

CONFIDENTIAL

Euro Pol
Mr Wright



Foreign and Commonwealth Office

London SW1A 2AH

14 March 1975

ps

BA
Mr. Armstrong

may want to see
(I doubt when the PM is
with the EU - this ?)
I agree; but nice
to know it exists.

Dear Patrick,

Records of the Dublin Meeting

... I enclose with this letter copies of records of the main meetings at the European Council in Dublin on 10/11 March. I should emphasise that these are reconstructions from manuscript notes. The Foreign and Commonwealth Secretary has seen them and has pronounced them to be broadly accurate. But they should be regarded as giving a general impression of discussion rather than a note-takers record. We are giving them a limited distribution within the FCO, with an instruction that they are not for direct quotation.

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17.iii

I am sending a copy of this letter with the enclosure to Chris Brearley in the Cabinet Office and to Bailey (HM Treasury) and Kearns (MAFF).

Yours
ever
John

(P.J. WESTON)

Patrick Wright, Esq.,
10, Downing Street,
S.W.1.

cc Euro Pol April 74
(Budget)
Euro Pol Pt 2
(Access to Commonwealth
fund)
Power 162
(International Energy)

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Registry No.

DRAFT

Type 1 +

SECURITY CLASSIFICATION

Top Secret.
Secret.
Confidential.
Restricted.
Unclassified.

To:-

(Reconstructed from Mr. Callaghan's notes.)

FROM

Telephone No. Ext.

Department

PRIVACY MARKING

..... In Confidence

RECORD OF EEC HEADS OF GOVERNMENT MEETING AT DUBLIN CASTLE ON MONDAY 10 MARCH at 1500.

Mr. Cosgrave suggested that the order of business should be:

- (1) ~~The ^{General mechanism for the Community} Budget~~
- (2) New Zealand
- (3) Energy Questions
- (4) The "new international economic order" ^(N.I.E.O.) - raw materials and commodities.
- (5) CSCE
- (6) Current political questions
- (7) The world economic situation.

The following day the meeting could return to the question of the budget, New Zealand and energy. He suggested that the Heads of Government should issue only a minimal number of declarations and that these should be short and specific. He hoped that the meeting would be successful.

Mr. Wilson then made an initial statement on the lines envisaged covering the British Government's general attitude to renegotiation, steel, the Budget and New Zealand. He also made it clear that the British Government would not raise any new points before the Referendum.

Herr Schmidt suggested that the meeting should concentrate on the budgetary corrective mechanism first and then New Zealand and Mr. Cosgrave indicated that this was agreed.

Signor Moro said that the Italian Government had always been in favour of enlarging the Community and Britain should bring its ^{own} ^{share} influence and its democratic ideals to bear in world affairs./

NOTHING TO BE WRITTEN IN THIS MARGIN

affairs. As there were ^{many} no other issues to be raised it was important to get over the present delicate phase. Heads of Government should therefore ^{reach} urge a rapid conclusion. As regards the Budget it was his view that the difference between VAT on the one hand and levies and duties on the other was not a real choice. It was the levies and ^{levies} ~~tariffs~~ which could cause an imbalance especially as countries with ^{large or high proportion of} much overseas trade would have large sums of money involved. The Italian Government thought that the ^{corrective} ~~corrective~~ mechanism should be based on levies plus duties plus VAT. The requirements that the increase in GNP should be lower than 120% of the Community average would damage countries which started from a lower point. He favoured the abandoning of the 2/3rds rule and the balance of payments criterion which introduced a political question into the mechanism.

M.Thorn said that he ^{had} followed the content of Mr. Wilson's statement with satisfaction and especially the fact that no new problems would come up before the Referendum. In other words the question of steel would be raised in the normal way of Community business. The Commission had tried to take into ^{of} account the British case in a fairly generous way. The figures under discussion which had been put forward by the Commission were adequate although Heads of Government could discuss them if they felt it necessary. As regards levies and duties he had some sympathy with the French President. The British case however was not without merit particularly since the present system was being tampered with in any case. He thought it right to discuss the balance of payments criterion. He understood the arguments on this but the system would have to be changed. It had to be established for example whether ^{the balance of payments situation} it was due to excessive movement of capital. Possible alternatives might relate to whether balance of payments were in surplus over a period of years/

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