

CONFIDENTIAL

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S
GOVERNMENT

EHG(V)(80)2

5 June 1980

COPY NO

1

EUROPEAN COUNCIL, VENICE

12/13 JUNE 1980

STEERING BRIEF

Brief by the Foreign and Commonwealth Office

INTRODUCTION

1. This is the second European Council of the Italian Presidency. The third of the year will be held on 1/2 December under Luxembourg Presidency.

2. There will be satisfaction among Heads of Government that the budget problem has been settled without further recourse to the European Council. It will leave them free to devote this meeting of the Council to its original purpose of providing an opportunity for informal and wide ranging discussion rather than of settling contentious issues that could not be dealt with by the Council of Ministers. This will be all the more important on this occasion when the Middle East will form an important focus of attention. Otherwise the main business will be to prepare for the Economic Summit in Venice on 22/23 June.

3. The timetable for the meeting is at Annex A.

AGENDA AND DOCUMENTATION

4. As usual there is no formal agenda. The Presidency have proposed the following subjects for discussion. Relevant documents are shown under each item.

(1) Economic and Social Situation in the Community

Commission Paper

(2) Energy

Commission Paper

(3) North/South

Commission Paper

} in preparation
} for the Economic
} Summit

CONFIDENTIAL

/(4)

CONFIDENTIAL

- (4) Relations with Industrialised Countries } in preparation
Commission Paper } for the Economic
Summit
- (5) Three Wise Men's Report
Presidency Report
- (6) International Monetary Problems
- (7) Employment
Commission Paper

There will also be discussion of international questions, especially the Middle East. And the Presidency have confirmed that the European Council will probably also choose the next President of the Commission. Each Head of Government is free to raise other subjects. The order of discussion will be for the Council itself to settle.

UK OBJECTIVES

5. (a) to give the smaller countries an opportunity to contribute to the Economic Summit, while keeping our hands free of Community commitments;
- (b) to secure agreement that the Economic Summit should also serve as a demonstration of the political solidarity of the West and Japan in the face of the Soviet expansionism;
- (c) to discourage the Commission proposal on North/South;
- (d) to agree a statement on the Middle East and to invite the Presidency to take agreed follow up action in consultation with others in the Nine.
- (e) to get agreement on the implementation of as many of the Wise Men's proposals as are acceptable to us;
- (f) to avoid a lengthy discussion of employment.

OBJECTIVES OF OTHER GOVERNMENTS

6. All our partners wish to devote the bulk of discussion to preparations for the Economic Summit. The Commission have

/produced

produced three papers. Trade is unlikely to feature prominently. Energy has been largely prepared by the IEA Ministerial meeting on 22/23 May. This means that our partners' attention may focus on North/South matters in which they tend to be more optimistic and to take a more active interest than ourselves. They will wish to

- (a) express concern at the financial problems facing LDCs;
- (b) perhaps, endorse the idea of a North/South summit;
- (c) give political impetus to the Global Negotiations to be held at New York early next year;

We shall have to ensure that we make no new or implied financial commitments. This will not be easy but it should be possible to find some form of words.

7. On the Middle East our objectives will be shared by most others though doubts remain about the French who may press for language which would be provocative in the United States.

8. All Member States, especially the smaller ones, will want to get agreement on as much of the Wise Men's Report as possible.

9. It is not clear what useful purpose will be served at this stage in a discussion of international monetary problems and employment. On the latter the Presidency want a take-note discussion of coordination of national employment and training services and work sharing.

TACTICS

10. Now that the budget problem has been settled, we shall want to be seen to be playing a constructive part in influencing foreign policy and Community business on a level with France and Germany, but also listening to the views of smaller Member States (who were aggrieved at not being adequately consulted over the budget settlement, and are of course excluded from Economic Summits). In this way we shall be able to get away

/from

from the 8 - 1 situation which developed during the budget negotiations, and this will help to pave the way for progress on important Community business in which UK interests will be involved in the coming months : implementation of the budget settlement, fish and restructuring of the budget.

11. The discussion of the Economic Summit is intended mainly to enable the smaller countries to have their say. Provided that the course of discussion is satisfactory, the running can be left to the Presidency and the Commission. There is, however, a Commission proposal on North/South matters (Brief No 12) which we should discourage without, if possible, taking the lead.

/SUMMARY

SUMMARY OF BRIEFS

POLITICAL CO-OPERATION (Brief No 15)

12. The European Council will consider a report by Foreign Ministers on the Middle East, making the case for a move by the Nine. It will probably recommend a new statement by the Council and put forward for consideration a draft which clarifies the Nine's position on some of the key issues. The draft is likely to incorporate the idea of subsequent soundings by the Nine (through the Presidency or an emissary) of all the concerned parties and a cautious restart of the Euro-Arab dialogue. The aim of the soundings would be to explore what further steps towards a comprehensive settlement might be taken, bearing in mind the need to retain US and Israeli goodwill as far as possible. Expectations of an initiative by the Nine are widespread. Tension in the area is high, particularly following recent violent incidents on the West Bank. Other probable topics for discussion will be East/West relations where our objective will be to stimulate a serious discussion and re-establish a stronger Western consensus following Giscard's meeting with Breznev; and Iran where a number of possible avenues currently being explored could lead to a resolution of the hostage problem. Meanwhile no further European action on Iran seems likely to be helpful.

ECONOMIC SITUATION IN THE COMMUNITY (Brief No 4)

13. There was a full discussion on this at Luxembourg. The ground will not probably need to be covered again in any detail. But the wide measure of agreement already reached that tackling inflation is the first priority was useful and could be reaffirmed if necessary.

14. There is unlikely to be any substantive exchange on the EMS or the establishment of the European Monetary Fund (Brief No 5). The latter was discussed at Luxembourg and referred back to the Monetary Committee.

/EMPLOYMENT

EMPLOYMENT (Brief No 6)

15. We want employment dealt with in a low key. None of the proposals on work sharing is likely to be helpful to the UK. (They will probably include proposals on the controlled use of temporary work, on part-time workers, on overtime working and flexible retirement).

16. A satisfactory outcome from our point of view would be for the European Council to take note of the outcome of the Social Affairs Council and work currently in hand. We should resist attempts to give the Commission high-sounding instructions, which raise expectations and impose burdens on industry.

VENICE ECONOMIC SUMMIT

ECONOMIC ASPECTS (Brief No 7)

17. The Presidency intend discussion to be based on the Commission's papers on energy, North/South matters and relations with industrialised countries. These are covered in brief nos 8, 9 and 10 respectively.

18. The Council meeting is an opportunity for non-Summit members to have their say so that the Italian Presidency can take due note.

19. Preparatory work for the Economic Summit is well advanced. The primacy of the fight against inflation is likely to be the main theme. Energy will also be important; we hope the stress will be on medium term issues. Neither trade nor international monetary reform are likely to be prominent (see also para 27 below).

Energy (Brief No 8)

20. The Commission Report outlines progress made on energy matters since the last European Council. We expect discussion of energy issues in preparation for the Venice Economic Summit to be brief. The Venice Economic Summit should concentrate on long term issues. The Commission Report should reassure non-Summit member states that Summit discussions on energy will take their interests into account.

/North

North/South (Brief No 9)

21. Other Heads of Government are likely to show interest in this subject. The Commission have proposed an initiative in the financial field and a North/South Summit. We should discourage both but preferably without taking the lead. Our main partners are likely to be cautious about the North/South Summit which, in any case, the Mexicans and Austrians have in hand. We should argue that the International Financial Institutions (IFIs) have measures in hand; the best course for the Community is to support them.

22. We should, nevertheless, make clear our concern about the serious problems facing LDCs and the need for practical solutions. We must also take account of the need to preserve the Community's political interests, eg by avoiding giving an unduly negative impression.

23. Others may raise the possibility of a Dialogue with oil producers. We should acknowledge their crucial role but advocate caution. Global Negotiations are too cumbersome. Discussions with OPEC as an organisation could strengthen the hard-liners. Any smaller members (eg Gulf producers) would be nervous of their OPEC flank. It would be best to express readiness to talk while feeling our way forward.

Relations with Industrialised Countries (Brief No 10)

24. The Council will have before it a report by the Commission on EC relations with the United States and Japan. We should endorse the conclusion that the EC should continue to cooperate with the other major industrialised countries in seeking to maintain an open world trading system.

VENICE ECONOMIC SUMMIT : POLITICAL ASPECTS (Brief No 11)

25. In view of the strains among the allies caused by divergent reactions to the Soviet invasion of Afghanistan, there is a need to use the Venice Economic Summit to reassert the underlying cohesion of the West and Japan.

26. The French were reluctant earlier to see this 'economic'

/summit

CONFIDENTIAL

summit used for political purposes, and still more reluctant to associate themselves with American-led opposition to the Soviet Union. In public they are modifying their stance on the first point (and more so in private). They have now agreed to discuss political matters at Venice but may wish to limit reference to this in the communique to language so general as to weaken the public impact and miss the objective of demonstrating solidarity.

INTERNATIONAL MONETARY PROBLEMS (Brief No 12)

27. It is not yet clear how the Presidency plan to handle discussion of this item. Although they have not specifically included it in the list of items for discussion in preparation for the Economic Summit, they probably intend it as an opportunity for non-Summit members to express their views before the Summit. There are no special UK points to make. If there is discussion the UK interest is to seek agreement that existing institutions must be built upon. Some discussion of re-cycling is possible depending on the outcome of the ECO/FIN Council on 9 June.

THREE WISE MEN (Brief No 13)

28. The meeting will have before it a document from Foreign Ministers seeking the European Council's endorsement of those of the Wise Men's proposals on which agreement has been reached and its decision on those that are still disagreed. Of the latter the most important is the size of the Commission. Our position is that the status quo should be maintained until the accession of Spain and Portugal.

PRESIDENT OF THE NEW COMMISSION (Brief No 14)

29. At Luxembourg the European Council agreed to the proposal of the Three Wise Men that the President of the Commission should be appointed six months in advance of taking office. Since Mr Jenkins' term ends on 31 December, a decision on his successor should therefore be taken at or shortly after Venice. No consensus has yet formed. Early runners were Gundelach (who is now however reported to have withdrawn) and Thorn (not yet an /official

CONFIDENTIAL

official candidate but known to want the job). The Irish have talked of running O'Kennedy. We do not regard any of these as 'papabile'. Much more interesting from our point of view is the possibility of an Italian candidate. The Italians are keeping their cards close to their chest, but a Pandolfi candidature is increasingly talked about, with speculation that Colombo is an alternative possibility. We would want to support either. The French are reported to be in no hurry to come to a decision; and, if only unsatisfactory names are put forward at Venice, nor are we.

BUDGET AND RELATED ISSUES (Brief No 3)

30. There should now be no need for a substantive discussion of this subject. The Council of Ministers and the Commission should be encouraged to solve any points of detail and to prepare the legal instruments to put the decisions into effect expeditiously. Work will be proceeding on the implementation of the settlement. It is too early to know how matters will stand by the time of the European Council. The question is also likely to be linked with the wish for an early adoption of the 1980 budget, with the 1981 budget procedures following close behind. A supplementary brief will be provided if necessary.

COMMON JUDICIAL AREA (Brief No 16)

31. If, as we expect, the Dutch decide that they will not sign the draft Convention on Extradition which has been agreed by officials of the Nine, this will effectively kill the French proposal for a Common Judicial Area. Giscard may try to relaunch the proposal.

FOREIGN AND COMMONWEALTH OFFICE
5 JUNE 1980

CONFIDENTIAL

ANNEX A

TIMETABLE OF EVENTS

THURSDAY 12 JUNE

1500	Cini Foundation	First Session of European Council
to		
1900		
2000		Dinner for Foreign Ministers, hosted by Italian Foreign Minister
2100		Dinner for Heads of State/Government hosted by Italian Prime Minister
	Cipriani Hotel	UK delegation debriefing meeting

FRIDAY 13 JUNE

0830	Cipriani Hotel	UK Delegation briefing meeting
0955	Cini Foundation	Family photograph
1000		
to	Cini Foundation	Second Session of European Council
1200		
1200	Cini Foundation	Press conference by the President of the European Council and the President of the Commission
1330	Cini Foundation	Informal buffet lunch

CONFIDENTIAL

CONFIDENTIAL

ANNEX A (Revise)

TIMETABLE OF EVENTS

THURSDAY 12 JUNE

1300	Cini Foundation	Lunch for delegation members
1500	Cini Foundation	First Session of European Council
1900	to (Biblioteca Longhena)	
1900	Cini Foundation	Buffet dinner for delegation members
2100	Palais Pisani	Dinner for Heads of State/Government hosted by Italian Prime Minister
	Palais Pisani	Dinner for Foreign Ministers hosted by Italian Foreign Minister
	Palais Pisani	Informal talks
	Cipriani Hotel	UK delegation debriefing meeting

FRIDAY 13 JUNE

0830	Cipriani Hotel	UK delegation briefing meeting
0955	Cini Foundation	Family photograph
1000	Biblioteca Longhena	Second Session of European Council
	Cini Foundation	
		Press conference by the President of the European Council and the President of the Commission
1330	Cini Foundation	Informal buffet lunch

CONFIDENTIAL