:

Mr Williamson to Saint Anthony's, Manor Park,
Chislehurst, Kent [own car]

M. Lamy to Newhall, Romney Marsh, Lydd, Kent

Mr Braithwaite leaves Chevening by private car.