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10 DOWNING STREET

THE PRIME MINISTER

24 December 1984

Dear Mr President,

Thank you for your letter of 30 November expressing the views of the European Parliament on the issues before the Dublin European Council.

This was a productive European Council. The good atmosphere demonstrated how important it was that the Community was able at Fontainebleau to put behind it the long dispute over the budget which had prevented proper attention being paid to the vital questions of the future of the Community. You will have seen a copy of the Conclusions. The decisions which were taken were in accordance with many of the points in the Parliament's "Programme for Economic Recovery" to which you drew my attention. I was particularly pleased that the European Council agreed on the need to take steps to complete the internal market. I am sure that the Community must give this top priority, and am glad that you drew attention to this in your recent meeting with the Council of Ministers.

I share your hope that the enlargement of the Community to include Spain and Portugal will be accomplished without delay. The Council's agreement on wine and fish provides the basis for the negotiations to go ahead with the aim of including them in time for accession on 1 January 1986 as planned. I hope that the Greek reserve connected with

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integrated programmes for the Mediterranean regions will not hold matters up; and the negotiations are proceeding meanwhile.

Like you, I welcome the new Lomé Convention which will consolidate the Community's links with the ACP countries. I was glad that the European Council reached agreement at Dublin that the Community and Member States should provide 1.2 million tones of grain to deal with famine in Africa between now and the next harvest.

As you know, agreement was reached at Dublin on the implementation of the conclusions of the European Council on budgetary discipline. I was encouraged to see from your letter that the Parliament is in favour of better control of expenditure. As you know, the Council has invited the European Parliament to examine with it ways in which the cooperation necessary for a budgetary discipline common to all three institutions may be brought about.

Finally, I turn to the question of the work of the Ad Hoc Committee on Institutional Affairs (Dooge Committee). As you know, the report before the European Council was an interim report. The European Council has asked the Committee to continue its work with a view to securing the maximum degree of agreement in the final report to be submitted to the March European Council. There will then be a thorough discussion at the European Council in June.

Malcolm Rifkind, who is my representative on the Dooge Committee, has been playing an active part in its work. The interim report includes a large number of practical proposals which the United Kingdom has put forward for the development of the Community or the improved functioning of its institutions. The Committee endorsed our views on the need for completion of the internal market for goods and services, and on changes to give a more strategic role to the European Council.

During the next stage we want to see realistic proposals put forward on the future development of political cooperation; the implementation of the Treaty provisions in relation to the common market; and the improvement of decision-making procedures.

I send you my best wishes for the coming year.

Yours sincerely
Raymond D. Lister

Monsieur Pflimlin



Foreign and Commonwealth Office

London SW1A 2AH

21 December 1984

Dear Charles,

Letter to the Prime Minister from the President of the
European Parliament

/ As requested in your letter of 5 December, I enclose a draft reply for the Prime Minister to send to M. Pflimlin, President of the European Parliament.

I am copying this letter and enclosure to David Peretz (HM Treasury) and David Williamson (Cabinet Office).

*Yours ever,
Colin Budd*

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM

Reference

Prime Minister
DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

M. Pflimlin
President of the European
Parliament

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

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Enclosures—flag(s).....

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Council was an interim report. The European Council has asked the Committee to continue its work with a view to securing the maximum degree of agreement in the final report to be submitted to the March European Council. There will then be a thorough discussion at the European Council in June.

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During the next stage we want to see realistic proposals put forward on the future development of political cooperation; the implementation of the Treaty provisions in relation to the common market; and the improvement of decision-making procedures.

May I send you my very best wishes for the coming year.

cm

Council Mtg. Dublin: Feb 10/21. Pt 19.



10 DOWNING STREET

From the Private Secretary

5 December, 1984

I enclose a copy of a letter to the Prime Minister from the President of the European Parliament about the Dublin European Council. The letter was not actually received here until after the Council had taken place.

I should be grateful for a draft reply reflecting the results of the Council.

I am copying this letter and enclosure to David Peretz (H.M. Treasury) and to David Williamson (Cabinet Office).

C. D. POWELL

Colin Budd, Esq.,
Foreign and Commonwealth Office

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*The President
of the European Parliament*

Luxembourg, 30 November 1984

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Dear Prime Minister,

On the eve of the European Council meeting in Dublin I felt it necessary to inform you of the hopes and concerns of the European Parliament with regard to the present situation in the Community.

The European Council has before it the interim report of the 'Ad Hoc Committee on Institutional Affairs' created at Fontainebleau, the findings of which, if I am correctly informed, support the convening of an intergovernmental Conference to negotiate a draft Treaty of European Union.

The European Parliament is more convinced than ever of the need to undertake active preparations for the transition of the Community to a European Union which would have greater strength, solidarity and effectiveness, a Union for which it has proposed a founding act in its 'Draft Treaty of European Union' adopted on 14 February 1984 by a large majority of its Members.

I therefore hope that the Heads of State and Government meeting in Dublin will manage to make a historic gesture by giving their agreement to the convening of such a conference which could find a useful basis for its work in the document drawn up by Parliament. This gesture would without doubt be seen by the public as evidence of strong hope for the recovery and renewal of a Europe faced with so many internal difficulties and external challenges. I hope moreover that our Assembly will be involved in the work leading up to the adoption of the new Treaty.

The Rt. Hon. Margaret THATCHER
Prime Minister
of the United Kingdom

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The launching of such a process will not dispense the Community - indeed quite the contrary - from resolving its problems and from continuing to develop without any delay along the lines laid down by the Heads of State and Government themselves, particularly at the most recent meetings of the European Council in Fontainebleau and Brussels.

In this connection the first concern is the rapid conclusion of the work of putting the Community finances in order.

The increasing of own resources is, in the eyes of the Parliament, the cardinal priority: this increase, while reinforcing the principle of the financial autonomy of the Community, should also allow it to meet its obligations and in particular to take on the budgetary consequences of enlargement and at the same time to finance new policies, the urgent need for which is acknowledged by all.

Our Assembly is also in favour of better control of the development of Community expenditure. It has sent several proposals to the Council of Ministers, the most recent dated 15 November; as one arm of the Community's budgetary authority, the Assembly has declared its readiness to take part in an interinstitutional agreement which would make it possible to keep an effective check on the growth of spending without putting any obstacles in the way of the financing of new common policies; in this connection I must particularly underline the fact that no 'budgetary discipline' machinery can be allowed to usurp, directly or indirectly, the budgetary prerogatives of the Assembly.

The European Parliament also hopes that the enlargement of the Community to include Spain and Portugal will be accomplished without delay. Of course it is important that the conditions of accession for these two new partner countries should be carefully defined; but the higher cause of Europe, both political and economic, calls for an agreement to take effect on the scheduled date, as a token for European and world opinion of success and hope for the Community and the future Union.

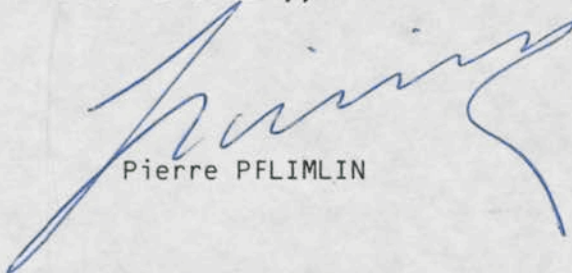
The recent conclusion of the new Lomé Convention is a very felicitous manifestation of Europe's capacity to pursue and develop a generous, innovative and large-scale policy of cooperation and development. The

Parliament has been unwavering and unanimous in its reassurance of its particular interest and support in this respect, while at the same time looking for the parallel development of other cooperation activities such as food aid: here the seriousness of the situation in Ethiopia and the Sahel countries certainly calls for drastic and rapid action on the part of the Community.

Finally the European Parliament insists that the Community should persevere with even greater determination in the strengthening of its internal policies. The consolidation of the internal market, progress towards European monetary union, particularly by extending the role of the ECU, and joint activities as regards research and new technologies form the indispensable basis for economic recovery, for an effective campaign against unemployment and for the strengthening of Europe's competitive capacity in the world. Here I would like to refer to the draft 'Programme for economic recovery' adopted by the Assembly on 27 March 1984 and forwarded to the European Council.

With the second election of the European Parliament by direct universal suffrage just behind us and on the eve of the coming into office of the new Commission, our Assembly confirms its wish to cooperate actively with the other Institutions of the Community, respecting the powers and responsibilities entrusted to each of them by the Treaties.

Yours faithfully,



Pierre PFLIMLIN