



From: Sir C Tickell

Date: 12 January 1984

NOTE FOR THE RECORD

cc PS

A-P.C.  $\frac{24}{1}$   
f.a.

PS/Mr Rifkind

PS/PUS

Sir J Bullard

Mr Hannay

ECD(E)

ECD(I)

Mr Williamson, Cabinet Office  
 Sir M Butler, UKREP Brussels  
 Sir J Fretwell, Paris  
 Lord Bridges, Rome

VISIT TO BRUSSELS: 9/10 JANUARY

1. I visited Brussels from 9 to 10 January, partly to see members of our Representation and one or two Permanent Representatives, and partly to see key people in the European Commission. One or two points may be worth recording. I comment on them at the end of this minute.

Call on the French Permanent Representative

2. I called on M Leprette, the French Permanent Representative, for a talk of almost an hour. The main points were:

- He agreed that the major issues now in dispute - control of expenditure, budget imbalances, new policies, and new own resources - could be dealt with neither separately nor together. They were all linked and the best procedure would be to work on them in parallel. Like us, the French hoped that the debate would take place in a rational tone of voice. I emphasised the need for speed if Heads of State and Government were to be in a position to take decisions at the European Council in March. He agreed.
- I said that reading the French press made me wonder if the French really understood the nature of our European commitment. This was no longer in doubt. The results of the last election were conclusive. We had now to get the contentious issues behind us and move towards a real re-energisation of the Community. International events were pushing us in the same direction. The French had a great opportunity for turning things round during their Presidency.
- M Leprette said that he attached particular importance to new policies. These would not cost much money. But over time they would probably involve a little more expenditure. At this point he asked whether we were thinking again about full British membership of the European Monetary System. He did not have to tell me that a move in this direction would have high political significance.

/M Leprette



- M Leprette asked why British Ministers were insisting more on controlling agricultural expenditure than Community expenditure generally. I replied that this was not the case. We had welcomed M Delors's statement at the Special Council before Athens and, like the French, believed that strict control over all Community expenditure was essential. But agriculture was the biggest drain on the Community's resources, and we were naturally most concerned about it.
- M Leprette asked me whether I knew about current problems over Chapter VI of the Euratom Treaty. I replied that I had not heard anything about it recently. In my Commission days I had been concerned by the fact that this was a part of the Treaty which had been both neglected and abused, and believed that this brought discredit to the Treaty as a whole: hence the need for reform. M Leprette did not pursue the matter.

#### Call on the Italian Permanent Representative

3. I called on M Ruggiero, the Italian Permanent Representative. As always M Ruggiero was full of good advice.

- I put the same point to him about how to deal with the four main subjects, and he agreed. Like M Leprette he underlined the importance of new policies. Also like M Leprette he asked whether we were thinking again about full British membership of the European Monetary System. He understood that this might be difficult for technical as well as for any other reasons, but wondered whether, as a minimum, we might consider enlarging the use of the ecu in the United Kingdom. Any move in this direction would pay us big political dividends.
- M Ruggiero said that we should not deceive ourselves that alliance with the Germans would bring us what we wanted. The Italians sometimes believed that alliance with the French would help them. But in the last resort the Germans would always rat on the British in the same way as the French would always rat on the Italians. He pointed out that in the meantime by leading with our chins on so many issues we were allowing the Germans to shelter behind us.
- On budget imbalances, M Ruggiero said that we should focus more on getting sufficient rebate for ourselves than in working for a universally applicable system for correcting imbalances. In the last resort the Italians would not mind contributing to a rectification to the British budget imbalance, but they objected strongly to providing anything for the Germans and still more for the French in the future.

/M Ruggiero



- M Ruggiero said that the Italian Prime Minister did not particularly like the Community and 'hated the Common Agricultural Policy'. When M Ruggiero had briefed him for the European Council, M Craxi had produced statistics to show diminishing Italian advantage from membership of the Community and still more from participation in the CAP.
- On the next Commission, M Ruggiero said he thought it very unlikely that the Italians would agree to reduce their Commissioners from two to one. M Colombo would not, in his judgement, be a candidate for the Presidency and M Pandolfi in the last resort was not good enough for the job.

Discussion with Vice-President Davignon over dinner

4. After dinner M Davignon took me aside.

- Like M Leprette and M Ruggiero he asked what we were doing about 'the money thing'. Could we not think again about participating in the exchange rate mechanism? If this were too difficult might we not make some gesture by encouraging the use of the ecu in the City and country generally?
- M Davignon mentioned Esprit. I said that I hoped that the Commission would not press us too hard in the immediate future. M Davignon said that, as he understood it, our problem was different from the German one. He would be glad to leave us alone for the time being but hoped that we could come down clearly in support of Esprit before the end of February. I replied that I hoped that by then our position would be clear.

Comment

5. These conversations were conducted in a good atmosphere. There was no feeling of crisis, nor disposition to blame Britain for the Community's current woes. I was particularly struck by the way that each of my interlocutors raised the question of full British participation in the EMS and/or extended use of the ecu as a medium of exchange. I do not know why M Leprette mentioned Chapter VI of the Euratom, but having raised it without result he was obviously keen to drop it. I think that M Ruggiero's advice was generally sound although he made no bones about Italian self-interest (particularly over the introduction of a system for correcting budgetary imbalances). No one raised the problem of the British refunds or the threat of withholding. The mood was rather that the Community was up against it, and we had now rapidly to settle the major problems confronting us.

Crispin Tickell

12 January 1984

Two - 1st = Budget #22