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P.A. G.M.
4/7

TRANSCRIPT OF A TELEPHONE CONVERSATION BETWEEN THE PRIME MINISTER
AND MR. ROY JENKINS

PRIME MINISTER: I am sorry to have kept you waiting for a moment. We had another telephone call in.

MR. JENKINS: No, not at all.

PRIME MINISTER: First, I am in very great difficulty about the Safeguards Agreement with Australia. Malcolm Fraser spoke to me about it when I was over there. Doesn't understand why it isn't going through because we have in fact done everything possible to make it compatible with the Treaty and doesn't understand why we can't go ahead and is pretty bitter about it. I am going to have difficulty over here and am just wondering how we can get it through.

MR. JENKINS: Well, I would like to get it through very much and am very anxious to try and be helpful on this. The difficulty is that, although we seem to have met the objections raised last July, inevitably things have changed somewhat since this court judgement which we had in November last year, and had we not had these judgements in July, we would really find it almost impossible to approve it, but we think we could approve it without laying ourselves open which we might otherwise do to other Member States going through the same thing and if we try to stop them possibly be taken to court, or we might indeed be taken to court on approving your Agreement unless we can put a time limit in it. Now we wouldn't insist on the time limit being in the Agreement if there could be an exchange of letters making it provisional with the hope that you share that we can have a EURATOM/Australia Agreement in the meantime. We could then approve it and we must do something about it tomorrow and our intention tomorrow would be to say, Yes we will approve, subject to there being either in the Agreement or in the exchange of letters, a time limit, the exact extent which we could discuss.

PRIME MINISTER: Yes. Could the time limit be to the effect that after a period of X years, it will be reviewed because I think that unless it is in those terms, I really don't think the Australians will go ahead. Alternatively we could say that this Agreement

/will lapse

will lapse when an Agreement between Europe and Australia has been concluded.

MR. JENKINS: Yes, I don't think honestly that would be enough from the point of view of our legal position. As you understand it, we are bound as a Commission to follow ~~the~~ the rule of law in the Community and we would be in an impossible position if we were taken before the court for not observing the Treaty.

PRIME MINISTER. Yes. There is some doubt about it isn't there?

MR. JENKINS: ... observing the Treaty. So I think we would have to have a time limit which would be a time limit in figures rather than a time limit saying it would lapse when there was Euratom / Australia Agreement. But so far as that time limit is concerned, I mean there could be various possibilities. There could be a time limit which could, of course, be reviewed and in my view subject to, I very much hope there will be a Euratom Australia Agreement, and in ~~xxx~~ general effect you are holding that up, we are very very near to one, but we could either have a time limit which would be short, say, 18 months. Now the advantage of that...

PRIME MINISTER: We shan't get it in 18 months. Absolutely useless.

MR. JENKINS: I know it's not useful from the actual point of view of delivery of supplies. The advantage of 18 months, but I'm not saying it must be 18 months, but the advantage of 18 months from your point of view would be that it would be within the lifetime of the present Commission and I would give you a private, personal undertaking that I would regard myself as committed to get it renewed. If we had not got Euratom/Australia Agreement by that stage, or you could go for a longer one, say, three years, but you would then be in the lifetime of the next Commission.

of such an Agreement would probably take a reasonable view but, obviously I can be more committed about something within

PRIME MINISTER: I don't think the Australians would accept such a short period. The thing just wouldn't go ahead and I should then be in acute difficulty and either have to do something very drastic indeed or duly explain to my people why it is not going ahead because he is pretty bitter about it. The only thing that I could do is to have an exchange of letters undertaking to review the Agreement before the end of 1982. But if that doesn't go through it will put me in an acute anti-European difficulty and I don't want to be in it. Because here we are a Tokyo Communique, things might have changed since the judgement, here we are all signing a Tokyo Communique saying nuclear must go ahead.

MR. JENKINS: We are all in favour of that, I assure you.

PRIME MINISTER: And then we are, I think, slowed up at the last moment.....

MR. JENKINS: Nuclear going ahead from the Community point of view isn't helped by tearing the Euratom Treaty to tatters.

PRIME MINISTER: Oh I think it would be as a matter of fact. But still.

ROY JENKINS: But still, you ^{will} appreciate that we have to accept.

PRIME MINISTER: But you will appreciate that I have a political problem.

ROY JENKINS: Yes I do. Yes.

PRIME MINISTER:.... and it will break not only here but in Australia and it just won't do.

ROY JENKINS: End of 1982

PRIME MINISTER: Yes. To be reviewed.

ROY JENKINS: The end of 82 is 3½ .

PRIME MINISTER: Well, 2½. End of 82.

ROY JENKINS: A review

PRIME MINISTER: Yes. That's all I can do because you don't just embark on this sort of investment on the basis of 18 months or on the basis of anything.

ROY JENKINS: Now I realise that 18 months in itself does not enable supplies to be delivered. Now as I say, the advantage of 18 months is that it would be within the lifetime of this Commission and I am as sure as I could be that if we did not have, ^{I mean} we are agreed that if there is Euratom/Australia Agreement, that supersedes it.

PRIME MINISTER: Well you can hardly review before the end of 1982 or conclude it if superseded by a Euratom/Australia Agreement.

ROY JENKINS: Yes, that we are agreed on but we would like it to be superseded but that in itself is not enough. But you could wear the end of 1982.

PRIME MINISTER: Reviewed. An exchange of letters between ourselves and Australia undertaking to review the Agreement before the end of 1982.

ROY JENKINS: Review before the end of 1982.

PRIME MINISTER. Yes.

ROY JENKINS: What I would say should be reconsidered for possible renewal. But I would like to stick between those two if I could.

PRIME MINISTER: Reconsidered for renewal.

ROY JENKINS: For possible renewal. Yes. I think there would honestly be no difficulty about renewal in practice. If there was not a Euratom/Australia Agreement, which I believe there will and should be by then. Should and will be. The other way round.

PRIME MINISTER: This Agreement should be reconsidered for renewal by the end of 1982 if a Euratom/Australia Agreement has not been concluded.

ROY JENKINS: Should be reconsidered for renewal. Should be reconsidered and would need renewal before the end of 1982. And would need renewal.

PRIME MINISTER: To be reconsidered and would need renewal before the end of 1982.

ROY JENKINS: Let me just. That is 3½ years.

PRIME MINISTER: If a Euratom/Australia Agreement had not by that time been concluded.

ROY JENKINS: Yes.

PRIME MINISTER: I'll go back and consult whether Australia would wear that and the Foreign Office.

ROY JENKINS: Well I hope

PRIME MINISTER: Somehow I want it through because I will be an acute European embarrassment.

ROY JENKINS: I am very keen that we, I mean, you know it can be extremely tiresome from both our points of view if get fouled up in this tomorrow. I think I could live with that if you could. But it's straining it a bit to be honest, as it is for you. And it is also straining it for me.

PRIME MINISTER: Yes, but they are being jolly difficult if I might say so. I mean my legal information that your advice is not quite the same as yours, but let's not get into that.

ROY JENKINS: That, alas, is often the case.

PRIME MINISTER: Yes.

ROY JENKINS: From different points of view. I mean our fear, to be honest, is that if we did not feel committed by discussions we had last July, if the British come up afresh with this after the November judgement, we couldn't have done it. So we are really leaning over to try and do it. But we did put objections to you which you have largely met. And therefore we feel to that extent committed to be as helpful as possible which in any event on practical grounds, I would like to be.

PRIME MINISTER: Can I just repeat that. We undertake to consider the Agreement for renewal before the end of 1982 if by such time a Euratom/Australia Agreement has not been concluded.

ROY JENKINS: To consider, to reconsider the Agreement before the end of 1982.

PRIME MINISTER: Just one moment, let me take it down. To reconsider the Agreement before the end of 1982.

ROY JENKINS: The Agreement would need to be reconsidered, would need to be reconsidered, I would like to have in, before the end of 1982. Should be reconsidered for renewal if no Euratom/Australia Agreement in the meantime.

PRIME MINISTER: This Agreement would need to be reconsidered before the end of 1982.

ROY JENKINS: And if no Euratom/Australia Agreement.

PRIME MINISTER: If no Euratom/Australia Agreement has been concluded in the meantime.

ROY JENKINS: This Agreement would need to be considered before the end of 1982 if no Euratom/Australia Agreement in the meantime.

PRIME MINISTER: This Agreement would need to be reconsidered before the end of 1982 if no Euratom/Australia Agreement had been concluded in the meantime.

ROY JENKINS: Yes.

PRIME MINISTER: Let me see what I can do with that.

ROY JENKINS: Well let me too consider, because we both have to consider.

PRIME MINISTER: Yes. I am just in the position of saying I don't care what we do so long as it is acceptable and is concluded. Because otherwise I am going to have a very nasty anti-European time.

ROY JENKINS: Yes, I'm going to have quite a lot of difficulty getting that through the Commission but I will try hard to get that through the Commission.

PRIME MINISTER: You tell them they are expert at turning friends into enemies.

ROY JENKINS: If we can both live with that. Well we do our best not to.

PRIME MINISTER: Yes.

ROY JENKINS: You have been a great friend if I may say so.

PRIME MINISTER: I was appalled at the way ^{in which} other people ratted on the thing. While you are on the telephone, can we get the budget thing through to the September meeting of Finance Ministers?

ROY JENKINS: As you know, we have two stages in this. We have the objective report and we have the proposals for remedy. We could certainly I think get the objective report by the September meeting.

PRIME MINISTER: And then their proposals but I fear that if it not until October, there won't be time to get proposals to be considered by other Governments in time for November in Dublin.

ROY JENKINS: Well I don't want to be too late with them. I don't, to be honest, want to be too early either with proposals because I don't want there to be too many months for people to take up hard positions, and the rats to eat at the stack of corn.

PRIME MINISTER: But if it doesn't....

ROY JENKINS: I think we were both agreed, we would both slightly have preferred not to have had the Council of Economic and Finance Ministers put in as the intermediate stage but we had to accept it and get what we did.

PRIME MINISTER: Yes.

ROY JENKINS: And I don't want it to be mulled over too long by too many other Councils before we get it to Dublin..

PRIME MINISTER: Yes, but you have to put the proposals to Dublin in time for conclusions with the November meeting. I am not quite sure what time the October Council is.

ROY JENKINS: The October Council is probably about the 20th of October.

PRIME MINISTER: It would'nt.....

ROY JENKINS: Actually it is the 15th.

PRIME MINISTER: After that you have to formulate proposals in time for decisions to be taken at Dublin.

ROY JENKINS: I myself would like to see us put forward the objective statement of the position for the September one, if I can.

PRIME MINISTER: Yes, yes.

ROY JENKINS: But I do not want to put forward proposals too early nor too late.

PRIME MINISTER: Yes, that I accept.

ROY JENKINS: In order that people can start tearing them apart.

PRIME MINISTER: What I accept is the reference paper that they need.

ROY JENKINS: Well I will try to do the reference paper in time for the September meeting, but I'm not too keen to do the proposals too early from the point of view of our joint interests.

PRIME MINISTER: Yes.

ROY JENKINS: It is bound to be a matter of judgement and I could be wrong, but that is for the moment my judgement.

PRIME MINISTER: All right.

ROY JENKINS: But I am very happy to keep in touch with it and try to do it

PRIME MINISTER: All right. I will go back to the Foreign Office and talk about the other thing. Would you let me know when you are at home for a weekend, and then I thought you might try to come along to Chequers and have some lunch.

ROY JENKINS: I'd love to do that. I was talking to Woodlows..... I would like to do that very much indeed. When would be a possibility from your point of view.

PRIME MINISTER: Well, I'm there this Sunday. I shall be there, one moment. Can I just let you have a list of weekends I shall be there.

ROY JENKINS: I am actually in England a good deal in July and would love to come.

PRIME MINISTER: I haven't got this week's diary here. I know I'm down there this Sunday.

ROY JENKINS: Could our offices get in touch tomorrow to see what the possibilities are?

PRIME MINISTER: Yes. One moment. Let me look at my diary. I shall certainly be there Saturday and Sunday the 21st and 22nd July.

ROY JENKINS: That day is not possible for me, alas because I'm at the University of Wales to get a degree.

PRIME MINISTER: Yes. I think our offices will get in touch.

ROY JENKINS: Shall we exchange two live dates. I am very grateful and would love to work out one. I'm sure we can.

PRIME MINISTER: Yes I'm sure we can.

ROY JENKINS: Well, I have about three possibilities but it will be easiest if our offices do it tomorrow morning.

PRIME MINISTER: All right. I'll get the office to ring yours, early tomorrow morning.

ROY JENKINS: For a Saturday or a Sunday.

PRIME MINISTER: Yes.

ROY JENKINS: Good. How was your Australian visit? You are not too tired, I hope?

PRIME MINISTER: It was all right. In Canberra two days. I had lots of long talks with Malcolm Fraser and the entire Cabinet arranged a major Cabinet the whole of Sunday afternoon. And this thing came up and also which you can imagine is a very difficult one for me. And their general relations with the Community etc. What is your

ROY JENKINS: Somewhat better now. There is no doubt at all that that they have been put on to a slightly better basis and certainly people like Peacock say this very strongly. I think ^{Malcolm} Fraser says this too, but certainly Peacock does. And Peacock is very anxious to work with us.

PRIME MINISTER: Yes. It would be helpful if everything goes through. As you know, Malcolm Fraser isn't the cosiest person.

ROY JENKINS: I know.

PRIME MINISTER: So you have to work quite hard.

ROY JENKINS: Yes, I agree.

PRIME MINISTER: And he hasn't the most open and flexible mind either.

ROY JENKINS: Peacock is much more flexible.

PRIME MINISTER: Yes.

ROY JENKINS: And Fraser tends rather to, well he sort of, he shouts a little if but it doesn't necessarily get him anywhere.

PRIME MINISTER: No it doesn't. But it makes life difficult for me.

ROY JENKINS: Perhaps on this UK/Euratom/Australia thing, how shall we leave it? I would try and get that through the Commission tomorrow. We can't go further than that.

PRIME MINISTER: If there is any difficulty, I will get my office to phone to ring yours first thing tomorrow morning.

ROY JENKINS: Okay, because we will have to take this during the day tomorrow.

PRIME MINISTER: Yes. What time is first thing Brussels time? Is it 9.30 or 10.00?

ROY JENKINS: We start at the Commission at 10 o'clock Brussels' time, which is 9 o'clock London time.

PRIME MINISTER: Nine o'clock London time.

ROY JENKINS: I'm not sure we need take it at the beginning of the morning, although I would like to take it in the morning if

we can. We meet in the morning and in the afternoon.

PRIME MINISTER: Nine o'clock London time. All right.

ROY JENKINS: Nine o'clock London time we start. But that is not an absolute deadline though it would be helpful to know.....

PRIME MINISTER: Yes. All right.

ROY JENKINS: Thank you.

PRIME MINISTER. Thank you. Goodbye.



ccD/W
CO
Energy
JS

10 DOWNING STREET

From the Private Secretary

4 July 1979

Dear Paul,

UK/AUSTRALIA SAFEGUARDS AGREEMENT

Bill Burroughs in the Department of Energy provided, with his letter of 2 July to Mike Pattison, background and speaking notes on which the Prime Minister could draw in pursuing her intention, in the light of her discussions with Mr. Malcolm Fraser in Canberra on 1 July, to telephone the President of the European Commission about the UK/Australia Safeguards Agreement in advance of the Commission's final consideration of this problem today.

The Prime Minister spoke to Mr. Jenkins on the telephone at 1900 yesterday evening, 3 July. The Prime Minister strongly emphasised the very great difficulty which the Commission's objections to the Agreement were creating, not only in the UK's relations with her foremost supplier of uranium but also, potentially, in domestic UK political opinion towards the EEC. Mr. Jenkins said that he was anxious to be helpful and that the Commission would not insist on the incorporation of a time limit in the UK/Australia Agreement provided that the Agreement could be accompanied by an exchange of letters making clear its provisional character. The Prime Minister said that she doubted whether the Australians could agree to anything more restrictive than an undertaking to review the Agreement after a stated period; alternatively, the exchange of letters could say that the Agreement would lapse on the conclusion of an agreement between Euratom and Australia. Mr. Jenkins said that this latter alternative would not be sufficient to get round the Commission's legal problem; the Commission could not risk being taken before the European Court for failing to observe the Treaty. The time limit in the exchange of letters could, for example, be eighteen months which would have the advantage that it would expire during the lifetime of the present Commission; in that case he would give the Prime Minister a personal undertaking that he would regard himself as committed to renewal. A more extended time limit of, for example, three years could also be considered but its expiry would then occur during the lifetime of the next Commission.

/The Prime Minister

The Prime Minister told Mr. Jenkins that a time limit of only eighteen months would be useless and that the Australians would not accept it. She would be willing to contemplate an exchange of letters containing an undertaking to review the agreement before the end of 1982. Mr. Jenkins said that his preference would be for a formula saying that the Agreement should be "reconsidered for possible renewal". He did not believe that there would, in practice, be any difficulty about renewal; a Euratom/Australia agreement would probably be concluded before very long in any case. The Prime Minister proposed the formula: "This Agreement should be reconsidered for renewal by the end of 1982 if a Euratom/Australia agreement has not been concluded". In further discussion, the alternative formula "..... should be reconsidered and would need renewal before the end of 1982....." was mooted. When the Prime Minister had again emphasised the political difficulties which would be created for her if a satisfactory form of agreement could not be arrived at, she and Mr. Jenkins agreed on the following formulation:

"This Agreement would need to be reconsidered before the end of 1982 if no Euratom/Australia agreement had been concluded in the meantime".

The Prime Minister and Mr. Jenkins agreed that they would consult their respective experts overnight; Mr. Jenkins said that, subject to this, he would do his best to get this formulation through the Commission on the following day.

I subsequently asked Mr. Alston of the Joint Nuclear Unit to find out whether the formulation provisionally agreed between the Prime Minister and Mr. Jenkins would be acceptable to our own experts and to the Australians. He informed me this morning that it would be and I therefore telephoned Mr. Tickell in Brussels, before the Commission met, to confirm that this was a formulation which the UK could accept. Mr. Tickell was at first disposed to argue that Mr. Jenkins and the Prime Minister had agreed on two alternative formulations, one of which would contain a reference to "renewal" of the Agreement rather than simply to "reconsideration". He eventually accepted that the formula set out above, containing no reference to "renewal", was the only one on which the Prime Minister and Mr. Jenkins had definitely agreed: but warned me that his preliminary soundings of the Commission lawyers indicated that it would be very hard to get it through the Commission. He telephoned me later to say that the draft letter from the Commission to the UK Government which the Commission would be considering later this morning would be to the following effect:

"/introductory passage thanking the UK for their efforts to meet the Commission's difficulties/ But, as the Government of the United Kingdom are aware, events have moved on since the Commission's comments made on 21 July, 1978, and the Commission is obliged to take into account

/the ruling

the ruling of the European Court on 14 November 1978. The Commission therefore consider it necessary to set some time limit for those provisions of the Agreement referred to in the agreed minute and which are common to a future Euratom/Australia agreement. In this way, the provisional character of the Agreement would be confirmed.

"In these circumstances, the Commission would make no further objection to the Agreement between the UK and Australia, subject to a binding understanding on both sides that the Agreement would need to be reconsidered before the end of 1982 if no Euratom/Australia agreement has been concluded in the meantime."

Mr. Tickell subsequently telephoned me again to say that the draft letter which he had read to me had been approved by the Commission at their meeting this morning, the legal opposition to it having melted away.

I should be grateful if you would arrange for the Australians to be informed, making it clear for Mr. Fraser's benefit that this outcome was achieved as a direct result of the Prime Minister's personal intervention with the President of the Commission.

I am sending copies of this letter to Bill Burroughs (Department of Energy) and Martin Vile (Cabinet Office).

Yours ever,

Bygas Larwood

Paul Lever, Esq.,
Foreign and Commonwealth Office.