

**ANGLO-IRISH SUMMIT: EC ISSUES: DECEMBER EUROPEAN COUNCIL**

**POINTS TO MAKE**

**Commission White Paper**

- We have not yet seen the Commission's paper. Difficult to form European Council to reach substantive conclusions if paper is available only a few days in advance.
- Understand Delors has said he may present five point plan to European Council stressing:
  - \* currency stability
  - \* stronger single market
  - \* concentrating investment on infrastructure networks
  - \* deregulation for the "new IT society"
  - \* better social dialogue about wages and productivity.
- Some of this sounds promising. Depends on details. Any EC spending must be within Edinburgh Ceilings. Reference to currency stability must take account of range of views in the Community.
- In UK view, main themes of the European Council discussions should be:
  - \* stimulating enterprise
  - \* reducing burdens on business
  - \* allowing labour markets to work more efficiently.

**Article 103 Broad Economic Guidelines**

- Guidelines an important exercise. Must be credible and realistic. Commission draft on broadly the right lines.

Guidelines should emphasise:

- \* open markets
- \* economic enterprise
- \* efficient and flexible labour markets

**Institutional Aspects of Enlargement**

- Presidency's proposals on QMV unacceptable. A blocking minority of 27 votes would upset present institutional balance; increase size of the minority that could be out-voted to over 40% of the EC's population; and undermine the democratic legitimacy of Community decision-taking.

- Will insist on retaining a blocking minority at two large and one small member state. Simplest option is keeping it at 23. Believe most member states, and the applicants, can live with this.

**Subsidiarity**

- Commission Report to European Council is useful and thorough piece of work. But need to keep up the momentum.

- \* European Council should:
- \* welcome the Commission's report;
- \* call on the Commission to table early proposals for its implementation;
- \* commit the Council and the Commission to implement subsidiarity vigorously in the future;
- \* recall the Edinburgh commitment for the Commission to submit an annual report to the European Council and EP on the application of subsidiarity.



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ANGLO-IRISH SUMMIT, 3 DECEMBER

GATT/URUGUAY ROUND

POINTS TO MAKE

- GATT will be a major theme at time of European Council. Whether Heads of Government need to discuss will depend on developments. If all goes smoothly, a Special FAC may be sufficient to approve the final package.
- Commission must continue to have negotiating flexibility up to last moment to achieve best possible outcome for the Community.
- Must work for biggest possible market access package for goods and services. The larger the package the easier it will be to extract concessions we want from others. Must not get into vicious circle of scaling down offers.
- Agriculture: US flexibility on clarifications to Blair House welcome: possible we will get a better deal than expected. But must accept not all EC concerns will be met and that US will demand a price for concessions.
- ["Compensatory" EC measures - if raised] Don't accept there is a case for compensation: Blair House compatible with reformed CAP. In any case, no scope for extra spending on CAP within expenditure plans and Own Resources ceilings agreed at Edinburgh. Cannot afford, financially or politically, to go beyond these limits.
- [If necessary] Safeguards for audio-visual best achieved through Commission approach of including the sector in the Services agreement, with suitable guarantees on "cultural specificity". Leaving audio-visual out of services package not the answer: likely to lead to further challenges in GATT or unilateral US action.

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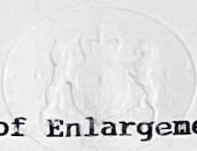


## BACKGROUND

### Growth, Competitiveness and Employment

1. The Commission have prepared a revised recommendation on the guidelines in the light of discussion at ECOFIN on 22 November. ECOFIN will consider it on 5 December and report to the European Council. After discussion at the European Council, the guidelines have to be formally adopted by a subsequent ECOFIN and promulgated as a Council recommendation (not legally binding).
2. Delors told COREPER on 25 November how he plans to handle the White Paper following the ECOFIN discussion of the Summary.
3. Given the degree of overlap between the Article 103 Economic Guidelines and the White Paper exercise, the Presidency may well choose to discuss them together. If the White Paper and Delors' covering minute are an improvement on the summary submitted to ECOFIN and are consistent with the Article 103 Guidelines, there will be obvious advantages in combining the discussions. However, if they are not an improvement, it may be better to keep the two exercises separate, rather than risk damaging the Guidelines, with which we now broadly agree.
4. In line with the Maastricht Treaty, Finance Ministers will be present for the discussion of the Guidelines. We want them present for the discussion of the White Paper too.
5. The Irish contribution to the White Paper exercise was unremarkable. Its central theme was increased labour market efficiency through market-led growth.





## Institutional Aspects of Enlargement


6. The Special European Council in October agreed that the Belgian Presidency should prepare proposals on the institutional aspects of enlargement for decision at the European Council in December, following discussion by Foreign Ministers. The Presidency have now circulated their proposals.

7. On qualified majority voting, the Presidency propose a block at 27 (with only 4 votes for Austria and Sweden). They note that the UK and Spain are against this "linear adjustment". The new Presidency proposals will be discussed at COREPER on 1 December. There were indications before the Presidency's round of bilateral consultations that they were considering a compromise proposal involving some adjustment to voting weights. But the smalls in particular made clear that they are strongly against such a change and the Presidency paper comes down against this idea.

8. The UK and the Spanish are isolated for the moment - but that is no reason to capitulate. Many others could accept 23/2+1 if it was proposed: and the German position is crucial. If we can convince them that this is a matter of real concern to us (which could seriously complicate the enlargement negotiation if there is no deal) then the Germans might look for a compromise.

9. On the number of Commissioners, the Presidency have plumped for an increase to 21, with a review in 1996. On the Presidency rotation they have proposed something very close to the UK suggestion.





## Subsidiarity

10. The Commission finalised their subsidiarity report on 24 November. It is a serious and extensive review of the application of the principle to the body of existing EC legislation. It also supports about 80% of the Anglo-French subsidiarity list, including revision of the Acquired Rights Directive. Delors will present it to the December European Council.

11. We need to keep up the pressure on subsidiarity with the Commission. We are working closely with French and German officials to ensure that the Council reaches firm conclusions committing the Commission to bring forward quickly proposals to give effect to its report; committing the Commission and the Council itself to continue applying subsidiarity vigorously; and recalling the Commission's commitment, made at Edinburgh, to produce an annual subsidiarity report.



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## BACKGROUND

1. The Irish Government recognises the longer-term benefits of a Uruguay Round agreement to a trading nation like Ireland. But they share many of the concerns raised by France and others and have tended to side with the "protectionist" camp on individual issues.

2. On agriculture, the Irish fear that accepting the Blair House deal could entail reductions in CAP support beyond those already agreed under CAP reform. Their concerns centre around their beef production: they believe Blair House commitments on exports will lead to greater than anticipated cuts in output levels and market prices. There are problems in the beef sector, but these stem from inadequate reforms to date: we do not think Blair House will make them any worse. Apparent US flexibility on the front-end loading of Blair House obligations and on disposal of surplus stocks should ease Irish concerns.

3. The Irish have been sitting on the fence on audio-visual services, between the French position of a "cultural exclusion" and the Commission's proposal for inclusion with a "cultural specificity" clause. One of our objectives at the 2 December FAC will be to secure Council agreement to the Commission tabling an offer on audio-visual in Geneva: the Irish are unlikely to resist this, but if they do it would be helpful to press them at the Summit.

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