

Qz 02597

MR COLESTHE LUXEMBOURG COMPROMISE AND THE GENSCHER/COLOMBO PROPOSALS

1. A meeting of OD has been arranged for noon on Thursday 17 June to discuss the Luxembourg Compromise and the Genschler/Colombo proposals for an institutional strengthening of the Community and political co-operation. This is the earliest time when all the Ministers essentially concerned can be assembled. For the reason explained below, it may be necessary to settle the line to be taken by Foreign Office Ministers in debate in the House of Commons before OD meets.

2. The issues for decision are set out in three papers circulated today by the Foreign and Commonwealth Secretary:-

- i OD(82) 47 which describes the connection between the two subjects and the general approach recommended by the Foreign and Commonwealth Secretary.
- ii OD(82) 48 which recommends the line to take on the Luxembourg Compromise; and
- iii OD(82) 49 which recommends the line to take on the Genschler/Colombo proposals.

Copies of these papers are attached.

3. Both the Luxembourg Compromise and the Genschler/Colombo proposals will be discussed at the Foreign Affairs Council on Monday 20 June. They may be pursued at the European Council on 28-29 June. If the Foreign Affairs Council reaches agreement on 20 June, then the Germans and the Italians will no doubt expect the European Council to endorse the Genschler/Colombo

proposals. If agreement is not reached this month, further consideration of the proposals may in practice be postponed until next year when the Germans take over the Presidency. The Danes are not at all enthusiastic and are unlikely to want to push matters to a conclusion during their Presidency.

4. The House of Commons Scrutiny Committee has recommended the Genscher/Colombo proposals for debate. The Foreign and Commonwealth Secretary considers it essential that this debate takes place before the proposals are discussed by Foreign Ministers on 20 June. Parliamentary interest will be high because the proposals include an attempt to codify the Luxembourg Compromise which is associated with a commitment to more majority voting.

*No longer so —
The debate will
be next
Thursday.*

5. The timing of the debate has not yet been settled but it may have to take place the day before the OD meeting (which cannot be brought forward). It will not of course be necessary for the Government spokesman to take a final position in the debate on all the issues which are the subject of the three attached OD papers. The line to be taken by the Foreign Office Ministers in debate could be clear in advance by correspondence.

6. On the other hand, if the Foreign and Commonwealth Secretary's recommendations are endorsed, it would be appropriate for Foreign Office Ministers in debate to make it clear that the United Kingdom will go along with the endorsement of the Genscher/Colombo proposals provided that:-

- i they lead to an acceptable clarification of the future status of the Luxembourg Compromise; and
- ii the other points listed in OD(82) 49 are satisfactorily dealt with.

Conclusion

7. As the meeting of OD has had to be postponed until 17 June, which may possibly be the day after the Genscher/Colombo proposals are debated by the House of Commons, it would be helpful if you could confirm that the Prime Minister sees no objection to the general lines of the Foreign and Commonwealth Secretary's proposals set out in the attached OD papers and in particular to the point raised in paragraph 6 above. Detailed consideration of the way in which the Foreign and Commonwealth Secretary intends to handle the discussion in the Foreign Affairs Council on Monday 20 June can then await discussion in OD for which a separate brief will be submitted next week.

D.H.

D J S HANCOCK

8 June 1982

Prime Minister.

We are due to discuss these papers in OD next Thursday morning. The debate is on Thursday afternoon. If OD does not like the Foreign Secretary's papers, there will be no time to decide a new line for the debate. This is why you are being asked what you think about them now. If you are not content, we shall have to try to find a time for a meeting of OD before you go to New York.

May we say you are content?

See overpage.

JWS
DH

" I find the conclusions on these papers discussing.

As I understand it: a term of our entry to the Community was that - who would have to be unanimous on any issue in which a member state declared that it had a vital national interest at stake. The member state was its own judge of what was a vital interest.

What is before us now suggests a considerable erosion of that basic term of entry, and therefore a further diminution of the sovereign power of Parliament.

Let us be clear what our partners seek. They want to ensure that we cannot get a fair deal on the budget ~~any other~~ by holding us agreement on CAP prices. They argue, falsely, that how the prices are ^{financed} is not a vital interest to the country that is responsible for perhaps a considerable part of the money. If we agree to 'tighten up' the conditions on the Community as suggested in para 10 of 02/82/48 - we shall be changing the terms of entry and ^{weakening} our power. I fear that would raise again the whole European question - what is nearly what the results of the 17/11/82 Day had done" me.