



PM/82/44

PRIME MINISTER

Luxembourg Compromise and the Genscher/Colombo Proposals

1. I have seen your comments on paragraph 10 of OD(82)48, in Mr Whitmore's minute of 14 June, in which you express disquiet about my suggestion that we might go along with some tightening up of the conditions for use of the Luxembourg Compromise, if we are unable to obtain unqualified endorsement of it.

2. I agree with you that our ability to prevent decisions by majority voting where important national interests were involved was a key point in the terms of entry. This is clearly spelt out in the 1971 White Paper. The problem is that this ability did not rest on an agreed text giving us a legal right and supported by all the member states, but on the practice of the Community which had been followed since the Luxembourg Compromise in 1966. The text of / the 1966 'Compromise', which I attach, is in fact an agreement to disagree, with only the French delegation maintaining the view that decisions must be reached unanimously.

3. Our immediate need is to restore our ability to prevent decisions of major importance to us being taken by majority voting. We are most unlikely to get a unanimously agreed text; the Benelux countries who refused to subscribe to the French text in 1966 are most unlikely to do so now. What we need is to get agreement by a sufficient number of member states to constitute a blocking minority, so that acting together they can prevent decisions being taken by majority voting when one or more member states say that their important national interests are involved. The problem is that we together with the Danes and Greeks who supported us on 18 May do not constitute a blocking minority; the key aim in the discussions on Sunday must therefore be to find a text to which the French, who have made clear that they think the Luxembourg Compromise remains in force can subscribe. It is this requirement which lies behind the thinking

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CONFIDENTIAL



in the papers which I have circulated to OD colleagues.

A handwritten signature in dark ink, appearing to be 'F.P.', written in a cursive style.

(FRANCIS PYM)

Foreign and Commonwealth Office

16 June, 1982

b) *Majority voting*

"I. Where, in the case of decisions which may be taken by majority vote on a proposal of the Commission, very important interests of one or more partners are at stake, the Members of the Council will endeavour, within a reasonable time, to reach solutions which can be adopted by all the Members of the Council while respecting their mutual interests and those of the Community, in accordance with Article 2 of the Treaty.

"II. With regard to the foregoing paragraph, the French delegation considers that where very important interests are at stake the discussion must be continued until unanimous agreement is reached.

"III. The six delegations note that there is a divergence of views on what should be done in the event of failure to reach complete agreement.

"IV. The six delegations nevertheless consider that this divergence does not prevent the Community's work being resumed in accordance with the normal procedure".

it was pleased to