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EUROPEAN PARLIAMENT PLENARY, STRASBOURG, 20 NOVEMBER 1991:
DEBATE ON THE POLITICAL UNION IGC

SUMMARY

1. VAN DEN BROEK ASSESSED PROGRESS, ESPECIALLY AT THE CONCLAVE. THE CURRENT DRAFT WAS LESS AMBITIOUS THAN THE DUTCH PRESIDENCY WOULD LIKE, BUT HE THOUGHT THE IGC BROADLY ON COURSE FOR A SUCCESSFUL OUTCOME AT MAASTRICHT. DELORS DELIVERED A SHARP ATTACK ON PILLARS, WHICH HE DERIDED AS A RECIPE FOR 'ORGANISED SCHIZOPHRENIA'. 'FIG LEAF' REFERENCES TO 'VOCATION FEDERALE' WERE NO USE IF THE SUBSTANCE WAS LACKING. ALMOST ALL MEPS WHO SPOKE LAMENTED THE EXTENT TO WHICH THE AMBITIONS OF THE CURRENT DRAFT FELL SHORT OF EARLIER VERSIONS, LET ALONE THEIR OWN PROPOSALS. INTERGOVERNMENTAL CO-OPERATION WAS A KEY TARGET FOR ATTACK, AS WAS THE FRENCH PROPOSAL FOR A CONGRESS. PREDICTABLE ATTACKS ON THE BRITISH GOVERNMENT BY THE BRITISH SOCIALISTS.

DETAIL

PRESIDENCY

2. VAN DEN BROEK SAID TIME WAS SHORT, BUT NEGOTIATIONS WERE GOING BROADLY ACCORDING TO PLAN. THE PRESIDENCY WOULD NOW TRAVEL TO CAPITALS IN AN EFFORT TO RESOLVE OUTSTANDING PROBLEMS. AT THE NOORDWIJK CONCLAVE ALL DELEGATIONS HAD NEGOTIATED IN A POSITIVE SPIRIT. A THOROUGH DISCUSSION OF THE ENTIRE TEXT HAD BROUGHT POSITIONS CLOSER AND CLARIFIED PROBLEMS IN ALL RESPECTS. AGREEMENT HAD BEEN REACHED ON MANY ISSUES (SUBJECT TO THE PROVISO THAT NOTHING WAS FORMALLY AGREED UNTIL ALL WAS AGREED). ON OUTSTANDING ISSUES, COMPROMISE PROPOSALS HAD EMERGED. SUCCESS AT MAASTRICHT WAS NOT GUARANTEED, BUT THE CONCLAVE HAD BROUGHT IT CLOSER.

3. VAN DEN BROEK SAID THERE WAS NOW NO RESISTANCE TO INCREASED LEGISLATIVE POWERS FOR THE EP ON THE MODEL OF ARTICLE 189B. SCOPE HAD STILL TO BE DETERMINED, BUT HERE TOO THERE WAS A LARGE MAJORITY IN FAVOUR OF THE PRESIDENCY COMPROMISE, WITH PRESSURE ALSO FOR EXTENSION TO SOCIAL POLICY AND EDUCATION. THE COMMISSION WOULD BE REDUCED TO TWELVE, WITH AN EP RIGHT TO APPROVE THE INCOMING TEAM. GERMAN MEPS WOULD BE INCREASED BY 18 (HE HOPED THE REMAINING RESERVE ON THIS WOULD BE LIFTED AT THE 2/3 DECEMBER MINISTERIAL). THERE WAS ALSO AGREED TEXT ON RIGHTS OF ENQUIRY AND PETITION, THE OMBUDSMAN AND THE REGIONAL COMMITTEE. THERE WOULD BE WIDER ASSENT PROCEDURE, A GREATER EP ROLE ON FINANCIAL ACCOUNTABILITY AND SUBSIDIARITY WOULD BE WRITTEN INTO THE TREATY.

4. MUCH ATTENTION HAD BEEN DEVOTED TO COMPETENCE, WHERE THERE

WERE STILL QUITE WIDE DIFFERENCES. THE CITIZENSHIP TEXT WAS AGREED. HE THOUGHT THE OUTLINE OF NEW PROVISIONS ON EDUCATION, HEALTH AND CULTURE CLEAR. ON RESEARCH, THE TEXT WAS AGREED, BUT NOT THE DECISION-MAKING PROCEDURE. THERE WOULD BE QMV ON ENVIRONMENTAL LEGISLATION WITH EXCEPTIONS TO BE DEFINED. THERE WAS A LARGE MAJORITY FOR THE CURRENT INDUSTRY TEXT. HE THOUGHT THE PROVISIONS ON INTERIOR AND JUSTICE WOULD LAY A GOOD FOUNDATION FOR AN EVOLVING JOINT POLICY (ALTHOUGH ONE DELEGATION THOUGHT IT WENT TOO FAR AND ONE THOUGHT IT INSUFFICIENT). PROVISIONS ON SOCIAL POLICY WOULD HAVE TO BE SETTLED AT MAASTRICHT, BUT THE WORK ON DEFINING THE DIFFERENT ISSUES HAD CLARIFIED THE CHOICES. COHESION WOULD BE COVERED IN THE BASIC TREATY TEXT AND A DECLARATION CONCERNING THE NEXT DELORS PACKAGE.

5. ON CFSP, VAN DEN BROEK SAID THAT WHETHER AND HOW FAR TO INTRODUCE QMV WAS STILL BEING DISCUSSED. ON DEFENCE, A CONSENSUS WAS EMERGING, WHICH WOULD INVOLVE A KIND OF COMMON DEFENCE POLICY AS A LONG TERM AIM, WITH CLARIFICATION MEANWHILE OF THE ROLE OF THE WEU. ON STRUCTURE, HE ACKNOWLEDGED STRONG EP VIEWS, BUT SAID THE PRESIDENCY HAD TO SEEK CONSENSUS. THE KEY POINT WAS TO PROVIDE FOR EVOLUTION. THE CURRENT DRAFT WAS NOT PERFECT, BUT IT DID NOT CLOSE ANY DOORS TO 'AN EVER CLOSER UNION'. A COHERENT APPROACH TO INTERNATIONAL ACTION WAS A KEY PRIORITY. HE CONCLUDED WITH CONFIDENCE THAT EUROPEAN INTEGRATION WOULD PROCEED IN A BALANCED WAY, WITH DUE RESPECT FOR SUBSIDIARITY AND DEMOCRACY. IN A LATER INTERVENTION HE CONCEDED THAT THE TEXT WAS LESS AMBITIOUS THAN THE DUTCH WOULD WISH, BUT THE TASK OF THE PRESIDENCY WAS TO SEEK SOLUTIONS ACCEPTABLE TO ALL.

COMMISSION

6. DELORS RECOGNISED PRESIDENCY EFFORTS BUT SAID THE OUTCOME WOULD BE JUDGED ON THREE KEY ISSUES: THE INSTITUTIONAL DYNAMIC, A BALANCED APPROACH AND A GENUINE LEAP FORWARD ON CFSP. HE THOUGHT THE PARLIAMENT SHOULD BE BROADLY SATISFIED WITH THE INSTITUTIONAL PROVISIONS, INCLUDING 189B. THE COMMISSION WOULD NO LONGER HAVE THE RIGHT TO APPROVE EP AMENDMENTS AS PARLIAMENT AND COUNCIL WOULD DISCUSS THE ISSUES DIRECTLY IN CONCILIATION. BUT HE CALLED FOR A SIMPLER APPROACH, IE APPLICATION OF 189B TO ALL AREAS SUBJECT TO QUALIFIED MAJORITY VOTING. HE REGRETTED THAT THIS HAD BEEN REJECTED IN THE IGC.

7. ON BALANCE, HE CALLED FOR COMPETITION BETWEEN FIRMS, COOPERATION ON ENERGY RESOURCES AND SOLIDARITY BETWEEN THE MEMBER STATES. NETWORKS WERE A VITAL ELEMENT AND THERE SHOULD BE MORE SCOPE FOR THE COMMUNITY TO STRENGTHEN ITS OWN INDUSTRIAL FIRMS TO WITHSTAND INTERNATIONAL COMPETITION. THERE SHOULD BE A MAJOR LEAP FORWARD ON THE ENVIRONMENT. HE ARGUED THAT CAP REFORM WOULD BE AN INSTRUMENT OF COHESION, BUT NOTED THE LACK OF AGREEMENT IN THE IGC ON THE BROADER ISSUE OF PROGRESSIVITY OF INCOME (DESPITE SPANISH PRESSURE). ON SOCIAL POLICY, ELEVEN MEMBER STATES HAD ACCEPTED THE SOCIAL CHARTER, YET NOT A SINGLE SIGNIFICANT ACT HAD BEEN ADOPTED. THE COMMUNITY HAD TO BE ABLE TO SOFTEN THE IMPACT OF INDUSTRIAL RESTRUCTURING. A MINIMUM OF QMV WAS ESSENTIAL. ALL THE SOCIAL PARTNERS ENDORSED THIS APPROACH.

8. ON CFSP HE ARGUED THAT A VAGUE PROVISION ALLOWING IMPLEMENTATION BY QMV TO BE DECIDED CASE BY CASE BY UNANIMITY WOULD ENGENDER PROCEDURAL DISPUTES IN COUNCIL. IT WAS ESSENTIAL THAT THE EUROPEAN COUNCIL SET OUT THE MAIN PRIORITY AREAS FOR

COMMON ACTION. DELORS DIRECTED HIS SHARPEST CRITICISM TO STRUCTURE. THE IGC HAD INDULGED IN "INSTITUTIONAL IMPROVISATION" WHICH WOULD AMOUNT TO "ORGANISED SCHIZOPHRENIA". CONSECRATING THE PRINCIPLE OF INTERGOVERNMENTAL COOPERATION WAS DANGEROUSLY RETROGRESSIVE AND WOULD BE DIFFICULT TO ELIMINATE LATER. THERE WAS NO POINT IN A FIG-LEAF REFERENCE TO "VOCATION FEDERALE" IF THE SUBSTANCE SIMPLY WAS NOT THERE. IT WAS NO GOOD POINTING TO A REVIEW CONFERENCE IN 1996. BY THEN THE COMMUNITY MIGHT BE COPING WITH THE INSTITUTIONAL IMPLICATIONS OF ENLARGEMENT TO 15 OR EVEN 25. INTERIOR AND JUSTICE AND CFSP HAD TO BE TACKLED CONSISTENT TO THE COMMUNITY APPROACH.

THE PARLIAMENT

9. ALMOST ALL THE MEPS WHO SPOKE ATTACKED THE DUTCH TEXT AS INSUFFICIENTLY AMBITIOUS IN MOST RESPECTS AND DANGEROUSLY RETROGRESSIVE IN OTHERS. THE FRENCH PROPOSAL FOR A CONGRESS WAS A MAJOR TARGET FOR CRITICISM. COT (FRANCE, SOCIALIST LEADER) THOUGHT THE NET RESULT WOULD BE AN INCREASE IN THE "DEMOCRATIC DEFICIT" AS AREAS OF INTERGOVERNMENTAL COOPERATION WOULD BE OUTSIDE PARLIAMENTARY CONTROL. THERE HAD BEEN NO PROGRESS ON SOCIAL POLICY AND THE NEW DECISION-MAKING PROCEDURE WAS COMPLEX AND INADEQUATE. NOR WAS THE OBJECTIVE CLEAR. AN "EVER CLOSER UNION" WAS NO SUBSTITUTE FOR A "VOCATION FEDERALE". KLEPSCH (GERMANY, CHRISTIAN DEMOCRAT LEADER) AGREED. ON LEGISLATION THE PARLIAMENT SHOULD BE ON APPROXIMATELY THE SAME LEVEL AS THE COUNCIL, PERHAPS NOT IMMEDIATELY IN ALL QMV AREAS, BUT WITH A COMMITMENT TO EVENTUAL EXTENSION ACROSS THE BOARD. THE PROVISIONS ON APPOINTMENT OF THE COMMISSION GAVE THE APPEARANCE OF INFLUENCE, BUT NOT THE REALITY. EP ASSENT TO TREATY CHANGE WAS ESSENTIAL TO PREVENT LATER CLAWING BACK OF POWERS FROM THE PARLIAMENT. OVERALL THE DRAFT WAS VAGUE AND UNACCEPTABLE.
10. GISCARD D'ESTAING (FRANCE, LIBERAL LEADER) INSISTED ON THE NEED FOR A CLEAR FEDERAL APPROACH AS THE ONLY GUARANTEE AGAINST EXCESSIVE CENTRALISATION. HE WAS LESS CRITICAL OF THE CURRENT TEXT, NOTING THAT THE 189B PROCEDURE GAVE THE PARLIAMENT THE ESSENTIAL EXTRA INFLUENCE. SCOPE WAS A MATTER FOR DISCUSSION, BUT IT SHOULD BE WIDE ENOUGH TO PROVIDE FOR "A SUFFICIENTLY BROAD EXPERIMENTAL PHASE", WITH GRADUAL MOVEMENT TO ITS USE AS A GENERAL RULE. THE CFSP PROVISIONS WERE A MINIMUM AS THEY STOOD. HE WAS CONCERNED AT SOME GREY AREAS IN THE TEXT, BUT THOUGHT ON BALANCE THAT IT WAS REALISTIC TO EXPECT AN AGREEMENT AT MAASTRICHT, WHICH WOULD BE JUSTIFIED AS "SIGNIFICANT PROGRESS", IF NOT PRECISELY A VICTORY. OTHER MAINSTREAM SPEAKERS GENERALLY ECHOED THE VIEWS OF THEIR GROUP LEADERS, ALTHOUGH THE RDE (GAULLISTS) TOOK A MORE SCEPTICAL APPROACH, WITH MUSSO ARGUING THAT THE COMMISSION COULD HARDLY EXPECT THE MAN IN THE STREET TO GIVE THE COMMUNITY MORE POWERS WHEN IT WAS ENGAGED IN AN INCOMPREHENSIBLE EFFORT TO WRECK THE CAP.
11. OF THE BRITISH SPEAKERS, SIR C PROUT (EDG LEADER) REGRETTED THAT TOO MUCH COMMUNITY DECISION-MAKING WOULD STILL TAKE PLACE BEHIND CLOSED DOORS, AND EVEN BY OFFICIALS. HE WANTED PARALLEL COMMISSION AND EP TERMS, ABOLITION OF THE COMMISSION'S RIGHT TO "SECOND GUESS" EP AMENDMENTS AND APPEALED FOR LEGISLATIVE SIMPLICITY, IE A SINGLE DECISION-MAKING PROCEDURE FOR ALL QMV AREAS. PRAG (UK, EDG) SHARPLY CRITICISED THE CURRENT TEXT, CALLING FOR COOPERATION PROCEDURE FOR CAP AND COMMERCIAL POLICY AND AGREEING WITH DELORS ON PILLARS. HE WAS PARTICULARLY

EXERCISED ABOUT THE PROSPECT OF SENSITIVE DECISIONS ON POLICING AND SECURITY, CENTRAL TO CITIZENS' RIGHTS, BEING TAKEN IN FORA EXEMPTED FROM EP CONTROL AND, IN HIS VIEW, BEYOND CONTROL BY NATIONAL PARLIAMENTS.

12. FOR THE BRITISH SOCIALISTS, FORD (EPLP LEADER) ARGUED THAT A LABOUR GOVERNMENT WOULD BE ENCOURAGING, NOT BLOCKING, PROGRESS TOWARDS GREATER EUROPEAN INTEGRATION. HE CALLED ON THE OTHER MEMBER STATES NOT TO SUCCUMB TO UK PRESSURE, BUT TO BACK THE BRITISH GOVERNMENT INTO A CORNER AND FORCE IT TO ACCEPT THEIR DEMANDS. THE RISK WAS A LOWEST COMMON DENOMINATOR, INADEQUATE PARTICULARLY ON SOCIAL ISSUES. MARTIN (UK, SOCIALIST) SPOKE IN SIMILAR TERMS, ARGUING THAT THERE WAS A 'DICTATORSHIP OF THE MINORITY'. THE LACK OF PROGRESS WAS ENTIRELY THE FAULT OF THE BRITISH GOVERNMENT AND IT WAS PARTICULARLY OBJECTIONABLE IN HIS VIEW THAT THE GOVERNMENT'S VIEWS SHOULD BE TAKEN SERIOUSLY BY THE OTHER MEMBER STATES WHEN, ELECTED BY THE FIRST PAST THE POST SYSTEM, THEY DID NOT REPRESENT THE MAJORITY OF THE BRITISH PEOPLE. THE FUTURE OF EUROPE COULD NOT BE HELD UP BY 'MINOR ELECTORAL SKIRMISHES ON AN OFF-SHORE ISLAND'. ON THE CONTENT OF THE DUTCH TEXT, HE CRITICISED IN PARTICULAR THE LACK OF DEMOCRATIC CONTROL OF EMU AND CFSP, BUT WAS MORE POSITIVE ON THE INSTITUTIONAL PROVISIONS.

13. THE ONLY OTHER UK MEP TO SPEAK WAS PAISLEY (UK, INDEPENDENT) WHO OBSERVED THAT THE TOWER OF BABEL HAD BEEN DESTROYED BY DIVINE INTERVENTION BECAUSE IT OFFENDED AGAINST GOD'S WILL. THE SAME WOULD APPLY TO POLITICAL UNION IF HE HAD HIS WAY.

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FROM THE PERMANENT REPRESENTATIVE

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D A Hadley Esq CB
Cabinet Office

18 November 1991

Dear David,

POLITICAL UNION IGC: COST IMPLICATIONS OF THE COMPETENCE TEXTS

1. We spoke about the paper enclosed with Brian Bender's letter of 6 November.

2. Of course an IGC outcome involving expanded competence, more QMV, and a bigger EP role would tend to increase pressure for higher spending. But in quantifying the risks, it would surely be right first to apply the following tests:

- a) Additionality of Risk. To what extent do the risks exist already, irrespective of the issue of Treaty change? As the paper says, measures in many of the areas it considers can be introduced under existing Articles 100A and 235. And as in 1987, with the first "Pacquet Delors", all the elements which Delors has mentioned as Commission ambitions for next year's Financing Review, could, and no doubt would, be put forward if there were no Treaty change.
- b) Additionality of Spend. To what extent are the risks mutually exclusive? One cannot simply cumulate potential costs. If we stick to our view that the Own Resources ceiling (1.2% of EC GNP) need not be raised in next year's Review, the room for additional EC spending is defined by (a) the headroom against that ceiling (0.07% of EC GNP on the basis of the Draft 1992 Budget); (b) reductions in other EC spending programmes (eg. the CAP); and (c) the future growth-rate of EC GNP. Any relaxation of the ceiling would require unanimous agreement. So listing bids which cumulate to far higher figures than would be feasible without raising the ceiling is highly misleading.
- c) Blocking Minorities. How much of the pressure for increased spending in particular areas, now subject to unanimity, would still be coralled by blocking minorities under QMV?

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Of course the answer cannot be "100%"; but "0%" seems equally implausible. (See para 3 below.)

- d) Plausibility of Proposals. Does anyone really think that the Commission are likely to propose all the items mentioned (eg. mothballing twelve North Sea oil-fields)? Again, this seems a little implausible, even as a worst case scenario. (See Annex).

3. We will not be alone in worrying about increased expenditure in the Financing Review and thereafter. Take the Germans: their net contribution is some 8 becu a year, and rising; and their domestic deficit well in excess of the EMU 3% guideline, and also rising. The French net contribution is now similar to ours, but the consequences of increased EC budget expenditure are much more serious for them than for us, because of our Abatement. After Abatement, our marginal contribution to EC budget expenditure in other Member States is around 7%, which means that for every new billion ecu of allocated expenditure in other Member States, the UK pays around £50 million. This is not an argument against our continuing to speak out firmly for budgetary rigour; but it is a fact relevant to the Cabinet Office paper, and to any implicit assumption that in the Financing Review we shall lack company in arguing for rigour, and will fail.

4. The real financial risk in the IGC arises not from the competence texts, when analysed against the four tests in para 2 above, but from the cohesion dossier. I do not believe that the Spanish can get what they want, but hardly less damaging to our position in the Financing Review would be a declaration on cohesion at Maastricht which seriously undermined our chances of resisting a major increase in the Own Resources ceiling. I know that HM Treasury are thinking about acceptable formulae for the Maastricht Conclusions: I recommend rapid comparing of notes with Northern allies.

5. I attach an Annex of more detailed comments on the Cabinet Office paper. Copies of it and this letter go to those who received the paper. Any paper which goes to Ministers will I hope take account of it, and of my points on methodology (para 2 above) and wider issues (paras 3 and 4 above).

John Kerr
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Annex

Comments on specific areas (summarised in para 3 of the Cabinet Office note):

(a) EC expenditure.

(i) Retaining unanimity on R and D is important, because there will be strong pressure for additional EC expenditure whatever the outcome of the IGC, and QMV would reduce our ability to resist this pressure. But the debate on previous R and D Framework Programmes demonstrated that blocking minorities to resist the more extreme demands would be feasible under QMV.

(ii) There already is EC Budget expenditure on networks. The idea of a Fund is not mentioned in the present IGC draft.

(iii) The figures given for education, training, culture and health are projections based on expansion of existing, in some cases substantial, expenditure programmes. But the paper does not distinguish between expansion feasible under existing legal bases and expansion arising from new legal bases. Nor does it assess how much could be blocked with the help of others (eg. the FRG) concerned about increased expenditure.

(iv) The Presidency proposal, following the Conclave, is to drop the texts on consumer protection, civil protection, tourism and energy.

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(b) Increased pressure for domestic public expenditure.

(i) As regards social security, the example of the pregnant women directive shows that, even under QMV, proposals can be made less costly (potential initial costs of £500 million reduced in negotiation to under £100 million). Since the Presidency have been persuaded to revert to unanimity for Article 51 (Social Security of Migrant Workers) there is now no proposal in any of the texts for Social Security to move to a QMV basis. ECJ judgements (including the Barber judgement) are not relevant.

(ii) On Development, the idea that the IGC text might have the effect of forcing us to comply with the UN 0.7% target needs further study. The requirement in the present text is to "comply with commitments" (which the 0.7% target is not) and only "to take account of" UN objectives.

(iii) The figures on Energy are overtaken, with the Presidency now proposing to drop the Energy chapter. Second, past Council discussion of Commission proposals on oil crisis measures, energy efficiency measures and new and renewable energy sources has not entailed massive new expenditure: why should future discussion? The idea of a 25% reduction in UKCS oil production was laughed out of court within the Commission (it did not even get as far as Commissioners, let alone the Council) earlier this year: why should it now be regarded as a realistic threat?

(iv) The Health text has been helpfully amended, following our suggestions, and it is now difficult to see how it could be used to affect health care as distinct from prevention. On prevention, action under it is now limited to promoting research into the causes of diseases and their transmission,

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health information and health education: the scope for increased public expenditure in these areas is limited.

(c) Economic costs.

(i) Table 1, which is used as the basis for estimates of costs in the social affairs field, contains a number of errors:

On part time work, pro-rata benefits are probably required anyway by existing EC law because of indirect discrimination.

On working time and holidays, the current draft directive provides for 48 hours in 4 weeks: nobody is arguing for 45 hours and 5 weeks. The directive is already being debated on the basis of QMV (and we would need a favourable Court judgement to establish that QMV was the wrong basis): it follows that it is irrelevant to a costing of new QMV provisions in the Treaty.

It is not certain that the Commission will make proposals on training rights for employees, public funding of pay of employees in training, extended redundancy provisions, or employment of disabled people.

On the other hand, parental leave for employees, child care services, employment of disabled people, mandatory minimum sick leave, and improved employment rights are all areas where costly Commission activity is plausible, but the estimates of costs in the Table seem on the high side.

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(ii) On the environment, the examples given in para 16 of the Annex all relate to measures passed unanimously. Since we are not by any means the back-marker on environmental issues, there will frequently be other Member States, interested in reducing the costs of new measures, to help form a blocking minority.

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