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DRAFT STATEMENT BY THE PRIME MINISTER:

MONDAY 1 NOVEMBER

SPECIAL MEETING OF THE EUROPEAN COUNCIL AND MEETING

WITH THE IRISH PRIME MINISTER IN BRUSSELS

ON 29 OCTOBER 1993

With permission Madam Speaker, I shall make a statement on the Special Meeting of the European Council in Brussels on the 29th October which I attended with my right hon Friend the Foreign Secretary, and also on my separate meeting in Brussels with the Irish Prime Minister.

The documents issued by the European Council and the Joint Statement which I issued with the Taoiseach have been placed in the Library of the House.

Madam Speaker, agreement was reached at the European Council on a number of important points:

- it was decided that Finance Ministers would consider in late November proposals on growth, competitiveness and employment in a White Paper by the European Commission. The UK and other Member States have already put forward suggestions for the White Paper. The White Paper will be submitted to the December European Council for approval;
- the European Council renewed its commitment to secure a global agreement in the Uruguay Round trade talks before the December deadline;

- the Council agreed to widen the criteria for loans by the European Investment Bank, to provide extra help to small and medium sized businesses;

- the future location of several EC institutions was decided. Some of these decisions were long overdue. The headquarters of the European Monetary Institute will be in Germany. The decision to locate the European Medicines Evaluation Agency in the United Kingdom should secure Britain's position as the centre of the European pharmaceutical industry.

- on Bosnia, the Council called for redoubled efforts to concentrate the resources of the international humanitarian relief programme, and to try to improve access for aid supplies as winter approaches. The Community is seeking credible assurances from the parties that they will not block access routes. It is also looking for more funding and troop contributions from outside the European Community, to supplement the huge efforts made by Britain, France and other Community countries;

- work on the Former Yugoslavia was identified as one possible area for "joint action" in foreign policy. The European Council also asked Foreign Ministers to consider joint action in support of the Middle East peace process, and to contribute to election monitoring in South Africa and Russia;

- under the Interior and Justice pillar, the Council asked Ministers to bring forward proposals for closer cooperation in the fight against international crime, terrorism and drugs. We agreed that

EUROPOL, which will coordinate work on narcotics, should be up and running within 12 months.

The Special Council was originally convened for the limited purpose of marking the entry into force of the Maastricht Treaty. However, it turned into a useful opportunity to focus on the Community's economic problems and to prepare for further decisions in December.

Madam Speaker, no-one at the Council was in any doubt that our highest priority is to restore sustainable, non-inflationary growth. I argued that the European Community had to confront the structural weaknesses which had cost it 20 per cent of its share of world markets and [, by comparison with the OECD average,] an estimated 9 million jobs since 1980.

The most immediate step we can take to boost growth and employment will be to secure a GATT agreement. It was also generally agreed that the Community needed to make its labour markets more flexible; to cut red tape nationally and in Brussels; to encourage investment; and to create the right climate for new and growing businesses.

The economic convergence criteria of the Maastricht Treaty should be helpful: we should all seek to keep inflation down, to help bring European interest rates down, and to control public borrowing and debt. I readily reaffirmed the United Kingdom's support for these criteria. At the same time, I made clear again that I considered the timetable for EMU Stage 3 - a stage to which we are of course not committed - to be manifestly unrealistic.

In my view, the Special Council largely focused on the right targets and did so in a realistic way. Attitudes within the Community have changed under pressure of the recession and of public resistance to excessive centralisation:

- Subsidiarity, for example, now has very strong support. The European Parliament has recently endorsed the objective of putting subsidiarity into practice. Over the past two years the European Commission has reduced by half the number of proposals it has brought forward for new Community rules and regulations. At the Council's meeting in December we shall be looking for specific proposals to cut back European Community law.

- There is increasing emphasis on intergovernmental cooperation with decisions taken by consensus - on both foreign and home affairs. We have moved a long way beyond the point where it was considered axiomatic to build cooperation only through the Treaty of Rome and the European Commission.

- The European Council acknowledged that the debate on Maastricht ratification had revealed weaknesses and shown that the Community seemed to many people to be "distant, anonymous and interfering". The Council declared:

"we wish to introduce greater transparency, openness and decentralisation in our procedures. We want a Europe close to the citizen and intervening only where necessary to pursue our common interests."

Madam Speaker, I want the European Community [?European union] to succeed. But, to do so, it must have the support and the confidence of its peoples. I am encouraged that this Council so clearly recognised the need to show Europe's citizens that the Community and the union are relevant to their most pressing needs.

Northern Ireland

Madam Speaker, following the European Council Meeting I had an hour's bilateral discussion with the Irish Prime Minister.

Mr. Reynolds referred to the report given to him by the hon Member for Foyle, which he had decided not to pass to the British Government. We acknowledged the hon Member's courageous and imaginative efforts, but agreed that there could be no question of endorsing the report. We decided that the two Governments should continue to work together on a framework for peace, stability and reconciliation.

We agreed that the following considerations should guide this work:

- Northern Ireland's situation should never be changed by violence or the threat of violence;
- any settlement must depend on consent freely given;
- our determination that the situation in NI should never be changed by violence or the threat of violence;
- any settlement must depend on consent freely given;
- negotiations on a settlement could only involve constitutional politicians;
- there could be no secret agreement or understanding between governments and organisations supporting violence as a price for

its cessation;

those claiming a serious interest in advancing the cause of peace in Ireland should renounce for good the use of or support for violence;

if and when such a renunciation of violence had been made and sufficiently demonstrated, new doors could open and both governments would wish to respond imaginatively to the new situation which would arise.

Mr. Reynolds and I renewed our support for the talks process.

The terrible events in Northern Ireland since our meeting have further underlined the urgent need for this process to succeed.

As the House will know, at 9.55 pm on Saturday 30 October two gunmen fired indiscriminately in a crowded bar in Greysteel, County Londonderry. Seven people died - ranging in age from 19 to 81 years - and eleven were injured. A claim of responsibility for this appalling act was subsequently made by the Ulster Freedom Fighters. **[NIO TO UPDATE: The RUC, who acted with exemplary speed and skill, have arrested eight people in connection with the attack, the first as early as 3.00 am on Sunday morning.]**

Madam Speaker, this - like the Shankill Road bombing and the six other terrorist murders in Northern Ireland last week - was a barbarous and despicable attack on innocent and peaceable citizens. The whole House will want to extend its profound sympathy to the victims's families and friends in the face of such evil.

The House will know that less than 24 hours later an RUC officer was shot and critically injured in Newry. This once again reminds us of the enormous debt we owe to all members of that gallant force and all those who support them.

The Government's determination to support the security forces is absolute. Depraved acts such as these murders will bring the terrorists no advantage, but only the prospects of long years in prison.

- They will not alter the constitutional guarantee we have given the people of Northern Ireland.
- They will not overwhelm the security forces.
- They will not drive out the British Army.
- They will not deflect us from the search for the fair and lasting peace that the people of Northern Ireland deserve.

That peace can be achieved only through that process of dialogue which both Governments regard as vital.

Madam Speaker, the Joint Statement with the Irish Prime Minister represents an important step forward. In his support for the consent principle, his determination that violence should never succeed, and his backing for the talks process in Northern Ireland, the Taoiseach has shown clearly where his Government stands. He has said that his Government is prepared to respond imaginatively to a cessation of violence. Clearly one of the questions we shall need to address in order to make progress is the territorial claim in Articles II and III of the Irish Constitution.

My RHF the Secretary of State for Northern Ireland will hold further discussions with the Irish Deputy Prime Minister in a meeting of the inter-governmental conference later this week.

The Government will also be intensifying its efforts to find a basis for the constitutional parties in Northern Ireland to come together again around the negotiating table.

We are determined, through this process of dialogue, to do all that we can to bring peace to Northern Ireland.