

A:\EURO

E.C. SPEAKING NOTE

EUROPEAN COUNCIL - SPEAKING NOTE

Mr. Chairman, I know we have only little time. I will try to cover all the main issues which I want to raise in this single intervention.

GATT

Can I start by mentioning something which is not on the agenda and that is the GATT negotiations. Our Trade and Agriculture Ministers astonishingly failed once again yesterday to resolve the problems over this. I cannot see how we can fail to discuss it here.

(A) Failed again

We have a situation where the European Community, alone among all the major trading nations and quite a few minor ones, has failed to meet its obligation to put a negotiated proposal on the table. We committed ourselves unequivocally last December - under the French Presidency - to make substantial and

U.S.  
Commonwealth  
Japan

(B) ...  
...  
...  
...  
Hank

include reductions in internal support, export subsidies and export protection - para 22 of Communiqué

progressive reductions in agricultural support.

Repealed objection at Houston, and agreed that must  
The Commission's proposal is the minimum which

we can do to meet this solemn undertaking.

[Quote from Houston Economic Summit Conclusions]

Our failure is bad for the Community's

reputation, bad for the world trade system, bad

for our relations with the United States and

bad for the developing countries. At worst, it

could precipitate the collapse of the open

world trade system which has brought us so much

prosperity. It will make the Community look a

closed and protectionist institution <sup>- exactly what many people had thought -</sup> instead of

a champion of great economic freedom. And

there could hardly be a worse time to pick a

quarrel with the United States when they are

doing more than any of us to defend Western

interests in the Gulf - not to speak of the

U.S.  
F.R.G.  
France  
Italy  
U.K.  
Commun.

(C) level  
- world trade  
- U.S.  
- develop countries  
- Community reputation

(1) work  
live

Gulf  
Unification

tremendous support which they gave for German unification.

*Irony*

It is also rather ironic that we should be planning to devote most of our agenda to political, economic and monetary union at the very moment when we are demonstrating our

- ① inability to take decisions on urgent current business, of vital importance to people in all our countries whose prosperity depends very much on a successful GATT round.

*It is no good taking refuge in the future and  
fundamental detachment if we look at the world to solve the problems  
of today*

- It is even more ironic that those who are  
② loudest in their protestations about European union are those who are most determined to defend their national interests and put aside the Community and its wider interests in this

case. It does underline once again that it's not what you say that counts, it's what you do. )

The Commission's proposals involve some hardship and sacrifice for all of us and our farmers. Some of us are prepared to accept that in the interests of the Community, <sup>and</sup> in the interests of wider free trade. ~~and in the interests of relations with the United States.~~

③ It is once again ironic that those whose farmers are already the richest in the Community are those least willing to make the necessary concessions.

Clear instructions Trade & Agriculture Ministers  
to give within next few days - have  
proposals put forward by Commission, they are  
minimal. If we cannot talk of the future of  
we can't solve today's problems

[OPTIONAL PARAGRAPH {keep for press conference}]

For instance:

- Germany's agriculture has the lowest share of GDP of any Member State;
- the proportion of farmers with other gainful employment is higher in Germany than in any other Member States;
- national aid to farmers is already three times higher in Germany than in the United Kingdom;
- farm income in Germany last year was up 38 per cent while in Britain it was down 21 per cent.

1989

It is astonishing that in these circumstances Germany should be one of the countries blocking agreement and causing damage to the Community's reputation.]

Our first task at this meeting must be to reaffirm publicly our commitment to a successful outcome to the GATT negotiations. We must give clear instructions to our Foreign, Trade and Agriculture Ministers to agree, within the next few days, the <sup>basic</sup> proposals put forward by the Commission for the Community's negotiating position. If we fail to do that, not only shall we lose all credibility in the eyes of the world, the credibility of our other discussions on political union and EMU will look very threadbare indeed. It's no good taking refuge in the future and in

grandiloquent declarations because we lack the will and the sense of responsibility to solve the problems of today.

I.G.C. - Political

Turning to the Presidency's report on political union, I would like to pick out just a few points. First, there is clearly still a very long way to go before we have anything which could be the basis for decisions. The report is in effect a long list of all the proposals which each Member State and the Commission have put forward at one time or another. There is a great deal to be done to reduce it to manageable proportions, and I do not think we can do more at this stage than take note of it and ask Foreign Ministers to continue their work. We have our own ideas for practical improvements in the way the Community's institutions work and we shall continue to play a constructive part in discussion for this purpose.

Second

But may I just repeat that, in Britain's case, we are not prepared to move towards a Federal Europe or one in which the Commission becomes a sort of European Cabinet with the Council of Ministers being relegated to the position of a Senate (and I say that with all respect to the Senate in whose building we are meeting). We intend to maintain our sovereignty, our nationhood and our institutions and to continue to govern ourselves, not to be governed from

elsewhere. We use our sovereignty constructively & in co-operation with 11 other sovereign nations in the EC. - with the wider Europe & with NATO

The report talks about security or defence co-operation. I have no objection to discussion

of that. But we must always remember that NATO is the body in which we deal with defence, with the Americans present: and it would be a great mistake to start anything in the Community

which led to the unravelling of the commitment in Article 5 of the Revised Brussels Treaty, whereby nine of us are committed to come to the defence of any one of our number whose territory is attacked.

4 On foreign policy, we can improve our co-operation certainly. But it is no good trying to force us into a mould. We each have our own view of our national interests. And many of us have a tradition of playing a role in the world which we intend to continue. The only way to make progress is to continue to work on the basis of <sup>agreement</sup> ~~consensus~~.

us/EEC

EEC/US

5 Britain has made a number of specific proposals which I hope will be followed up. We have suggested that the European Parliament be given

a more active role in monitoring how the Community's money is spent. We are all very much aware of examples of waste and of fraud. We have made proposals to improve the efficiency of Community institutions. People want good government, whether at home or in Europe and it is our duty to provide it. We have made proposals for better ways of ensuring compliance with Community decisions: it is no good our sitting here and taking decisions and then finding that many countries fail to implement them. It is perhaps not very polite to mention it, but the latest Commission figures show that our kind hosts have still to implement 62 single market directives.

① We have also proposed that ~~the~~ subsidiarity should be <sup>Spelled out more clearly</sup> ~~included~~ in the Treaty and given

*Dale* — we don't  
know whether

practical effect. Sovereignty is and will *we go to*  
remain for the individual Member States. The *do but*  
Community's powers come only from what the *we have*  
Member States grant it by their own sovereign *a debt*  
decision. The basic rule should be that Member *by which*  
States continue to do everything which can be *we have*  
done better by national governments; and the *to do it*  
Community comes into action only when the  
Member States themselves decide that we can be  
more effective by doing something together.

EMU

① *known*

On EMU I think it would be a pity if this  
meeting showed us publicly at odds, before the  
Intergovernmental Conference has even started.  
There are indeed some very profound differences  
*— referred to in the Carl Report*  
of view. Those of us who believe in the  
sovereignty of national Parliaments, and who  
see a nation's currency as a crucial

expression of its sovereignty simply cannot  
commit ourselves to give that sovereignty away.

We would never get such a decision through our  
*man would propose to abolish the £1 sterling.*  
Parliament. But we have made proposals for a

common currency - a hard écu - and for a new

institution, the European Monetary Fund. They

could offer a practical <sup>*revolutionary*</sup> way forward - and they were  
*made to leave agreed on the next move.*

There is a great deal still to be discussed.

But if this Council is to see an attempt to

constrain discussion, to pre-empt the

conclusions of the Intergovernmental Conference /

before it has ever started and set artificial

deadlines for stages of monetary union which we

have not even yet defined, then I must tell you

that these attempts will fail. We shall not be

able to agree to them. It would be much better

to go on working for practical progress and

come back to this issue in December - which is when we originally envisaged a discussion, before this exceptional Council was called.

Finally, on aid to the Soviet Union, we cannot reach any decisions on economic assistance until the IMF has reported. But there may be ways in which we could help through technical co-operation, management advice, and, in particular, through the very interesting proposal put forward by Ruud Lubbers last time for energy co-operation. I hope we can take

that forward. This Council should ask

the Commission to invite all European countries to attend a conference for detailed negotiation of a Convention for Energy Cooperation.