CONFIDENTIAL

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

C(83) 8

COPY NO 8

28 March 1983

CABINET

WHITE PAPER: DEVELOPMENTS IN THE EUROPEAN COMMUNITY - JULY-DECEMBER 1982

Note by the Secretary of State for Foreign and Commonwealth Affairs

Members of the Defence and Oversea Policy Committee, Sub-Committee on European Questions have already seen a draft of the White Paper on Developments in the European Community, July to December 1982.

2. The attached pre-publication version is circulated for the information of Cabinet. It will be published on 30 March.

FP

Foreign and Commonwealth Office

28 March 1983

CONFIDENTIAL—FINAL REVISE

[to be published as Command 8838 by Her Majesty's Stationery Office Price £3.80 net]



European Communities No. 18 (1983)

Developments in the European Community July-December 1982

DEVELOPMENTS IN THE EUROPEAN COMMUNITY JULY TO DECEMBER 1982

CONTENTS

										Page
1.	Introdu	ction	si Im	of a second		o tini ot		10.100		4
II.		1 Co-operation				polarid (g				7
III.		ement, Extern			Trac	le and Ai	d			8
IV.		ture and Fish								12
V.	-	nic, Monetary		Budget	ary (Questions				14
VI.		al and Indust								17
VII.		nment and Tr								20
VIII.		Affairs	1000							21
IX.	Dalah Per					•••				23
X.		stitutions of t						diam'r-		25
XI.	Parlian	nent				erro (use	Alver	uming bhow		26
ANN	EX A.	Meetings of	f the	Europ	ean	Council	and	Council	of	
		Ministers								27
ANN	EX B.	Major propo	sals a	dopted	by t	he Counc	il			32
ANN	EX C.	List of majo	r speed	ches by	Min	isters on	Comr	nunity top	oics	35
ANN	EX D.	Conclusions pensation	of the	ne Fore	eign d Kir	Affairs (Counc r 1982	cil on Co	om- 	38
ANN	EX E.	United King munity		visible			e Eur	opean Co	m- 	40

Note: ECUS have been converted at the 1 December market rate of 1.73 ecu = £1.

SECTION I: INTRODUCTION

- 1.1 This White Paper covers the period of the Danish Presidency of the Council of Ministers from 1 July to 31 December 1982.
- 1.2 The period saw the completion of a decade of British membership of the European Community (EC). They have not been easy years for Britain nor for Europe, but the Government is more than ever convinced that Britain's interests are best promoted within the Community and that a strong and confident Community offers the greatest hope for Europe's future.
- 1.3 Several Government Ministers made speeches in major European cities during the autumn to share with our partners British ideas on the future development of the Community. Among the particular topics covered in these speeches were: the way forward for employment in the Community; the development of transport in Europe and its role in completing the Community's internal market; trade in Europe and the World recession; information technology as a new sector for European economic growth; urban policy in Europe and the British experience; the European Community's regional policy; and an energy policy in an uncertain world. More general issues covered were: Britain, Denmark and Europe; the European Community at the Crossroads; international institutions; riding the storm; and Europe—the British commitment. (Annex C contains a full list of speeches.) Themes from these speeches have since been assembled in a booklet entitled "Britain in the European Community—a Positive Approach",* which has been published in the major European languages and circulated to Britain's Community partners. The booklet sets out British objectives within the Community, and proposes practical steps for achieving progress in a number of different areas of policy. It demonstrates Britain's determination to play a positive and imaginative role within the European Community.
- 1.4 Following the agreement of 30 May 1980 on the budget, the United Kingdom has received net budget refunds of some £1,500 million in respect of 1980 and 1981. For 1982, the Council agreed in May 1982 on a basic net refund of about another £500 million. The precise arrangements for paying the 1982 refunds were agreed by the Council on 26 October 1982. Although the European Parliament rejected the Council's proposal for the necessary 1982 Supplementary and Amending Budget, the Council subsequently reaffirmed its commitment to the undertakings made on 26 October and the Commission undertook to ensure that the United Kingdom was not as a result placed in a worse position than was then intended.
- 1.5 Work started on the arrangements for 1983 and later. The policy of Her Majesty's Government is, under the present budgetary system, to secure substantial refunds for the United Kingdom and for the longer term to seek the reform of the system with a view to ensuring that net contributions from member states are equitable. During the autumn,

^{*} Available from the Central Office of Information or from Information Department, Foreign and Commonwealth Office.

British Ministers had bilateral discussions with the Commission and the other member states. A booklet explaining the nature of the budget problem was published in the main Community languages and distributed widely in Europe. The Commission produced on 17 November a Communication proposing a lasting solution in the context of a new Community financing system and a further refund arrangement for the next two, or possibly, three, years following the pattern of the arrangements for 1980, 1981 and 1982. This Communication provides the basis for negotiation.

- 1.6 The increasingly serious unemployment situation within the Community was again a priority issue at meetings of the Standing Employment Committee (26 October), the Labour and Social Affairs Councils (15 November and 10 December) and the Joint Council of Economic, Finance and Employment Ministers (16 November). These meetings re-emphasised the link between action against unemployment and the need to strengthen competitiveness and reduce inflation throughout the Community. The Joint Council also reaffirmed the Community's commitment to ensure that all young people entering the labour market receive training or job experience. In the United Kingdom this aim is being given effect through the Youth Training Scheme, to be introduced from September 1983.
- 1.7 The Government supported the strict application of the anti-crisis measures for the Community steel industry and for that reason welcomed measures to tighten up their application in all member states. The Government also supported the firm application of the terms of the State Aids Decision of 1981 (under which state aids to steel enterprises throughout the Community must cease by the end of 1985 with any aids paid in the meantime being strictly tied to capacity reductions). It will continue to press the Commission to ensure that all member states accept their proper share of the sacrifices involved and therefore welcomes the Commission's opening of procedures under the aids code.
- 1.8 The Fisheries Council made considerable progress towards a settlement of the revised Common Fisheries Policy. Nine member states reached agreement on a comprehensive package of measures to apply from 1 January 1983; only Denmark was unable at that stage to endorse the agreement and sought further clarification.
- 1.9 The United Kingdom continued to play an active part in negotiations on various Commission proposals for the protection or improvement of the environment. The dominant issue at the Environment Council on 3 and 17 December was the question of Community action on the import of the products of harp and hooded seal pups. After extensive discussion unanimous agreement was reached on a wide-ranging resolution which will close the main market for these products before the next cull. The Government is satisfied that these Community measures should meet the concern expressed both by Parliament and the public that action be taken to prevent trade while doubts remain about the humanity and consequences of the cull. The Council will meet again on 28 February to review the need for further action in the light of a report from the Commission. The Council also agreed a Resolution approving the general approach of the Third Community Action Programme on the Environment for 1982–86.

- 1.10 Following a Council Decision on 21 December, a one-year pilot phase intended to lay the foundation for a European Strategic Programme of Research in Information Technology (ESPRIT) was established. The Government attaches particular importance to ESPRIT which is seeking to establish a strategy for collaborative research in Information Technology at the precompetitive stage. ESPRIT should enable Europe to develop the basic technologies which it needs to be competitive in world markets in the medium to long term future.
- 1.11 The Community reaffirmed its commitment, despite the more relaxed oil market, to maintaining progress towards the Community's energy policy objectives in reduced dependence on imported oil and the more efficient use of energy. Substantial progress was made towards developing a coherent strategy to promote the rôle of solid fuels in the energy supply of the Community.
- 1.12 Political co-operation focussed on two subjects of particular importance to the Ten, East-West relations and the Middle East. The Ten's discussions were aimed at co-ordinating a joint response to developments and formulating a longer term approach.
- 1.13 Further progress has been made in the accession negotiations with Spain and more particularly with Portugal. But the process has been moving too slowly. The Government believe that it is politically important both for Spain and Portugal and for the Community that the applicants should enter as soon as possible, and they have been working to restore momentum to the negotiations.
- 1.14 On trade, the pressures of the recession have been making themselves felt. But the Community has maintained—at the General Agreement on Tariffs and Trade (GATT) Ministerial meeting and elsewhere—its firm, commitment to the open trading system, while acting where necessary to relieve unacceptable pressures on the system, including those resulting from unfair trade, and to protect especially sensitive sectors of Community industry.
- 1.15 Of particular importance were the consultations between the Commission and the Japanese Government under the first stage of the Community's action under GATT Article XXIII, aimed at opening the Japanese market further to imports of manufactures. The Foreign Affairs Council agreed on 31 December to proceed to the second stage, by seeking the establishment of a Working Party of contracting parties to the GATT to investigate the EC's complaints.
- 1.16 The Community also concluded, after prolonged negotiations, an Agreement with the United States to regulate carbon steel exports to the United States of America (USA) over a 3-year period, and played a full part in the negotiations with the USA which resulted in the lifting of sanctions against Community companies involved in supplying equipment for the Siberian gas pipeline. Following the GATT Ministerial meeting the Community and the US have agreed to study ways of reducing friction in agricultural trade.

1.17 The Development and Foreign Affairs Councils had first rounds of discussion on 8 and 22 November of the Commission's Memorandum on Community Development Policy. Guidelines were agreed on Community maintenance aid (see paragraph 3.15) and on Community development aid in relation to the situation of women in developing countries. A new Food Aid Management Regulation was agreed. The Government's views on Community aid were among the subjects addressed in the address given by the Secretary of State for Foreign and Commonwealth Affairs to the Royal Commonwealth Society on 7 December 1982.

SECTION II: POLITICAL CO-OPERATION

Poland

- 2.1 The Ten continued to consult closely on developments in Poland and the appropriate policy response. The European Council on 3–4 December noted both the negative aspects of the situation, including the continued detention of a large number of persons, the continuation of martial law and the dissolution of Solidarity, and the positive aspects, in particular the release of some detainees, including Mr. Walesa. They agreed that the Ten would continue to follow developments closely, in particular the effects of the suspension of martial law. Subsequently it was agreed in the Political Co-operation framework to recommend an extension of the Community measures adopted in early 1982.
- 2.2 The European Council also emphasised that following the change of leadership in the Soviet Union the relations of the Ten with that country would continue to be based on the principles of firmness and dialogue. They called on the Soviet Union to make the necessary contributions to improve confidence in international affairs and expressed a willingness to respond positively to such efforts.
- 2.3 The Presidency made representations on behalf of the Ten in Moscow in July and September concerning reductions in the telephone service between the Soviet Union and Community countries.

Afghanistan

2.4 The European Council on 3–4 December noted that the new Soviet leadership could make an important contribution to the improvement of relations by reassessing its position on Afghanistan. They recalled the European Council proposal of 30 June 1981 for a comprehensive settlement, and expressed readiness to support any realistic efforts to achieve a political solution.

Conference on Security and Co-operation in Europe (CSCE)

2.5 The Ten resumed their close co-operation in the CSCE process when the review meeting in Madrid reconvened in November. They continued to seek in good faith a satisfactory outcome in the form of a substantive and balanced concluding document

Middle East

- 2.6 The Ten continued to monitor developments in the Middle East. In a statement on 20 September Foreign Ministers of the Ten expressed their profound shock at the massacre of Palestinian civilians in Beirut. They stated their willingness to support additional steps to ensure the safety of civilians and to assist in the relief and reconstruction of Lebanon. They welcomed the American initiative contained in President Reagan's speech of 1 September and underlined the importance of the statement adopted by Arab heads of state and government at Fez on 9 September. They appealed to all parties to seize the opportunity to work towards a comprehensive peace settlement.
- 2.7 The Ten also agreed to maintain and expand their contacts with all parties. The President-in-office, Mr. Elleman-Jensen, visited Lebanon, Jordan and Israel on behalf of the Ten. Whilst in Israel, Mr. Elleman-Jensen expressed continuing European concern about Israeli policies in occupied territories which the Ten regard as both illegal and an obstacle to peace.
- 2.8 The European Council of 3-4 December expressed disappointment at the delay in seizing the political opportunity created by the American initiative and the Fez declaration and called on all parties to assume their international responsibilities without further hesitation. They called for a withdrawal of foreign forces from Lebanon. They also reiterated the willingness of the Ten to contribute to a solution by their support of the UN forces and observers, the participation by some of their number in the Multi-national Force and by the continued provision of aid.
- 2.9 The Ten continued to follow closely the conflict opposing Iran and Iraq. They agreed that there was no direct role for the Ten or the West, who could best help by supporting those already active in the field in their efforts towards securing a just and acceptable settlement.

SECTION III: ENLARGEMENT, EXTERNAL RELATIONS, TRADE AND AID

Enlargement

3.1 Good progress was made in the accession negotiations with Portugal with agreement reached on the Customs Union and Rights of Establishment chapters, and also on the Taxation and External Relations chapters, although there were some outstanding points. On Agriculture, technical talks were held with Portugal, but although several statements were made by both parties, no declarations were exchanged. No new chapters were agreed in full with Spain but good progress was made on technical aspects of the Customs Union and Taxation chapters.

East-West Economic Relations

3.2 As a result of discussions in Washington between representatives of the seven Economic Summit countries and of the Presidency and

Commission, agreement was reached to set in motion, and where appropriate to continue, studies on aspects of East-West economic relations. The Community has agreed to participate in these studies and the Commission and Presidency are preparing a paper on the procedure for Community participation.

United Nations Law of the Sea Convention (UNLOSC)

3.3 The Foreign Affairs Council discussed Community signature of the UN Law of the Sea Convention but no decision was reached. Five member states (France, Ireland, Denmark, Greece, Netherlands) signed the Convention when it opened for signature in Jamaica on 10 December.

European Free Trade Association (EFTA)

3.4 Agreement was reached to simplify the EC/EFTA Rules of Origin. Meetings were held in December between the Community and Austria, Switzerland, Sweden, Finland, Norway and Iceland on a wide range of trade issues under the terms of the individual EC/EFTA Agreements.

General Agreement on Tariffs and Trade (GATT)

3.5 The Community played a full part both in preparations for and at the GATT Ministerial Meeting at the end of November. The meeting saw agreement on a commitment by Signatories to maintain the existing obligations in the GATT which have underpinned the open trade system since the war. It also provided for various studies including agricultural trade issues; the problems of international trade in services; and trade between developed and developing countries. The meeting also agreed on improvements to the GATT dispute settlement procedure.

Textiles

3.6 The Community agreed to stay in the third Multi-Fibre Arrangement for the whole of its term up to July 1986. Negotiations for new bilateral agreements to take effect from 1 January 1983 continued, and agreements were concluded with 25 supplying countries. Argentina did not conclude a new agreement and the Community agreed to impose a unilateral limitation on Argentine textile imports. It also agreed on unilateral measures, as before, in respect of Taiwan.

Generalised Scheme of Preferences

3.7 The Community's Generalised Scheme of Preferences for developing countries was reviewed and some adjustments were made to the 1982 Scheme. Regulations for the 1983 scheme were adopted by the Council of Ministers on 8 December 1982 and will come into operation on 1 January 1983.

Poland

3.8 On 22 December the Council agreed to the disbursement of a further 9.5 million ecu (about £5.4 million) in humanitarian aid channelled direct to the Polish people through voluntary agencies.

Soviet Union

3.9 On 22 December the Council agreed a Regulation renewing for one year the restrictions agreed in March on the import of certain Soviet manufactured and luxury goods by the Community. The restrictions are to be reviewed in the course of 1983.

Argentina

3.10 Following the lifting of the Community ban on imports from Argentina on 22 June the Community proposed to the Argentine government on 29 October the reciprocal lifting of all remaining restrictions on civil commercial relations between them. The Argentines replied on 18 November welcoming the Community's desire to regularise its economic and commercial relations with Argentina expressing readiness to hold immediate talks with the appropriate Community authorities and inviting the Community and its member states to exchange information on any relevant discriminatory restrictions. On 21 December the Community responded by expressing its readiness to continue contacts with the Argentine authorities with a view to bringing about rapid and complete normalisation of economic and trade relations. The Community also stated that this must include the reciprocal lifting of the mutual import ban still in force between Argentina and the United Kingdom and the removal of measures still in force against British companies operating in Argentina.

Japan

3.11 Against the background of continuing concern at the Community's deficit on visible trade with Japan, the Commission held three rounds of consultations with the Japanese Government in pursuit of its case under the GATT dispute settlement procedure. As part of this case, the Commission presented to the Japanese a list requesting, inter alia, concessions in tariff and non-tariff barriers to trade. Fifteen of the EC's requests were covered in a package of import liberalisation measures announced by the Japanese Government at the end of December. The Council agreed at its meeting on 13 December on a number of measures, including recourse to the next stage of the GATT dispute settlement procedure, pursuing the Community's list of requests and seeking assurances of moderation by the Japanese of exports in sensitive sectors. In addition the Commission will prolong and when necessary extend the system of surveillance of Japanese imports and initiate safeguard investigations, when so requested by member states.

United States of America

3.12 Efforts continued to settle the threat to the transatlantic steel trade posed by the US steel industry's wide range of anti-dumping and countervailing suits against carbon steel exports from the United Kingdom and other Community member states. Negotiations by the Commission resulted in an Arrangement reached with the US on 21 October to limit exports in return for the withdrawal by US industry of the various anti-dumping and countervailing suits. The Arrangement will run for three years. The Community maintained its strong response to the attempt by the US

Administration to make European subsidiaries and licensees of US companies subject to sanctions if they supplied equipment for the Siberian gas pipeline. The Community's objections to the claims to extraterritorial jurisdiction implicit in this decision, and its effects on existing contracts, were made clear in a detailed Note given to the State Department during August. Eventually the US sanctions were lifted on 13 November. Friction between the US and the Community over agricultural trade became acute in the period before and at the GATT Ministerial meeting in November. Following high-level talks in Brussels on 10 December, the Community and the US agreed on the need to avoid a trade war in agriculture and to study ways of reducing this friction.

Romania

3.13 The second meeting of the Joint Committee established under the EC/Romania agreements was held in Bucharest on 2–3 December. The Joint Committee had a useful discussion on the development of trade between the Community and Romania.

Community Development Policy

3.14 Both the Development Council and the Foreign Affairs Council considered the Commission's Memorandum on Community Development Policy. The general objectives were supported (the promotion of internally generated development, emphasis on food security through rural development and the promotion of human resources, and special attention to the needs of the poorest), while other proposals, notably a fixed aid target, funding the European Development Fund through the Community Budget and formal co-ordination between member states in international financial institutions were rejected. Further discussion is expected to centre on aspects of the Memorandum having a bearing on the renegotiation of the Second Lome Convention.

Community Aid Guidelines

3.15 At the meeting of the Development Council on 8 November, Ministers agreed guidelines for future maintenance aid (aid directed to maintaining the productive capacity of particular sectors in developing countries). Guidelines were also agreed on the application of Community aid to the special problems of women in developing countries.

Food Aid

3.16 The Council also agreed a new Food Aid Management Regulation which should improve and accelerate procedures for providing this type of aid. At the same time a supplementary cereals programme of 72,337 tonnes was approved. The Development Council agreed in November to add Rwanda to those countries (Kenya, Mali and Zambia) receiving support from the Community for their national food strategies.

Relief and Reconstruction Aid

3.17 The Community has provided special assistance to Lebanon in the form of 10 million ecu (nearly £6 million) of emergency relief aid and 50 million ecu (nearly £29 million) of European Investment Bank (EIB) resources for reconstruction.

SECTION IV: AGRICULTURE AND FISHERIES

Monetary Arrangements

4.1 In October adjustments were agreed to the representative rates for France, Belgium and Luxembourg in order to bring the representative rate for France more closely into line with the central rate to realign fully the representative and central rates for Belgium and Luxembourg. For most products the marketing year 1982/83 had already begun and the new representative rates will not be applied until 1983.

Cereal Substitutes

4.2 The Agriculture Council on 19 July approved an agreement with Thailand on manioc production, marketing and trade. On the same day an agreement with Indonesia (the principal GATT Contracting Party) was approved which enabled tariff quotas to be imposed on other GATT signatories.

Wine

4.3 Agreement was reached at the Agriculture Council on 19–20 July to a package of amendments to the wine regime ahead of Spanish and Portuguese accession. These included new provisions on compulsory distillation and on disposal of the alcohol produced.

Sheepmeat

4.4 On 21 December the Council adopted a Regulation concerning the import arrangements for 1983 of sheep and sheepmeat from those third countries which had not entered into voluntary restraint agreements with the EC.

Butter-New Zealand

4.5 At the October Agriculture Council an agreement was reached which entitled the United Kingdom to import 87,000 tonnes of New Zealand butter in 1983 at a reduced import levy. As a Council regulation implementing the agreement could not be adopted by the end of 1982 because of reserves by France and the Irish Republic, on 13–14 December the Council adopted a Regulation which enabled the United Kingdom to import in January 1983 one-twelfth of the agreed quantity.

Animal Health and Welfare

- 4.6 The arrangements for controlling imports of cattle and pigs into Great Britain and cattle, pigs and meat into Northern Ireland to protect livestock against foot and mouth disease and swine vesicular disease under Directives 64/432 and 72/461 were due to expire on 31 December 1982. The Agriculture Council on 14 December 1982 agreed to an extension of these arrangements for a further year.
- 4.7 In July, the European Court ruled (case 40/82) that the controls on imports of poultry meat and eggs into Great Britain, in support of the United Kingdom's policy on Newcastle Disease, were too restrictive. However the Court acknowledged that import restrictions of a less demanding nature were justified to safeguard the health of the national poultry flock.

Following discussions with the Commission and interested member states, the Government introduced a revised regime in October which permitted the resumption of trade while safeguarding poultry health in this country. Trade was resumed with France in November and with the Netherlands in December.

4.8 In July the Agriculture Council discussed two Commission documents (as amended) for a directive laying down minimum standards for the protection of laying hens kept in battery cages.

Fisheries-Internal

4.9 In October all member states except Denmark accepted a full range of measures including those covering conservation, total allowable catches, catch quotas, and access to fishing grounds. Failing Denmark's acceptance at the Fisheries Council on 21 December the Commission issued a declaration calling upon member states to notify it without delay of the interim national measures they intended to adopt in the collective interest. The United Kingdom made seven statutory instruments which gave effect to measures based on the Commission's proposals on which the nine member states had agreed. These were notified immediately to the Commission. They covered access to United Kingdom coastal waters by Danish vessels, access to the coastal waters of other member states by United Kingdom vessels, access by all member states to a conservation area off the north of Scotland and a ban on fishing for the western mackerel stock within British fishery limits by Danish vessels. On technical conservation measures the new orders resulted in several changes to the national measures previously operating, including amendments to the rules governing beam trawling within 12 miles of United Kingdom baselines, the minimum size provisions for Irish Sea cod, and the minimum mesh sizes when fishing for certain prawns. Agreement was reached on the renewal of the interim scheme of grant aid for inshore fishing vessels and aquaculture and on guide prices for 1983.

Fisheries—External

4.10 The negotiations on reciprocal fishing arrangements for 1983 with Norway, Sweden, Spain and the Faroes commenced. Discussions also took place with certain West African countries resulting in fishery agreements being concluded with Guinea Conakry and Guinea Bissau.

Grants for Marketing and Processing

4.11 In November, the Agriculture Council agreed to extend for a further two years the Regulations which provide aid for projects which improve the marketing and processing of agricultural and fisheries products. The scheme will continue unchanged until the end of 1984, with 140 million ecu (about £80 million) available to be allocated each year throughout the Community, and an additional 8 million ecu (nearly £5 million) for the West of Ireland for the two year period. It was also agreed to allocate an additional 32 million ecu (about £18 million) to provide for Greek projects to be paid at the higher rate of grant which now applies to the Mezzogiorno.

Tractors

4.12 As part of the removal of technical barriers to trade under Article 100 of the Treaty of Rome the Community is adopting a series of Directives to harmonise the characteristics and components of agricultural and forestry wheeled tractors. The Directives would cover Community production of tractors with design speeds between 6 kilometres per hour (kph) and 30 kph. This would enable United Kingdom manufacturers to rationalise their production arrangements and would facilitate exports to other member states.

European Agricultural Guidance and Guarantee Fund (EAGGF)

- 4.13 During 1982, under the Guarantee Section of the EAGGF, United Kingdom receipts were £718 million, compared with £605 million the previous year. Receipts during the last half of 1982 amounted to £428 million with the main areas of benefit being payments for export refunds on cereals, milk and beef, oil seed production aids, cereals storage, skimmed milk aids, butter subsidies and sheepmeat premiums.
- 4.14 United Kingdom receipts from the Guidance Section of EAGGF amounted to £42 million in 1982 and £63 million in 1981. During the last half of 1982, receipts amounted to £33 million with £6 million for direct (project type) measures, £6 million for non-marketing of milk and £21 million for indirect (structural) measures.

SECTION V: ECONOMIC, MONETARY AND BUDGETARY QUESTIONS

Finance Council Business

- 5.1 Finance Ministers continued their regular reviews of the economic situation in the Community. On 12 July the Finance Council agreed to adopt the fifth medium-term economic policy programme, which set out broad economic objectives for the member states to follow.
- 5.2 On 15 November the Finance Council resumed discussion on investment promotion and the Commission presented its proposal for a Council decision to authorise a further tranche of about £1,650 million under the New Community Instrument.
- 5.3 The Finance Council on 17 December adopted the Annual Report on the economic situation and approved economic policy guidelines for 1983. The Report was pessimistic on the immediate outlook for member states' economies. The Council also considered the Commission's paper on budget discipline which it had first looked at in July. The Council also considered the implications of the European Parliament's rejection of the 1982 supplementary and amending budget (see paragraphs 5.6 and 5.10).
- 5.4 Finance Ministers also held a joint Council with Employment Ministers on 16 November (see paragraph 8.3).

Budgetary Questions

1981 Refunds

5.5 The United Kingdom received the balance of its entitlement to refunds for 1981 under the Budget Agreement of 30 May 1980. Gross payments totalling some 348 million ecus (about £198 million) were made to the United Kingdom, thus raising the cumulative total of such receipts since the conclusion of the Agreement to £1,810 million. After allowing for the United Kingdom's contributions to these refunds under the own resources financing arrangements, the comparable net value of these refund receipts amounts to some £1,500 million.

1982 Refunds

5.6 On 26 October Foreign Ministers reached agreement on the means of implementing the Agreement on the United Kingdom's refunds for 1982 reached on 24–25 May. It was agreed that our basic refund of 850 million ecus (some £490 million) net should be met from the 1982 budget and paid to us before the end of December. On 16 December, the Parliament rejected the 1982 Supplementary and Amending Budget which made provision for this refund, as they considered that a definitive solution to the problem of budgetary imbalances should have been reached. However, the Finance Council agreed on the following day to respect the commitments in the Agreement of 26 October, and the Commission undertook to take steps to ensure that the United Kingdom and Germany would not be put in a worse position than intended under that Agreement. The texts of the Council Agreements of 26 October and 17 December are reproduced in Annex D.

1983 and Later

- 5.7 On 25 May, the Foreign Affairs Council had agreed to take decisions by the end of November on the budget solution for 1983 and later. The Commission put forward its proposals in a Communication to the Council on 17 November. It proposed that the United Kingdom should receive refunds for a further two, or possibly three, years on the pattern of those for 1980, 1981 and 1982. During this period, the Commission proposed a wide-ranging review of the Community's financing systems, and said that it was in the context of a new financing system that the British budget problem should eventually be solved.
- 5.8 Foreign Ministers had a first exchange of views on the Commission paper on 22 November and agreed to discuss it again at their January meeting. In the meantime, they instructed the Committee of Permanent Representatives to set to work rapidly on the issues posed by the Commission paper.

Preliminary Draft Supplementary and Amending Budget

No. 1 for 1982

5.9 At the Budget Council of 28 July the Council decided not to proceed with the Commission's Preliminary Draft proposals on the grounds that, for the more urgent proposals, transfers of appropriations (possible

because there was underspending on some budget headings) were more appropriate. The Commission accordingly presented a composite transfer which effectively dealt with the more urgent proposals, principally increases in the provision for the Social Fund, contained in its Preliminary Draft proposals. In October the Council agreed to total transfers of about £135 million.

Preliminary Draft Supplementary and Amending Budget

No. 2 for 1982

5.10 On 5 November a Preliminary Draft Supplementary and Amending Budget No. 2 for 1982 was forwarded by the Commission to the Council and the Parliament. This provided among other proposals for payments to the United Kingdom of 1,092 million ecus (about £631 million) and to Germany of 210 million ecus (about £121 million). These payments would be translated into expenditure on Community policies in the United Kingdom and Germany under appropriate regulations. On 8 November the Council established this as Draft Supplementary and Amending Budget No. 1 for 1982. However on 16 December, as noted above (see paragraph 5.6) the Parliament rejected the draft.

1983 budget

5.11 In June the Commission presented a Preliminary Draft Budget containing its proposals for the 1983 Budget. The Budget Council held on 27-28 July established a Draft Budget for 1983 after agreeing that higher provision for the Social Fund and the Regional Development Fund should The Parliament then proposed certain amendments be major priorities. and modifications to the Draft. When the Budget Council considered them on 22 November, it agreed to some increase compared with the Draft which it had established in July, particularly in respect of the Social Fund and the Regional Development Fund. The Parliament responded by proposing a second set of amendments at their second reading which they voted to adopt on 16 December. After further consideration the Council informed the President of the Parliament on the following day that the Council could accept the Parliament's amendments in full. This completed the Budgetary procedure and the President of the Parliament declared the 1983 Budget adopted on 21 December.

Customs Union

- 5.12 By the end of August all member states had agreed to end reliefs from customs duties and agricultural levies on third Country goods imported by intra-Community travellers, in accordance with the Commission's interpretation of the European Court judgment in the German "Butterships" case. The new arrangements were to begin on 1 January 1983. Contrary to the Court judgment, however, the Germans did not agree to abolish the exemption from VAT and excise duties on goods sold on board the Butterships.
- 5.13 In October the European Court was asked for a preliminary ruling on three questions concerning the legality of duty-free sales of goods on

ferries after the plaintiff in the original "Butterships" case had returned to the German courts with a new action.

Export Credit

5.14 The new export credit terms, agreed by participants in the OECD Consensus (International Agreement on Guidelines for Officially Supported Export Credits) which includes the Community, became effective from 6 July 1982. A Council Decision was adopted on 27 July 1982 to extend the application of the OECD Understanding on export credits for ships until 31 January 1983.

SECTION VI: REGIONAL AND INDUSTRIAL AFFAIRS

European Coal and Steel Community (ECSC): Loans

- 6.1 The ECSC made loans totalling £12 million under Article 56 of the Treaty of Paris, making a total of £24 million during 1982. This followed applications from United Kingdom companies in respect of projects creating employment opportunities for steel and coal workers affected by restructuring of the industries. Further loans were under negotiation.
- 6.2 The Commission set aside nearly £20 million for re-adaptation benefits, bringing the total for 1982 up to £64 million. These are to be paid to United Kingdom redundant steelworkers under Article 56(2) of the Treaty of Paris. The amount set aside will help to fund schemes for early retirement, retraining and income support, administered by the Department of Industry.

European Investment Bank (EIB): Loans

6.3 EIB foreign currency loans granted to the United Kingdom over the period totalled £56 million, of which £12 million were loaned to private industry in the Assisted Areas, with the balance being taken up by the public sector for telecommunications, transport, water supply and sewerage projects. The corresponding amounts for 1982 as a whole were £194 million and £24 million respectively.

European Regional Development Fund

6.4 The changes in the extent of the United Kingdom Assisted Areas last August have resulted in a concentration of aid within the United Kingdom on those areas which are most in need of assistance. The size of the Fund for 1982 was about £994 million, of which £859 million was specifically set aside for the quota section. In the United Kingdom's allocations from the Fund for 1982 grants totalling some £250 million were allocated to 606 infrastructure and 47 industrial projects in the United Kingdom. Whilst we continue to benefit from the first round of Non-Quota measures for 1981–1985, for which the United Kingdom was allocated £32 million, the Commission has proposed a second round, which would give the United Kingdom a further £85 million for a second five-year period. By the end of 1982, the United Kingdom is set to have received £1 billion from the Fund since its inception in 1975.

Steel

- 6.5 In September, the Foreign Affairs Council agreed to the payment by transfer from the European Community to the ECSC budget, of 100 million ecus (about £57 million) for social measures in the period 1982/83, bringing the total payments for social measures so far to 212 million ecus (about £121 million).
- 6.6 In November, at an informal meeting of Industry Ministers the Commission announced measures to reinforce the application of the anticrisis policy intended to restore stability to the steel industry which included the production quota regime imposed under Article 58 of the Treaty of Paris. Also in November the Commission opened a large number of procedures under Article 8(3) of the State Aids Decision (2320/81/ECSC) involving aids in all member states except Denmark.

Shipbuilding

6.7 The 5th Directive (81/363/EEC) on aid to shipbuilding expired on 31 December. The European Commission proposed that it should be extended without amendment for three years, since, in the present continuing economic crisis, no genuine recovery in the maritime industries, either at world or at Community levels, was foreseen in the medium-term. The Council agreed a two year extension on 21 December.

Information Technology

6.8 On 21 December a Council Decision was taken establishing a one year pilot phase intended to lay the foundation for a European Strategic Programme of Research in Information Technology (ESPRIT). The pilot phase, for which 11.5 million ecus (nearly £7 million) of Community funds have been allocated in 1983, will consist of collaborative, industrially oriented projects on selected information technology research topics. The progress made in the pilot phase will help determine the approach to a major programme of this nature.

Science and Technology Research

6.9 On 4 November Ministers responsible for research met to consider developments in the field of science and technology since the last Research Council in June. Issues discussed were: the Commission's proposals for a European strategic programme of research and development in information technology; the reorientation of the work programme of the Community's Joint Research Centre; stimulating the Community's scientific and technical potential; Council recommendations on telecommunications; and a research programme in the field of science and technology for development. A 5½ year research and development programme for a machine translation system of advanced design was adopted at a cost of 16 million ecus (about £9 million). The aim is to create a computer aided translation system capable of dealing with all the official languages of the Community, which would be of benefit not only to the Community but also to industry generally.

- 6.10 On 3 December the Council adopted a four year (1983–86) research and development programme in the field of science and technology for developing at a cost of 40 million ecus (about £23 million) with the aim of helping developing countries by supporting and reinforcing scientific activities in the areas of tropical agriculture, and medicine, health and nutrition in the tropics.
- 6.11 On 21 December the Council adopted a five year (1983–87) research and development programme in the field of applied metrology and reference materials aimed at harmonising measurement methods Community-wide so as to achieve compatibility of measurements at a cost of 25 million ecus (about £14 million).

Medical and Public Health Research

6.12 On 17 August the Ministers responsible for research adopted a five year (1982–86) concerted action research and development programme in the field of medical and public health research. It comprises three sub-programmes: health problems; health resources; and personal environment (nutrition and pharmaceuticals). The total cost of the work involved is 13.3 million ecus (about £7.6 million).

Company and Securities Law

- 6.13 Negotiations began on the draft directive on the prospectus to be published when securities are offered for subscription or sale to the public. Negotiations continued on a number of other draft instruments: those dealing with the accounts of groups of companies, the qualifications of auditors, collective investment funds (unit trusts), the proposal to establish the European Co-operation Grouping and the draft European Bankruptcy Convention. The Directive on the division of public companies ("scissions") was adopted.
- 6.14 The Commission announced that it was revising the draft fifth directive (on the structure of public companies including worker participation) in the light of the European Parliament's Opinion.

Insurance

6.15 Work continued on the draft directive to facilitate the freedom to provide insurance services throughout the Community. Little progress was made on the main provisions of the directive and a number of fundamental obstacles to agreement remained.

Industrial Property

6.16 Work continued on the litigation arrangements needed to implement the Community Patent Convention. In connection with the proposed regulation to establish a Community trade mark system and the Council directive to approximate trade mark law of member states, the Council Working Group on Intellectual Property (Trade Marks) met in September and December to continue its discussion on the technical content of the proposals.

SECTION VII: ENVIRONMENT AND TRANSPORT

Environmental Issues

- 7.1 The Environment Council met on 3 December and 17 December. On both occasions the principal item discussed was a range of proposals relating to the import into the Community of the products of harp and hooded seal pups. The Council agreed on a Resolution to close the Community market for these products before the next cull. Member states have undertaken to adopt all measures necessary to prevent such imports. The Commission has been instructed to undertake a comprehensive examination of all aspects of the cull and to explore proposals put forward by Canada for the international management of seals. The Council will meet again on 28 February to review the need for further action in the light of a report from the Commission.
- 7.2 A Resolution approving the general approach of the Third Community Action Programme on the Environment for 1982–86 was agreed. Both the draft directive on the environmental assessment of development projects and the draft directive on discharges of cadmium into the aquatic environment were discussed; both proposals were referred to the Committee of Permanent Representatives for further discussion.

Inland Transport

7.3 The Transport Council met once, on 16 December, and discussed a long agenda of inland transport issues. Agreement in principle was reached on a regulation allowing 10 million ecus (nearly £6 million) to be spent on transport infrastructure projects in the Community. There was also agreement in principle to a mandate for the Commission to negotiate improved arrangements with certain non-Community countries for international coach services; and to some minor changes to the multi-lateral road haulage quotas. The Council also discussed a proposal to facilitate cross-frontier traffic; a proposal to liberalise international furniture removals; the need for improved international railway co-operation; progress in the Community's negotiations with Austria on transport problems; weights and dimensions of heavy goods vehicles; road haulage tariffs; and transport infrastructure. Work on these subjects would continue at official level.

Shipping

7.4 The Memorandum of Understanding on Port State Control adopted at the European Conference on Maritime Safety in January came into force on 1 July. Its aim is to establish a harmonised and co-ordinated system for the inspection of merchant ships visiting Community and other European ports. The United Kingdom expects to achieve the agreed inspection rate of 25 per cent of visiting ships within the first year of operation. The Commission has suspended examination of its proposals for enforcing international maritime conventions on safety and pollution prevention within the Community until experience has been gained of the operation of the Memorandum of Understanding.

- 7.5 The activities of Eastern bloc carriers in Central American, East African and Far East trades continued to be monitored and examined by Council Working Groups, and the Council agreed to maintain this monitoring until the end of 1984.
- 7.6 Negotiations continued in a Council Working Group on a draft regulation applying the competition rules in the EEC Treaty of Rome to shipping. The Danish Presidency proposed a set of major amendments which would provide for a two-tier regime, with tighter control over the activities of shipping conferences where fair and effective competition had been restricted.

Civil Aviation

7.7 Discussion continued in the Council on draft directives on air fares and the liberalisation of intra-Community regional air services; and on a draft regulation for the application of the competition rules of the EEC Treaty of Rome to air transport. The Commission continued its consultation with member states' experts and interested outside bodies in the Community on express low weight air cargo, non-scheduled air services, and a directive on transparency of financial relations between Governments and publicly owned air transport undertakings. The Commission completed its consultations with member states' experts on state aids to airlines and announce its intention to begin consultations on state aids to airports.

SECTION VIII: SOCIAL AFFAIRS

Informal Meeting of Employment Ministers

8.1 Employment Ministers met informally in Copenhagen on 27–28 September to prepare for the Standing Employment Committee on 26 October and the Joint Council of Economic, Finance and Employment Ministers (Jumbo) on 16 November. Discussions at the informal meeting (on 27–28 September) also covered re-organisation of working time and special employment and training initiatives, particularly for young people.

Employment

- 8.2 On 26 October the Standing Committee on Employment met in Brussels to prepare further for the November Joint Council. The meeting considered a Commission Communication dealing with working time and with the integration of young people into the labour market.
- 8.3 After a further preparatory Social Affairs Council on 15 November, the Joint Council met on 16 November to consider the issues mentioned above together with a report on the economic and social situation. The Council emphasised that the way to increase employment was by strengthened competitive capacity and profitability allied to further reductions in inflation and interest rates. The Council reaffirmed its commitment to ensure that all young people entering the labour market be given the opportunity of

vocational training or job experience. There was also agreement that in certain circumstances a reduction in working time could help improve employment, particularly if more flexible use was made of the means of production.

- 8.4 The Labour and Social Affairs Council met in Brussels on 10 December and agreed to prolong the life of the existing European Social Fund until the current review of the Fund was completed. The Council also stressed the importance which it attached to rapid completion of the review.
- 8.5 The Council also agreed a Resolution on vocational training and new technology, subject to the views of the European Parliament and the Economic and Social Committee. The draft directive on protection of workers from the risks of exposure to asbestos was also discussed, but it was not possible to reach complete agreement. The Secretary of State for Employment stressed the positive action that had already been taken by the United Kingdom in this area and urged the Council to conclude its work on the directive as soon as possible. Other subjects discussed were the draft directives on part-time and temporary work. The Council's discussions of social security matters are recorded in paragraphs 8.3 and 8.9.

European Social Fund Allocations

8.6 In October the Commission announced the fourth set of Social Fund allocations for 1982, bringing the total United Kingdom allocation for 1982 so far to £228 million. The following table shows how the United Kingdom allocations were distributed between the various "fields of intervention"—

					£ m	illion
Young People		11.				131
Regions					7 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	56
Handicapped	45.00		a Hete		1.50	23
Migrants	Larres				40 (10
Technical Prog	ress	Proglam	digi, sa		Log. to	4
Textiles						3
Women			dia		(£808	3,000)
Pilot Schemes	A. and	ensword	MI. 10		(£565	5,000)
Total				1110	ACRECIA Des tras	228.

European Social Fund Review

mittee on

8.7 In October the Commission published its proposals for a fundamental review of the rules and basic priorities of the Fund which placed emphasis on young people and on a geographical allocation of resources using objective indications of need. Discussions took place at official level and will continue in 1983.

Social Security

8.8 The Labour and Social Affairs Council met on 10 December and formally adopted a Recommendation establishing principles to guide member states in the introduction of flexible retirement age policies. The Council also adopted a programme of medium term projections of social expenditure and its financing for the period 1982–85, which had been agreed in principle at the May meeting.

The Anti-Poverty Programme

8.9 The Council also adopted conclusions on the Commission report on the first programme to combat poverty. It recognised the need for further action at the Community level to combat poverty and invited the Commission to submit further proposals along suggested guidelines, without prejudice to the positions which member countries, including the UK, might adopt towards such proposals.

SECTION IX: ENERGY

- 9.1 At the Energy Council on 13 July, Ministers discussed recent developments in the energy markets and reviewed the progress made by all member states in reducing dependence on imported oil and in more efficient use of energy. The Council reaffirmed this strategy and saw no evidence that the more relaxed oil market was leading to any slackening of effort towards achieving the Community's agreed goals.
- 9.2 The Council also adopted Recommendations on further efforts to achieve a more rational use of energy, including arrangements for the Commission to monitor progress. These Recommendations emphasised the importance of applying sound energy pricing policies. The Council also underlined its conviction that nuclear energy could make a greater contribution to the electricity needs of the Community benefiting industry through lower costs. Finally it agreed to make a fresh attempt to devise a Community strategy for coal.
- 9.3 At its meeting on 9 November, the Energy Council made substantial progress towards developing a comprehensive strategy for promoting the role of solid fuels in the Community and concluded that a firm political will existed to pursue this objective. Ministers decided to conduct a thorough discussion of Community support for economic coal production, transportation and use at a special meeting of Energy Ministers.
- 9.4 The November Energy Council endorsed the findings of a study on member states' ability to cope with interruptions in gas supplies. Work will continue to explore further possibilities for collaboration between member states. Studies will be made of the adequacy of the Community's gas transport system and into the prospects for exploiting deep gas in the Community.

- 9.5 Further progress was made on new draft regulations for the energy demonstration projects scheme. The United Kingdom supported the extension of this scheme, but stressed the need for the Council to retain firm management control, and for appropriate financial mechanisms.
- 9.6 The Council began consideration of a Commission proposal for interest rate subsidies on loans for certain classes of investment—district heating, conversion to coal, coal handling equipment, and generation of energy from waste.
- 9.7 The Commission withdrew a draft directive changing the basis for calculating the level of obligatory oil stocks: in its place the Energy Council agreed to consider a political commitment to make an equivalent change, except where consumption had declined because of long-term changes in oil use. This commitment would not require any change in the present obligations on United Kingdom companies.
- 9.8 The Council also endorsed an interim report on energy pricing within the Community, and the principles behind a Directive on substitute fuels in petrol. A Directive on efficiency testing of heat generators was agreed.
- 9.9 Energy Ministers also held an informal meeting in Copenhagen, on 16 December, to discuss the possible elements of a Community solid fuel policy. The meeting accepted that there was a common interest in progress towards a balanced and comprehensive Community strategy for solid fuels and the Ministers agreed to consider proposals from the Commission covering the promotion of solid fuel use, the handling and transport of coal, coking coal, the modernisation and rationalisation of coal production, the problem of stocks, intra-Community trade in solid fuels, trade with third countries, environmental questions related to coal, and research, development and demonstration.

Receipts from the Community

9.10 During 1982 the United Kingdom received from ECSC £5.2 million in grants for Coal Research and Development and £4 million for readaption aid for miners, the corresponding figures for the last six months The European of 1982 were £2.2 million and £1 million respectively. Regional Development fund paid grants totalling £11 million for electricity and gas projects in the United Kingdom, £7 million of which was during the last six months. In addition, £27 million was received from the Community in relation to electricity investment programmes as part of the budget refund arrangements bringing the total for 1982 up to £154 million. The United Kingdom Atomic Energy Authority (UKAEA) expects to receive sums of the order of £12 million in a full year in respect of Joint European Torus (JET) and the Authority's own fusion research programme. Payments also continued to United Kingdom researchers towards research, development and demonstration work on alternative energy sources and energy saving projects and for technological projects in the hydrocarbons sector being undertaken under contract to the Commission.

9.11 During 1982, the EIB agreed to a loan facility of £50 million for British Nuclear Fuels Ltd. for plant associated with reprocessing at Sellafield (formerly Windscale). The ECSC agreed to a loan facility of up to £15 million for the Electricity Council in connection with Drax Power Station and the United Kingdom received £68 million in loans from the ECSC for investment in coal production and handling.

SECTION X: THE INSTITUTIONS OF THE COMMUNITY

The European Parliament

10.1 The Council of Ministers continued its consideration of the European Parliament's proposals for a uniform procedure for European Parliament elections. Detailed examination is taking place in a Working Group, and the Foreign Affairs Council discussed the proposals at its November and December meetings. A number of difficult problems have still to be resolved before final agreement can be reached.

Genscher/Colombo Proposals on European Union

10.2 The ad hoc group of officials continued its work on the text of the proposals. A number of points have still to be resolved.

European Court of Justice

- 10.3 One case was referred to the European Court of Justice from a United Kingdom Court and the United Kingdom submitted written observations in that case and two others.
- 10.4 The Court gave Judgments of particular significance or interest for the United Kingdom in a number of cases. That in the Commission v the United Kingdom on the control of Newcastle Disease in poultry is summarised in paragraph 4.11.
- 10.5 In another case brought by the Commission against the United Kingdom the Court found that the Equal Pay Act 1970, as amended, did not fully implement the requirements of Council Directive 75/117/EEC that men and women should receive equal pay for work to which equal value is attributed.
- 10.6 In Morson and Jhanjan v the Netherlands the Court held that while Community law entitled migrant workers to be joined by their families, it did not prohibit a member state from refusing entry or residence to the non-national dependants of its national workers when those workers had never exercised their right of freedom of movement within the Community. The situation was not one covered by Community law.
- 10.7 Kupferberg v Hza Mainz concerned the EEC-Portugal Free Trade Agreement. The Court held that in the absence of an express provision to the contrary such free trade agreements, and by implication other agreements entered into by the Community with Third Countries, were capable of

having "direct effect" so as to confer on individuals rights which they could enforce in the courts of a member state. The Court reached this conclusion despite opposition from five member states including the United Kingdom, even though individuals in Portugal would not necessarily have equivalent rights under the agreement.

Legal Co-operation

10.8 The Justice Council met on 25 October for the first time since October 1978. The Ministers discussed the creation of an administrative staff tribunal to hear cases between the staff and the institutions of the Community and signed on behalf of their Heads of State the Convention by which Greece acceded to the 1968 European Judgments Convention as amended.

SECTION XI: PARLIAMENT

11.1 Parliament was in session for 13 weeks during the period. The House of Commons Select Committee on European Legislation, etc. considered 373 Community documents and recommended 30 of these for further consideration by the House. Five debates were held on the floor of the House of Commons and three debates were held in standing committee covering a total of 14 documents. The House of Lords Select Committee on the European Communities considered 409 documents and recommended 137 for further scrutiny. Eight reports covering 10 documents were presented to the House for debate and one report covering one document was presented to the House for information. Six debates on the Committee's reports, which covered 11 documents, were held in the House of Lords.

ANNEX A

MEETINGS OF THE EUROPEAN COUNCIL

Date Location UK Ministers Attending
3-4 Copenhagen ... Rt Hon Margaret Thatcher MP
December Prime Minister

Rt Hon Francis Pym MC MP Secretary of State for Foreign and Commonwealth Affairs

MEETINGS OF THE COUNCIL OF MINISTERS

Date	Session	UK Ministers Attending
	Finance	Rt Hon Sir Geoffrey Howe QC MP Chancellor of the Exchequer
13 July		Sir Donald Maitland Permanent Under-Secretary of State (representing Ministers)
MDEMIN ture bisheries m.SmithMP m.SmithMP	Foreign Affairs	Rt Hon Francis Pym MC MP Secretary of State for Foreign and Commonwealth Affairs Rt Hon Douglas Hurd CBE MP Minister of State, Foreign and Commonwealth Office Peter Rees Esq QC MP Minister for Trade
	Agriculture	Rt Hon Alick Buchanan-Smith MP Minister of State, Ministry of Agriculture, Fisheries and Food Hon Adam Butler MP Minister of State, Northern Ireland
		 Rt Hon Peter Walker MBE MP Minister of Agriculture, Fisheries and Food Rt Hon George Younger TD MP Secretary of State for Scotland Rt Hon Alick Buchanan-Smith MP Minister of State, Ministry of Agriculture, Fisheries and Food
	Budget	Hon Nicholas Ridley MP Financial Secretary to the Treasury

Date	Session		UK Ministers Attending
20–21 September	Foreign Affairs	SHITE OF THE SHIP	Rt Hon Francis Pym MC MP Secretary of State for Foreign and Commonwealth Affairs Rt Hon Douglas Hurd CBE MP Minister of State, Foreign and Commonwealth Office Peter Rees Esq QC MP Minister for Trade
20–21 September	Agriculture		Rt Hon Peter Walker MBE MP Minister of Agriculture, Fisheries and Food Rt Hon Alick Buchanan-Smith MP Minister of State, Ministry of Agriculture, Fisheries and Food
4 October	Fisheries		Rt Hon Peter Walker MBE MP Minister of Agriculture, Fisheries and Food Rt Hon George Younger TD MP Secretary of State for Scotland Rt Hon Alick Buchanan-Smith MP Minister of State, Ministry of Agriculture, Fisheries and Food
18–19 October	Agriculture		Rt Hon Peter Walker MBE MP Minister of Agriculture, Fisheries and Food Rt Hon Alick Buchanan-Smith MP Minister of State, Ministry of Agriculture, Fisheries and Food
25 October	Justice		Peter Fraser Esq QC MP Solicitor General for Scotland
25–26 October	Foreign Affairs		Rt Hon Francis Pym MC MP Secretary of State for Foreign and Commonwealth Affairs Peter Rees Esq QC MP Minister for Trade
25–26 October	Fisheries		Rt Hon Peter Walker MBE MP Minister of Agriculture, Fisheries and Food Rt Hon George Younger TD MP Secretary of State for Scotland Rt Hon Alick Buchanan-Smith MP Minister of State, Ministry of Agriculture, Fisheries and Food

Date	Session	UK Ministers Attending
4 November	Research Council	David Mellor Esq MP Parliamentary Under-Secretary of State for Energy
8 November	Fisheries	Rt Hon Peter Walker MBE MP Minister of Agriculture, Fisheries and Food
		Rt Hon George Younger TD MP Secretary of State for Scotland Rt Hon Alick Buchanan-Smith MP Minister of State, Ministry of Agriculture, Fisheries and Food
8 November	Development	Malcolm Rifkind Esq MP Parliamentary Under-Secretary for Foreign and Commonwealth Affairs
9 November	Energy	John Moore Esq MP Parliamentary Under-Secretary of State for Energy
15 November	Finance	Rt Hon Sir Geoffrey Howe QC MP Chancellor of the Exchequer
15 November	Labour and Social Affairs	Rt Hon Norman Tebbit Secretary of State for Employment
15–16 November	Agriculture	Rt Hon Alick Buchanan-Smith MP Minister of State, Ministry of Agriculture, Fisheries and Food
16 November	Joint Council of Employment and Finance Ministers	Rt Hon Sir Geoffrey Howe QC MP Chancellor of the Exchequer Rt Hon Norman Tebbit MP Secretary of State for Employment
22 November	Budget	Hon Nicholas Ridley MP Financial Secretary to the Treasury
22–23 November	Foreign Affairs	Rt Hon Francis Pym MC MP Secretary of State for Foreign and Commonwealth Affairs Peter Rees Esq QC MP Minister for Trade
25–29 November	General Affairs (GATT Ministerial)	Peter Rees Esq QC MP Minister for Trade
29 November	Fisheries	Rt Hon Peter Walker MBE MP Minister of Agriculture, Fisheries and Food Rt Hon George Younger TD MP Secretary of State for Scotland Rt Hon Alick Buchanan-Smith MP Minister of State, Ministry of Agriculture, Fisheries and Food

Date	Session		UK Ministers Attending
3 December continued 17 Decembe	Environment	in Cl. () Reeff s	Giles Shaw Esq MP Parliamentary Under-Secretary of State, Department of the Environ- ment
10 December	Labour and Affairs	Social	Rt Hon Norman Tebbit MP Secretary of State for Employment
13 December	Foreign Affairs	21 C TAL 22 24	Rt Hon Francis Pym MC MP Secretary of State for Foreign and Commonwealth Affairs Peter Rees Esq QC MP Minister for Trade
13–14 December	Agriculture		Rt Hon Alick Buchanan-Smith MP Minister of State, Ministry of Agriculture, Fisheries and Food
15–16 December	Budget		Hon. Nicholas Ridley MP Financial Secretary to the Treasury
16 December	Transport		Mrs Lynda Chalker MP Parliamentary Under-Secretary of State, Department of Transport Iain Sproat Esq MP Parliamentary Under-Secretary of State, Department of Trade
17 December	Finance	M	Rt Hon Sir Geoffrey Howe QC MP Chancellor of the Exchequer
21 December	Fisheries	H 19	Rt Hon Peter Walker MBE MP Minister of Agriculture, Fisheries and Food Rt Hon George Younger TD MP Secretary of State for Scotland

OTHER MEETINGS

Date	Session	UK Ministers Attending
29–30 August	Informal Meeting of Finance Ministers	Geoffrey Littler Esq CB HM Treasury (representing Ministers)
9 September	Political Co-operation Ministerial	The Lord Belstead Minister of State, Foreign and Commonwealth Office
27–28 September	Informal Meeting of Employment Ministers	Rt Hon Michael Alison Minister of State for Employment
5 October	Informal Meeting of Development Mini- sters	Rt Hon Neil Marten MP Minister for Overseas Develop- ment

Date	Session	UK Ministers Attending
11–13 October	Informal Meeting of Agriculture Ministers	Rt Hon Peter Walker MP Minister of Agriculture, Fisheries and Food Rt Hon Alick Buchanan-Smith MP Minister of State, Ministry of Agriculture, Fisheries and Food
16–17 October	Informal Meeting of Foreign Ministers	Rt Hon Francis Pym MC MP Secretary of State for Foreign and Commonwealth Affairs
21 October	Informal Meeting of Industry Ministers	Rt Hon Patrick Jenkin MP Secretary of State for Industry
26 October	Standing Employment Committee	David Waddington Esq MP Joint Parliamentary Under-Secre- tary of State for Employment
17–18 November		Rt Hon Patrick Jenkin MP Secretary of State for Industry
16 December	Informal Meeting of Energy Ministers	John Moore Esq MP Parliamentary Under-Secretary of State for Energy

Applications of the syst health and county with it was a two

ANNEX B

MAJOR PROPOSALS ADOPTED DURING THE PERIOD 1 JULY-31 DECEMBER 1982

External Relations, Trade and Aid

Council Regulation 3424/82—amending the import arrangements in respect of state-trading countries.

Council Decision 82/971—opening 1983 import quotas for the state trading countries.

Council Regulation 3482/82—extending for 1983 Council Regulation 596/82 which amended the import arrangements for certain products originating in the USSR.

Council Regulation 3331/82—on food aid policy and food aid management amending Regulation 2750/75.

Agriculture and Fisheries

Council Regulation 2144/82—amending Regulation 337/79 on the wine regime.

Council Decision 82/459—on the conclusion of an agreement with Thailand on voluntary restraint of export of manioc to the Community.

Council Decision 82/496—conclusion of an agreement with Indonesia limiting imports of manioc into the Community from GATT countries.

Council Regulation 3499/82—authorising the United Kingdom to import 7,250 tonnes of New Zealand butter at a reduced levy rate in January 1983.

Council Regulation 3073/82—amending Regulation 355/77 on common measures to improve the conditions under which agricultural products are processed and marketed, and Regulation 1820/80 for the stimulation of agricultural development in the less favoured areas of the West of Ireland.

Council Regulation 3164/82—amending Regulation 355/77 on common measures to improve the conditions under which agricultural products are processed and marketed.

Council Directive 82/890—on the approximation of the laws of the member states relating to wheeled agricultural or forestry tractors.

Council Regulation 3459/82—concerning the import system applicable to certain non-member countries in the sheepmeat and goatmeat sector for 1983.

Economic, Monetary and Budgetary

Council Decision 82/534—on the fifth medium-term economic policy programme.

Council Decision 82/950—adopting the Annual Report on the economic situation in the Community (1982) and laying down economic policy guidelines for 1983.

Regional and Industrial

Council Decision 82/752—adopting a five and a half year research and development programme in the field of automatic machine translation.

Council Decision 82/837—adopting a four year programme in the field of science and technology for development.

Council Decision 83/19—adopting a five year programme in the field of applied metrology and reference materials.

Council Decision 82/616—adopting a five year research and development programme in the field of medical and public health research.

Environment and Transport

Council Regulation 9647/82—ratifying an agreement between EC and ECMT countries relating to the simplification of arrangements for occasional international coach services (i.e. coach tours, excursions).

Council Decision 82/459—establishing a reciprocal exchange of information and data from networks and individual stations measuring air pollution within member states.

Council Decision 82/460—on a supplement to Annex IV to the Convention on the protection of the Rhine against chemical pollution (mercury).

Council Decision 82/461 on the conclusion of the convention on the conservation of migratory species of wild animals.

Council Decision 82/795—on the consolidation of precautionary measures concerning chlorofluorocarbons in the environment.

Social Affairs

Council Recommendation (82/857)—on the principles of a Community policy on retirement age.

Commission Recommendation 82/490—relating to the certificates of conformity provided for in Council Directive 76/117 concerning electrical equipment for use in potentially explosive atmospheres.

Council Resolution of 12 July—on the Promotion of Equal Opportunities for Women.

Council Resolution of 12 July on Community Action to combat unemployment.

Council Directive 82/605—on the Protection of Workers from the risks related to exposure to metallic lead and its ionic compounds at work (first individual directive within the meaning of Article 8 of Directive 80/1107).

Energy

Council Regulation 2038/82—amending Regulation 725/79 as regards the granting of financial support for demonstration projects in the field of energy saving.

Council Regulation 2039/82—amending Regulation 726/79 as regards the granting of financial support for projects to exploit alternative energy sources.

Council Recommendation 82/604—concerning the encouragement of investment in the rational use of energy.

Council Directive 82/885—amending Directive 78/170 on the performance of heat generators for space heating and the production of hot water in new or existing non-industrial buildings and on the insulation of heat and domestic hot-water distribution in new non-industrial buildings.

Council Decisions of 28 July and 21 December 1982 on the granting of financial support for Community projects in the hydrocarbons sector.

the second of th

ANNEX C

MAJOR MINISTERIAL SPEECHES ON COMMUNITY TOPICS

Date	Speaker	Occasion
2 July	Rt Hon The Lord Cockfield Secretary of State for Trade	British Businessmen's Association, Amsterdam
5 July	Rt Hon The Lord Cockfield Secretary of State for Trade	Export Club of Bavaria, Bayern
2 September	Rt Hon The Lord Cockfield Secretary of State for Trade	Conservative Group for Europe, London
10 September	Rt Hon Francis Pym MC MP Secretary of State for Foreign and Common- wealth Affairs	Anglo-Danish Society, Copenhagen
17 September	Rt Hon Francis Pym MC MP Secretary of State for Foreign and Common- wealth Affairs	Royal Institute for International Affairs, London
20 September	Rt Hon Douglas Hurd CBE MP Minister of State, Foreign and Commonwealth Office	Royal Institute for International Relations, Brussels
23 September	Rt Hon Douglas Hurd CBE MP Minister of State, Foreign and Commonwealth Office	Scottish CBI Dinner, Glasgow
28 September	Kenneth Baker Esq MP Minister of State for Industry and Information Technology	Club de la Peri-Informatique, Paris
4 October	Rt Hon Norman Tebbit MP Secretary of State for Em- ployment	Joint Meeting of the European Movement/International Affairs Association, The Hague
8 October	Rt Hon Douglas Hurd CBE MP Minister of State, Foreign and Commonwealth Office	Conservative Party Conference, Brighton
12 October	Rt Hon James Prior MP Secretary of State for Northern Ireland	Institute of International Affairs, Rome

Date	Speaker	Occasion
22 October	Rt Hon The Lord Cockfield Secretary of State for Trade	Annual Dinner of the British/ Portuguese Chamber of Com- merce, Lisbon
25 October	Rt Hon Francis Pym MC MP Secretary of State for Foreign and Common- wealth Affairs	Churchill Memorial Lecture, Luxembourg
28 October	Norman Lamont Esq MP Minister of State for In- dustry	British Scrap Federation, Annual Dinner, London
3 November	Rt Hon Michael Heseltine MP Secretary of State for the Environment	Flemish Employers' Federation, Antwerp
5 November	Rt Hon Douglas Hurd CBE MP Minister of State, Foreign and Commonwealth Office	International Union of Local Authorities, Edinburgh
11 November	Lord Trefgarne Under-Secretary of State for Health and Social Security	Annual Dinner of the British Businessmen's Club and the British Chamber of Commerce, Luxembourg
16 November	Peter Rees Esq QC MP Minister of State for Trade	Chamber of Commerce, Bremen
25 November	Peter Rees Esq QC MP Minister of State for Trade	GATT Ministerial meeting, Geneva
26 November	Rt Hon Douglas Hurd CBE MP Minister of State, Foreign and Commonwealth Office	Oxford Group for Europe, Oxford
27 November	Rt Hon Peter Walker MBE MP Minister of Agriculture, Fisheries and Food	European Movement Congress, London
29 November	Rt Hon Nigel Lawson MP Secretary of State for Energy	Industrie Klub, Dusseldorf
3 December	Rt Hon Douglas Hurd CBE MP Minister of State, Foreign and Commonwealth Office	Hansard Society, London
	26	

Date	Speaker	Occasion
7 December	Rt Hon Francis Pym MC MP Secretary of State for Foreign and Common- wealth Affairs	Royal Commonwealth Society, London
8 December	Rt Hon David Howell MP Secretary of State for Transport	Chamber of Commerce, Rotter-dam
8 December	Rt Hon Norman Tebbit MP Secretary of State for Em- ployment	Federation of Personnel Services Annual Conference, London

ANNEX D

CONCLUSIONS OF THE FOREIGN AFFAIRS MINISTERS ON COMPENSATION TO THE UNITED KINGDOM FOR 1982

Council Agreement of 26 October

- 1. On the basis of the Commission's estimate* compensation for the United Kingdom for 1982 is fixed at 850 million ECU (net).
- 2. Corrections to be made for 1980 and 1981 in the light of the actual figures, will be taken into account when negotiating the subsequent solution.
- 3. At that time, adjustments will be made in the event that the actual figure proves to be higher or lower than the 1982 base referred to in paragraph 1.

If the actual figure is higher than 1,530 million ECU but lower than 1,580 million ECU, the net compensation to the United Kingdom is unchanged. If the actual figure is higher than 1,580 million ECU but lower than 1,730 million ECU the net compensation is increased by 50 per cent of the difference between the actual figure and 1,580 million ECU. If the actual figure is higher than 1,730 million ECU, the net compensation is increased by 75 million ECU plus 75 per cent of the difference between the actual figure and 1,730 million ECU.

If the actual figure is lower than 1,530 million ECU, but higher than 1,480 million ECU, the net compensation to the United Kingdom is unchanged. If the actual figure is lower than 1,480 million ECU, the net compensation to the United Kingdom is reduced by an amount equal to 75 per cent of the difference between the actual figure and 1,480 million ECU.

- 4. The budgetary effect of the present agreement on compensation to the United Kingdom for 1982 on the Community budget for 1982 will be limited to the amount corresponding to the net compensation mentioned in paragraph 1.
- 5. Compensation to the United Kingdom will amount to 1,092 million ECU (gross)*. It will take the form of additional measures within the meaning of Regulation No. 2744/80 which will be extended and adapted accordingly. Appropriations to this end will be entered in the Community budget for 1982. The total amount will be advanced to the United Kingdom before the end of December 1982. Surpluses which exist from the 1981 and 1982 budget years will serve to finance this compensation. If the financial mechanism yields any payment to the United Kingdom for 1982, the amount of such payment will be deducted from payments to the United Kingdom under the additional measures.

^{* 1,530} million ECU.

^{*} The adjustment of the gross figures in paragraph 5 to take account of the possible corrections foreseen in paragraph 3 as well as the adjustment of the gross figure in paragraph 6, according to the commitment taken by Ministers on 25 May 1982 in favour of Germany, will be entered in the Budget for 1983. The gross amounts have been calculated on the basis of the VAT shares contained in the Budget of the relevant budgetary year. They will be adjusted so as to reflect the actual VAT figures of the years in question.

- 6. Community resources will be allocated to projects or measures of Community interest in Germany, to take account of the need to improve the budgetary impact of common policies in that country. These Community resources will amount to 152 million ECU (net) or 210 million ECU (gross)*. The projects and measures will be carried out in 1983. The payments will be made no later than 1983. The resources needed for this will be entered in the 1982 budget. Surpluses which exist from the 1981 and 1982 budget years will serve to finance these projects and measures. Payments will be made on the basis of a Regulation based on Article 235 to be proposed by the Commission. The total amount will be committed before the end of December 1982. Advance payments in 1982 are possible.
- 7. The Ministers undertake to take a decision before the end of November 1982 on the subsequent solution.

Council Agreement of 17 December 1982

The Council confirms that it will respect the commitments contained in the conclusions of the Council of 26 October 1982.

The Council commits itself to use the budgetary means which are available at the end of 1982 for this purpose as a priority.

The Council notes that

- —the Commission has declared that these means are sufficient for this purpose,
- —the Commission will take steps to ensure that the two countries concerned will not be put in a worse position than intended under the conclusions of 26 October 1982,
- —the Commission will shortly make preparations for initiating in the first days of 1983 the procedures necessary to fulfil the commitments contained in the conclusions of 26 October 1982.
- —the Commission will elaborate a work programme for the development of the Community's policies.

ANNEX E

UNITED KINGDOM VISIBLE TRADE WITH THE EUROPEAN COMMUNITY

Importance of trade with the European Community

1. United Kingdom trade with other countries of the European Community now accounts for over 40 per cent of our overseas trade, compared with a share of about 30 per cent before accession. In recent years the Federal Republic of Germany has been the UK's top or second export market and all other member countries, apart from Greece, are among our top dozen export markets.

Trade performance with the European Community (see table 1)

2. In 1982 UK trade (export plus imports) with other member countries of the European Community amounted to almost £50 billion, with a deficit on the balance of visible trade of £1.3 billion. The ratio of exports to imports was 95 per cent. This represents a slight deterioration compared with 1980 and 1981, but a marked improvement on previous years.

By Commodity (see table 2)

3. On a crude basis the deficit on visible trade with other European Community countries in 1982 totalled £2.1 billion and the export/import ratio stood at 92 per cent. The increasing importance of North Sea Oil in the UK's trade with the rest of the European Community is reflected in the increasing share (27 per cent in 1982) of our exports accounted for by fuels. This resulted in a crude surplus in that commodity of £4.7 billion last year.

Fig. 2 volumentate Libert 1

4. The figures in tables 1 and 2 include Greece for all years.

UNITED KINGDOM TRADE WITH THE EUROPEAN COMMUNITY(1)

£ billion

		Exports	Imports	Visible Balance	Export/Import Ratio %
1970	 	2.4	2.3	+0.1	104
1971	 	2.5	2.7	-0.2	93
1972	 	2.8	3.4	-0.6	83
1973	 	3.9	5.2	-1.3	74
1974	 	5.5	7.7	-2.1	72
1975	 	6.2	8.7	-2.5	71
1976	 	8.9	11.2	-2.3	80
1977	 	11.7	13.6	-1.9	86
1978	 	13.3	15.9	-2.5	84
1979	 	17.3	19.9	-2.6	87
1980	 	20.4	19.7	+0.7	104
1981	 	20.9	20.9	-0.0	100
1982	 	23.0	24.2	-1.3	95

Source: Department of Trade

⁽¹) The figures for total United Kingdom visible trade with the European Community on a Balance of Payments basis include adjustments to both exports and imports to bring them on to a basis consistent in terms of both coverage and valuation. Commodity breakdown of our trade with the Community is only available on an Overseas Trade Statistics basis, where, inter alia, there are valuation differences between exports (fob) and imports (cif).

ANNEX E

TABLE 2

UNITED KINGDOM TRADE WITH THE EUROPEAN COMMUNITY

		Total	Total Trade			Food, Beverages and Tobacco	s and Tobacc	c		Basic Materials	aterials	
	Exports	Imports	Crude Balance	Export/ Import Ratio %	Exports	Imports	Crude	Export/ Import Ratio %	Exports	Imports	Crude	Export/ Import Ratio
1970	44449999999999999999999999999999999999	.44.84.84.84.84.84.84.84.84.84.84.84.84.	00001444444001	98 831 831 72 72 72 73 84 88 84 86 97 97	000000000000000000000000000000000000000	9000-1-10000 9000-1-10000000000000000000	00000000000000000000000000000000000000	428832128834	00000000000000000000000000000000000000	000000000000000000000000000000000000000	77.000000000000000000000000000000000000	1103 1111 1111 1111 1111 1111 1111 1111
		H	Fuels			Manufi	Manufactures				18 t 160	
	Exports	Imports	Crude	Export/ Import Ratio %	Exports	Imports	Crude	Export/ Import Ratio %	2 3 9	1	MG(1)	
1970 1971 1972 1973 1974 1976 1978 1980 1981	0000000	000000000000000000000000000000000000000	1111111++++++ 0000000000000000000000000	\$200 \$200 \$200 \$200 \$200 \$200 \$200 \$200	244.444.08.00.044.00.00.00.00.00.00.00.00.00.00.00		+++11 1 1 1 1 1 1 1 1	131 109 109 888 888 899 899 899 899 899 899 899 8			ant gareng a T	