

PRIME MINISTER'S MEETING WITH THE TAOISEACH: EU ISSUES

Points to Make

- New UK Government has a positive European agenda. Want to get on with key challenges facing Europe. Look forward to active UK Presidency. Key priorities are: completion of the Single Market; enlargement to the East; reform of the CAP: tackling unemployment and promoting flexible labour markets in Europe: and making a reality of European foreign policy cooperation. We hope to work with Ireland in many of these areas.
- Generally, outcome of Amsterdam was very satisfactory for the UK. Major objectives secured. Glad we have found satisfactory arrangements to accommodate our distinct position on frontiers, and recognition of the Common Travel Area.
- [If raised]: Like you, we believe it important that the arrangements for incorporation of Schengen should be inclusive. We argued in Amsterdam against Spanish calls for our participation in Schengen acquis to be subject to unanimous voting. This is objectionable in principle and dangerous in practice.
- So we were very surprised to see the unanimity provision in the Dutch Treaty text. We did not agree to this. I understand officials have taken this up with the Dutch, who claim that their text was circulated and agreed. We are now pressing them to justify this with the evidence of the official record of the meeting. Important that our officials continue to keep in close touch.

Background

Article C/Schengen

1. The Dutch Amsterdam text includes a requirement in Article C of the Schengen Protocol that participation in the existing acquis by non-Schengen members should be subject to unanimity. We oppose this and do not believe that it was agreed at Amsterdam. Previously the text made such participation subject to the flexibility provisions of Articles 5a and K12 i.e our participation could only be blocked by a qualified majority of Member States (in the Third Pillar; or if the Commission rejected an application in the Community Pillar). This was acceptable to us.

2. Our understanding of discussion of Amsterdam is that Aznar twice said that unanimity would be essential. On the second occasion Van Mierlo said that the Presidency could accept the Spanish text - they would circulate it and discuss again once colleagues had seen it. The Foreign Secretary responded that he wanted to see the text, and made clear that he wanted to preserve the UK's right to opt in. No new text was circulated by the Dutch, though they are now insisting that a text did go around, and was agreed.

3. Though we do not expect to want to participate in the large majority of the Schengen acquis, as the Prime Minister has said in the House, our understanding of Amsterdam was that "the UK can participate in areas of interest to us if we so choose - at our option". We have therefore taken issue with the Dutch and have called on them to justify their position by the record at Amsterdam.

4. There is a Gibraltar angle to this: the Chief Minister has written to the Foreign Secretary complaining that by agreeing to unanimity in Article C we have sold out: the Gibraltarians fear that Spain would hold UK participation in Schengen provisions to ransom for Gibraltar related reasons. The Spaniards insist that unanimity should remain, and have written to the Dutch to say that any change would have to be referred back to the European Council.