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EHG(D)(79)13 revise

COPY NO.

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26 November 1979

EUROPEAN COUNCIL, DUBLIN

29/30 NOVEMBER 1979

EUROPEAN PARLIAMENT

Brief by the Foreign and Commonwealth Office

Attached is a revised version of brief EHG(D)(79)13 taking account of the results of the Budget Council on 23 November. The original brief should now be destroyed.

FOREIGN AND COMMONWEALTH OFFICE

26 November 1979

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Brief by the Foreign and Commonwealth Office

OBJECTIVE

1. To limit time spent on the subject by getting it referred to Council of Ministers.

POINTS TO MAKE (as appropriate)

PARLIAMENT'S PROPOSED MODIFICATIONS TO AGRICULTURAL EXPENDITURE

2. UK not seeking an increase in the influence of the Parliament at the expense of the Council. We were therefore prepared to support those who resisted at the Budget Council on 23 November the Parliament's proposed reduction of 380 mEUA in support for dairy production as well as the provision they proposed for a co-responsibility levy on milk. But we maintain our view that CAP expenditure on milk production is excessive and must be reduced; we will pursue the matter vigorously in other contexts. ||

3. We believe that existing budgetary procedures and relationship between Council and Parliament should not be disturbed.

PARLIAMENT'S PROPOSALS TO INCREASE THE REGIONAL DEVELOPMENT FUND AND SOCIAL FUND

4. Right to increase these items. Helps to redress budget imbalance, benefits less-favoured areas throughout the Community.

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But we accepted Presidency compromise figure of 1015 mEUA in order to reach agreement.

PARLIAMENT'S OWN BUDGET

(i) 1970 Gentlemen's Agreement

5. Council could reasonably have behaved as if it had lapsed, but we were willing to accept majority view.

(ii) Salaries for Members of European Parliament (MEPs)

6. Stick by December 1978 agreement that Member States should pay MEPs' salaries, Parliament pay allowances.

(iii) Site of Parliament

7. Agree final decision on site for unanimous decision of Council:  
not for Parliament acting unilaterally.

(iv) Powers of Parliament

8. See no need at present for any extension in Parliament's powers.

BACKGROUND

AGRICULTURE, REGIONAL AND SOCIAL FUNDS

9. The Parliament proposed the following modifications to agricultural items in the 1980 budget:

(i) a reduction of 380 mEUA in support for dairy production;

(ii) provision for an increase in the co-responsibility levy on milk.

Both were rejected at the 23 November Budget Council (with Italy and Netherlands voting with the Parliament). It also proposed:

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- (iii) to reinstate in the budget the 350 mEUA for the Regional Development Fund (RDF) and the 110 mEUA for the Social Fund which the first Budget Council in September agreed to take out.

Compromise figures of 165 mEUA and 50 mEUA respectively were agreed at the Budget Council.

10. At the Foreign Affairs Council on 20 November M. Francois-Poncet said that the French would raise the Council's relations with the European Parliament at the European Council. They are concerned in general with the Parliament's attempts to extend its influence/powers over the Community Budget. They fear in particular that the Parliament's proposed modifications to agricultural expenditure (paragraph 9 above) may set a precedent for an extension of the Parliament's influence over the CAP. At her meeting with President Giscard, the Prime Minister did not commit the UK to voting either way at the Budget Council. After his meeting with Herr Dohnanyi on 22 November, the Lord Privy Seal discussed the matter with the Prime Minister; it was agreed that the Financial Secretary should oppose the Parliament's reduction in milk support, oppose the increase in the co-responsibility levy and support the increase in the Regional/Social Funds. The French are likely to be relieved to have had our support in rejecting the Parliament's cut in support for dairy production.

BUDGET PROCEDURE

11. The Budget Council have to consider the Parliament's proposed modifications (ie. to CAP expenditure) and amendments (non-CAP expenditure) to the draft Budget approved at the first Budget

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Council in September. (The voting rules vary according to the category of expenditure and certain other criteria.) After the Council's votes the draft is returned to the Parliament again. The Parliament has the power to reinstate its original amendments (but not its modifications) but subject to the observance of a maximum rate of increase which provides a ceiling to such expenditure. The Parliament is required to adopt or reject the entire budget within 15 days of having received it, ie. by about 10 December.

#### SECOND BUDGET COUNCIL AGREEMENT ON MAXIMUM RATE

12. In March 1979 Members of the Council agreed to an informal working arrangement for the Second Budget Council whereby the Council would not return the draft Budget to the Parliament without reaching agreement both on individual Parliamentary amendments and on a ceiling to budgetary expenditure (known as the "maximum rate") at a level sufficient to accommodate those amendments. At the 23 November Budget Council, it was not necessary to resort to this arrangement on the maximum rate because the Council accepted a Presidency compromise which kept the total of amendments within the maximum rate. The compromise yielded a larger RDF than would have been obtainable under the arrangement.

#### PARLIAMENT'S OWN BUDGET

##### (i) 1970 Gentlemen's Agreement

13. By a Resolution of 22 April 1970 the Council undertook to make no amendments to the Parliament's administrative Budget; in return the Parliament agreed not to try to change the Council's. The agreement lapsed in 1975 when the Treaty article to which it referred was superseded but neither institution has yet

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made substantive use of its new freedom. Other Member States have shown reluctance to change this state of affairs, despite concern over some of the Parliament's proposals for its own budget, eg. staff increases. Ministers agreed that, although we consider the Agreement to have lapsed, we should not insist against a majority view at the Budget Council. In the event, no one challenged the Agreement and the Parliament's budget was therefore left unamended, though at French request the Presidency will approach the Parliament to ask them to withdraw their amendments relating to the seat of the Parliament and to MEPs' salaries as incompatible with legal acts of the Community. The Parliament are unlikely to comply.

(ii) Salaries for MEPs

14. The Parliament has made a token entry for payments of MEPs' salaries. In December 1978 the Member States agreed that MEPs' salaries should be paid by national governments and that the Parliament should pay any allowances.

SITE OF PARLIAMENT

15. Article 216 of the EEC Treaty provides for the Council to determine by common accord the seat of the institutions. The directly-elected Parliament has begun to protest against its preipatetic existence - secretariat in Luxembourg, meetings there and in Strasbourg, Committee meetings in Brussels and elsewhere - and has made a reduced provision for rent as a token of its intent one day to decide on a single site.

POWERS OF THE PARLIAMENT

16. The Parliament's powers are carefully described and circumscribed by the Treaties. Apart from its role in the budgetary procedure (see above) its main power is to dismiss the Commission

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en bloc; otherwise its role is advisory and consultative.

17. Some Member States, eg. the Irish and Dutch, are showing signs of willingness to contemplate changes in the balance of the Council/Parliament relationship in the latter's favour. Following a Council decision in September officials are at the moment examining various aspects of Council/Parliament relations, such as the handling of Parliament Resolutions and the "conciliation procedure" (which provides for Council/Parliament consultation on acts with appreciable financial consequences). The UK has so far taken a reserved line on this exercise, arguing that it will need to be considered in the context of examination of the Three Wise Men's Report (Brief No 7).

18. To increase the Parliament's powers under the Treaties would need Treaty amendment; in the case of the UK, Clause 6(1) of the European Assembly Elections Act 1978 reads:

"No Treaty which provides for any increase in the powers of the Assembly shall be ratified by the United Kingdom unless it has been approved by an Act of Parliament".

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