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808

PREM 19/1031

Enlargement of the European Community.
 Possible application for membership by Turkey.
 Accession of Greece.
 Pre-accession aid to Portugal.

EUROPEAN POLICY

Accession of Spain.

PART 1

May 1979

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
5.9.80		5.8.82					
12.9.80		7.10.82					
23.9.80		22.10.82					
24.9.80		5.11.82					
13.10.80		8.11.82					
15.10.80		16.11.82					
21.10.80		23.12.82					
10.11.80		10.3.83					
31.12.80		← Part Ends →					
22.6.81							
21.82							
24.6.82							
28.7.82							
2.8.82							
4.8.82							

PREM 19/1031

PART 1 ends:-

ATL to Bone 10.3.83

PART 2 begins:-

EQO(E)(83)18 20.6.83

Envo. Pal.

SW

e. CO LPO
LPS LCO
MAFF FCO
Dide
AGO
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CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

10 March, 1983

Dear Sir,

Reform of Community Institutions

The Prime Minister has seen the minute of 9 March by the Foreign and Commonwealth Secretary. She is content that we should work for a reduced European Commission of 12 members. Mrs. Thatcher has recalled that she once discussed this matter with Helmut Schmidt and they both agreed that 12 would be better than 17.

I am copying this letter to the Private Secretaries to the Lord Chancellor, the Lord President, the members of OD(E) and Sir Robert Armstrong.

*Yours ever
John Gals*

R. B. Bone, Esq.,
Foreign and Commonwealth Office

CONFIDENTIAL

SW

✓ RJ ①



010

Prime Minister

Content that we should work for a reduced European Commission of 12 members?

A.J.C. $\frac{2}{3}$

Yes - I dismissed this one with

Helmut Schmidt and we both

PM/83/21

PRIME MINISTER

Reform of Community Institutions

added. -

1. I held a meeting yesterday of the Ministerial Sub-Committee on European Questions on the basis of a Report by Officials (OD(E)(83)1) to consider the line the United Kingdom should take in discussions in the Community on the institutional reforms which will be required in the context of enlargement. We gave officials guidance on a wide range of reforms which we might seek to make the Community more efficient and cost-effective.

agreed that 12 would be better than 17.

2. There is only one point which I think I need draw to your attention. This concerns the size of the Commission. At present this has 14 members, and the natural progression on enlargement would be to 17 (2 for Spain and 1 for Portugal). It was agreed that a Commission of 17 would be too large and that a Commission of 12 (one per member state) would be more effective. This would require the four large member states, including the United Kingdom, to give up one of their two Commissioner posts. It was felt that the balanced political representation of two Commissioners no longer had its original national significance, and that the loss of the second French and Italian Commissioners could work to our advantage. A move to a single Commissioner would make it important for us to choose a national figure of standing who could command a major portfolio. It was noted, however, that the discussions on institutional reform were still at a very early stage and that the reactions of other countries were not clear. We could not yet be sure, therefore, whether a Commission of 12 would prove to be negotiable with the other large member states, particularly France and Italy.

not

It was



It was accordingly agreed that the United Kingdom should float the idea of a Commission of 12 in such a way as to gain the maximum negotiating credit, but that our subsequent position would have to take account of the views of the other large member states.

3. I am sending copies of this minute to the Lord Chancellor, the Lord President, members of OD(E) and Sir Robert Armstrong.

(FRANCIS PYM)

Foreign and Commonwealth Office
9 March 1983

18 MAR 1953

9 8 7 6 5 4 3 2 1

GRS 480
CONFIDENTIAL
FM MADRID 230754Z DEC 82
TO PRIORITY FCO
TELEGRAM NUMBER 712 OF 23 DECEMBER
INFO PRIORITY UKREP BRUSSELS
INFO GOVERNOR GIBRALTAR(PERSONAL)
INFO SAVING OTHER EC POSTS

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PS. NO 10, DOWNING STREET.

MY TELNO 704, PARAGRAPH 4: EC/SPAIN

1. WHEN I CALLED THIS MORNING WITH HERVEY ON MARIN, THE NEW SECRETARY OF STATE FOR COMMUNITY AFFAIRS, HE EXPRESSED CONCERN ABOUT THE PROGRESS OF THE NEGOTIATIONS FOR SPANISH ACCESSION. HE REPEATED THE POINT MADE PUBLICLY BY THE PRIME MINISTER AND MORAN ABOUT THE IMPORTANCE OF SPANISH MEMBERSHIP BEFORE THE END OF THE PRESENT PARLIAMENT. IF SPAIN HAD NOT BECOME A MEMBER BY 1986 IT WOULD BE IMPOSSIBLE FOR ANY MAJOR POLITICAL PARTY TO INCLUDE IN ITS ELECTORAL PROGRAMME SUPPORT FOR SPANISH ADHESION. THIS COULD HAVE PROFOUND CONSEQUENCES. THE FAILURE OF ENLARGEMENT, AND DEGENERATION INTO A FREE-TRADE AREA, COULD MARK THE BEGINNING OF THE END FOR THE COMMUNITY.

2. IT WAS AGAINST THIS BACKGROUND THAT SPAIN WISHED TO SEE ESTABLISHED A GENERAL TIMETABLE FOR THE NEGOTIATIONS. THE ADVENT OF THE GERMAN PRESIDENCY WOULD BE IMPORTANT IN THIS CONTEXT. SPAIN WISHED TO COMPLETE NEGOTIATIONS ON AT LEAST A MAJOR PROPORTION OF THE OUTSTANDING CHAPTERS BEFORE THE END OF JUNE. I DREW ATTENTION TO BRITISH SUPPORT FOR EARLY SPANISH ACCESSION. AT THE LAST EUROPEAN COUNCIL THE PRIME MINISTER HAD REITERATED THIS IN CLEAR TERMS.

3. ON RESTRUCTURING, MARIN STRESSED THAT SPAIN APPRECIATED THAT SHE WOULD HAVE TO ADAPT AND MODERNISE HER INDUSTRY IRRESPECTIVE OF WHETHER SHE ENTERED THE COMMUNITY. BUT SHE SHOULD NOT BE EXPECTED TO UNDERTAKE PAINFUL SURGERY IN FOR EXAMPLE THE STEEL, TEXTILE AND AUTOMOBILE SECTORS WITHOUT KNOWING ON WHAT TERMS MEMBERSHIP WAS BEING OFFERED - OR WITH NO MORE THAN ASSURANCES THAT ACCESSION WOULD BECOME A REALITY. SPAIN WOULD ALSO NEED TO KNOW WHAT FINANCIAL ASSISTANCE MIGHT BE AVAILABLE. MARIN ADDED THAT IT WAS IRONIC THAT ONE OF THE CONDITIONS OF ENTRY APPEARED TO BE A HALT TO FURTHER IRRIGATION. YET GREECE AND ITALY WERE TO BENEFIT FROM IRRIGATION SCHEMES INTRODUCED WITH COMMUNITY SUPPORT AND DESIGNED TO INCREASE THE OUTPUT OF MEDITERRANEAN PRODUCTS.

4. IN DISCUSSION ABOUT THE ECONOMIC CONSEQUENCES OF ENLARGEMENT I REMINDED MARIN ABOUT THE GIBRALTAR POINT. HE IMMEDIATELY REPLIED THAT GIBRALTAR WAS NOT A PROBLEM IN THIS CONTEXT. CONSIDERABLE PROGRESS HAD ALREADY BEEN ACHIEVED OVER THE OPENING OF THE FRONTIER. THE SPANISH GOVERNMENT LOOKED FORWARD TO THE IMPLEMENTATION IN THE SPRING OF THE LISBON AGREEMENT. THE EXISTENCE OF GIBRALTAR DID NOT IMPLY ANY ECONOMIC DIFFICULTIES FOR SPAIN IN THE COMMUNITY CONTEXT.

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5. THE FEELING WITH WHICH MARIN SPOKE ABOUT THE PROSPECTS FOR SPANISH ACCESSION REFLECTS THE CONCERN OF THE GOVERNMENT AS A WHOLE. UNLESS THE NEGOTIATIONS ARE CARRIED FORWARD MORE VIGOROUSLY AND IN ACCORDANCE WITH SOME AGREED TIMETABLE, SPANISH MINISTERS BELIEVE THAT THE RESULT IS BOUND TO BE AN IGNOMINIOUS FAILURE. IN THE SPANISH ASSESSMENT, THE REPERCUSSIONS COULD BE VERY DAMAGING, AND COULD WELL SHAKE THE FOUNDATIONS OF DEMOCRACY IN THIS COUNTRY. MARIN WAS THUS UNDERLINING A SIGNIFICANT POLITICAL POINT. I LEFT HIM IN NO DOUBT THAT IT WAS WELL APPRECIATED IN LONDON.

6. THE SPANISH FOREIGN MINISTER SUBSEQUENTLY SPOKE IN SIMILAR TERMS TO MARIN AT A LUNCH WITH COMMUNITY AMBASSADORS. HE SAID THAT THE COMMUNITY ASPECT WAS NOW THE WEAKEST LINK IN HIS FOREIGN POLICY.

PARSONS

FCO PLEASE PASS TO SAVING ADDRESSEES

(REPEATED AS REQUESTED)

GIBRALTAR LTD

SED
DEF DEPT
NEWS D
PUSD
ECD(E)
PLANNING STAFF
PS
PS/MR HURD
PS/LORD BELSTEAD
PS/PUS
SIR J BULLARD
MR GOODISON
MR GILLMORE
MR HANNAY

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-2-
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GR 700

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*No matter
with own resources of
present size provided
CAP is shared
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Core Pd

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DESKBY 150830Z

FM UKREP BRUSSELS 131010Z NOV 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 4273 OF 13 NOVEMBER

INFO BRUSSELS COPENHAGEN THE HAGUE ROME DUBLIN PARIS BONN
LUXEMBOURG ATHENS LISBON MADRID.

MY TEL NO 4180 (NOT TO ALL) : ENLARGEMENT OF THE COMMUNITY.

WE HAVE RECEIVED TODAY THE FINAL VERSION OF THE COMMISSION'S
QUOTE INVENTORY UNQUOTE PAPER FOR THE EUROPEAN COUNCIL, ON THE
PROBLEMS OF ENLARGEMENT. IT HAS BEEN SENT UNDER COVER OF A
LETTER FROM THORN TO THE PRIME MINISTER WHICH READS AS FOLLOWS:

THE PAPER I ENCLOSE IS THE COMMISSION'S RESPONSE TO THE WISH
EXPRESSED BY THE EUROPEAN COUNCIL IN JUNE CONCERNING COMMUNITY
ENLARGEMENT. THE PERSONAL CONTRIBUTIONS SENT ME BY THE SEVERAL
HEADS OF STATE AND HEADS OF GOVERNMENT HAVE BEEN A GREAT HELP TO
ME BOTH IN PINPOINTING PROBLEMS AND IN COUGHING OUT SOLUTIONS.

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DEAL WITH IN ANY CASE. IN SOME CASES IT AGGRAVATES PROBLEMS, IN
OTHERS IT CONFRONTS US WITH THEM SOONER, BUT IN NONE DOES IT ACTUALLY
RAISE NEW PROBLEMS. THE IMMEDIATE DIFFICULTIES TO BE RESOLVED ARE
NEGLIGIBLE WHEN SET AGAINST THE POLITICAL AND ECONOMIC BENEFIT EN-
LARGEMENT WILL AFFORD THE PRESENT COMMUNITY AND THE APPLICANT
COUNTRIES IN THE LONGER TERM.

IT IS WITH THIS APPROACH IN MIND THAT THE COMMISSION SETS OUT, OR
RESTATES, THE SOLUTIONS IT ADVOCATES TO THE MAIN PROBLEMS TO BE
TACKLED.

FOR THE OPERATION OF THE FUTURE COMMUNITY, TWO MAJOR DECISIONS
HAVE TO BE TAKEN.

THE FIRST CONCERNS OWN RESOURCES. RETENTION OF THE PRESENT CEILING
ON THESE IS JUST NOT ON, NOT MERELY AS REGARDS COPING WITH THE
FINANCIAL IMPLICATIONS OF ENLARGEMENT BUT, QUITE APART FROM THAT
ASPECT, AS REGARDS CONTINUING AND WORKING UP THE COMMON POLICIES.

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/IT IS NOT

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MM

IT IS NOT POSSIBLE TO COME OUT IN FAVOUR OF ENLARGEMENT AND AT THE SAME TIME WITHHOLD THE BUDGET FUNDS THAT WOULD MAKE IT UNWORKABLE. IT IS THEREFORE VITAL THAT THE MEMBER STATES GIVE A CLEAR UNDERTAKING TO PROVIDE THE COMMUNITY WITH THE WHEREWITHAL TO CARRY OUT ITS POLICIES AS SOON AS THE NEED ARISES.

No. THE SECOND CONCERNS THE DECISION-MAKING PROCESS. THE PRESENT HOLD-UPS ARE MAKING IT IMPOSSIBLE FOR THE COMMUNITY TO GO FORWARD TO ANY EXTENT TO SPEAK OF. THE COMMISSION THEREFORE PROPOSES THAT GREATER USE SHOULD BE MADE OF MAJORITY VOTING WHERE IT IS ALREADY PROVIDED FOR, AND THAT CERTAIN TREATY PROVISIONS REQUIRING UNANIMITY SHOULD BE CHANGED.

AS REGARDS THE NEGOTIATIONS PROPER, THE COMMISSION WOULD POINT OUT HOW ABSOLUTELY ESSENTIAL IT IS TO OUR SUCCESS THAT THE QUOTE ACQUIS COMMUNAUTAIRE UNQUOTE BE CONSOLIDATED AND EXPANDED, ON THE BASIS OF THE PROPOSALS IT HAS ALREADY TABLED OR WILL SHORTLY BE TABLING WITH RESPECT TO SUCH MATTERS AS MARKET ARRANGEMENTS FOR MEDITERRANEAN AGRICULTURAL PRODUCTS, INCREASING THE EFFECTIVENESS OF THE REGIONAL FUND, THE ADOPTION OF MEDITERRANEAN INTEGRATED PROGRAMMES, THE COMMON FISHERIES POLICY AND THE IMPLICATIONS OF ENLARGEMENT FOR NON-MEMBER COUNTRIES IN THE MEDITERRANEAN AREA.

THE SERIOUSNESS OF THE ECONOMIC CRISIS AND THE NEED TO ENSURE COMPLIANCE WITH THE RULES ALREADY ADOPTED BY THE COMMUNITY FOR CERTAIN PARTICULARLY SENSITIVE SECTORS HAVE PROMPTED THE COMMISSION TO PROPOSE A QUITE NEW APPROACH.

THE PROPOSAL IS THAT THE APPLICANT COUNTRIES SHOULD BE ASKED, IN A FEW FIELDS, FOR AN UNDERTAKING THAT THEY WILL BEGIN APPLYING BEFORE THEIR ACTUAL ACCESSION RULES AND DISCIPLINES SIMILAR TO, OR INDEED THE SAME AS, THE ONES THE COMMUNITY IMPOSES ON ITSELF, TO HELP PREPARE THE WAY FOR INTEGRATION TO PROCEED AS SMOOTHLY AS POSSIBLE.

THE COMMUNITY FOR ITS PART WOULD SET ITSELF A TARGET DATE FOR THE CONCLUSION OF THE NEGOTIATIONS, AND WOULD STEP UP FINANCIAL CO-OPERATION.

THESE, AS I SEE IT, ARE THE MATTERS ON WHICH OUR REPRESENTATIVES SHOULD CONCENTRATE, IN THE DETERMINATION TO SUCCEED. WHILE FULLY ALIVE TO OUR COUNTRIES' TROUBLES, WHICH NOBODY WOULD DREAM OF IGNORING, I WOULD AGAIN STRESS THE POLITICAL IMPORTANCE OF THE DECISION AHEAD OF US.

IF WE FAIL, THE SPECIFIC ARGUMENTS THAT ANY OF US CAN REASONABLY USE WILL HARDLY EXCUSE US IN THE EYES OF FUTURE GENERATIONS.

I TRUST THAT FOLLOWING THE COMING EUROPEAN COUNCIL SESSION IT WILL BE POSSIBLE FOR THE COMMISSION'S COMMUNICATION TO BE SO TACKLED AS TO IMPART FRESH MOMENTUM TO THE NEGOTIATIONS NOW PROCEEDING.

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12. WE

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2. WE SHALL MUFAX TEXT OF THE PAPER TO THE DEPARTMENT FIRST THING ON 15 NOVEMBER. ORIGINAL FOLLOWS BY BAG.

FCO ADVANCE TO:-

FCO - EVANS BULLARD HANNAY GOODISON CROWE MS EVANS
CAB - HANCOCK MS LAMBERT
DOT - GRAY MISS LACKEY WELLS
MAFF - ANDREWES
TSY - LITTLER EDWARDS
- PS/NO. 10

BUTLER

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ECD (E)
ECD (I)
NEWS D
PS
PS/MR HURD
PS/PUS
SIR J BULLARD
MR EVANS
MR HANNAY
MR GOODISON

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ADVANCE ADDRESSEES

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RR COPENHAGEN	PS/M HURD	SIR J. BULLARD	
RR THE HAGUE	PS/RUS	MR HANNAY	
RR ROME		MR GOODISON	
RR DUBLIN		HD ECD(E)	
RR PARIS		HD NEWS D.	
		MS. EVANS ECD(E)	
RR BONN	ADVANCE COPY IMMEDIATE	MR HANCOCK	} CAB. OFFICE
RR LUXEMBOURG		MS LAMBERT	
RR ATHENS	<u>DBY 150830Z</u>	MR GRAY	} DOT
RR LISBON		MISS LACKEY	
		MR WELLS	
RR MADRID		MR ANDREWES	MAFF
GR 700		MR LITTLER	} HM TSY
		MR EDWARDS	
		PS NO 10 (2)	
		RC	

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DESKBY 150830Z

FM UKREP BRUSSELS 131010Z NOV 82

TO IMMEDIATE FCO

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MAFF - ANDREWES
TSY - LITTLER EDWARDS
- PS/NO. 10

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EUROPEAN POL 1

10 DOWNING STREET

From the Private Secretary

8 November 1982

See log,

EC/SPAIN

The Prime Minister has seen your letter of 5 November containing the comments of the Foreign and Commonwealth Secretary on Lord Cockfield's minute of 2 November. Mrs. Thatcher agrees with Mr. Pym's proposals for further action on the problem of our trade with Japan.

I am copying this minute to the Private Secretaries to Members of E and Sir Robert Armstrong.

Yours etc
John G. Cole.

R.B. Bone, Esq.,
Foreign and Commonwealth Office.

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Foreign and Commonwealth Office

London SW1A 2AH

5 November 1982

Prime Minister:

John Toth,

Yes

Agree to the
Foreign Secretary's
proposals?EC/SpainR
S/4 PM's Box

Mr Pym has seen Lord Cockfield's minute of 2 November, endorsing the proposals made in his minute of 22 October, and adding some suggestions for further action.

Euro Pd
May '79
Enlargement
of EC

Mr Pym welcomes those. He would propose to incorporate the first two of them into the programme of action in the Community set out below, which incorporates Sir Michael Butler's advice.

Mr Pym believes that our aim should be to reach a position where the Commission can raise these problems with the new Spanish Government, on the basis of an agreed Community position, soon after it comes into office (which, thanks to the curious workings of the Spanish constitution, will probably not be until early in December.)

With this in mind, he suggests that we should proceed as follows:

- first, officials from the FCO and the DOT should - as they are already arranging - visit Brussels next week to explain the problems to Commission officials, indicate to them our view of the scope for Community action, and seek their support;
- second, Sir Michael Butler should be instructed, as part of the follow up to this initial contact with the Commission, to approach Commissioners Haferkamp, Davignon and Natali;

/- meanwhile



- meanwhile, our posts in Community capitals should be instructed to take supporting action with the Governments of our partners;
- Sir Michael Butler should seek a substantive discussion in COREPER on 18 November.

In the light of this first round, we shall be in a position to judge whether it would be tactically right to raise the issue in the November Foreign Affairs Council, or whether some more ground work is needed and what there should be by way of preparation for discussion at the December Foreign Affairs Council.

Mr Pym also agrees with Lord Cockfield that we shall have to get the Commission to make it clear to the Spaniards that failure to produce a satisfactory response within a reasonable time will lead to action by the Community. This is one of the matters which we shall need to explore as a matter of priority with the Commission.

I am copying this letter to the Private Secretaries to other members of 'E' Committee and to Richard Hatfield at the Cabinet Office.

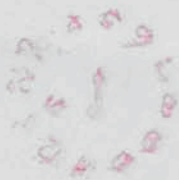
Yours sincerely,

A handwritten signature in dark ink, appearing to read 'R B Bone', written in a cursive style.

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

Trade, Tariff Bureau, Pt 2



2861 70X 5.22





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PRIME MINISTER

SPAIN

At the 28 October E Committee we agreed that a case-by-case approach offered the best hope of acting against unacceptable conduct by some of our trading partners. Spain is clearly a prime candidate for such a study. I therefore welcome the Foreign Secretary's 22 October minute (PM 28/86) to you, and endorse its proposals. But I feel we need to go further.

Ev. Rel. May '79. Enlargement of EC

The reservation is important. We need quick and substantive action by Spain to redress the extremely lop-sided EC Agreement which we inherited on Accession. I agree that our negotiating team should launch our post-Accession proposals as soon as possible, but our immediate concern should not be lost in the enlargement discussions. Completion of Spain's post-Accession transitional arrangements is some ten years away, but real problems of inequity face us now. The symptoms will only get worse: substantial exports of the General Motors new Corsa car, for example, could begin next March.

I recognise that there is a delicate political background: Gibraltar, NATO, and enlargement itself. But just as we were able to conclude successful pre-entry arrangements for Portuguese textiles, it should be possible to convince the Commission and Madrid that some substantial action on industrial tariffs should not get lost in the difficult enlargement portfolio.

Thus, I propose we buttress the approach suggested by Francis Pym by:-

- (i) approaches to Commissioners Haferkamp and Davignon, as well as Natali: we need to bring the Commission's trade and industrial, as well as enlargement, interests to bear on the problem;

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- (ii) setting a clear deadline for positive action by Spain, say four months;
- (iii) my opening discussions, now, with General Motors and Ford about their plans in respect of their Spanish manufacturing capacity. This would provide the opportunity to alert them to the advantages to them of Spain making a prompt and sizeable first reduction in its automotive tariff.

Finally, we should urgently examine - if only provisionally - how we might emulate French practice in administering vehicle type approval requirements so as to exclude unwelcome imports: in this case from Spain.

I am sending copies of this minute to other members of E Committee and to Sir Robert Armstrong.

Department of Trade
1 Victoria Street
London, SW1H 0ET

2 November 1982

Arthur Cockfield
LORD COCKFIELD

CONFIDENTIAL

Trade, Tariff Camer, Pt 2



1982





This will be considered, together
with other papers, at 'E' next week.

A.F.C. 27/10.

[Handwritten signature]

PM/82/86

PRIME MINISTER

Enlargement of the Community and EC/Spain 1970 Agreement

1. We had a first discussion in Cabinet last week of the handicaps imposed on British industry by the restrictive trade practices of other countries, and agreed to discuss what needed to be done about it in 'E' Committee next week. We spoke in particular about the conspicuously unfair arrangements under which Spanish cars enter Britain, which have lately been attracting criticism in this country.
2. I had already been giving some thought to the present state of the enlargement negotiations, and in particular to the implications for British industry of the lengthening delays in them; and to what action is open to us in the Community to redress the situation.
3. The root of the problem is the 1970 EC/Spain Trade Agreement. This allows much higher tariffs on imports by Spain from the Community than on Community imports from Spain. Protected by this imbalance, certain sectors of Spanish industry are now highly competitive with sensitive sectors of British industry, in particular cars and components, while British and other Community exporters are faced by a range of barriers, a number not sanctioned by the Agreement. Repeated efforts to renegotiate the Agreement have failed, because the French and Italians are not prepared to make the agricultural concessions which the Spaniards insist on. Our position has been that we should

/work for



work for early accession by Spain, not only to consolidate the hold of Spanish democracy but also to dispose finally of the unequal and damaging 1970 EC/Spain Trade Agreement by securing early Spanish adoption of the Common Commercial Tariff.

4. These arguments still hold good. But with the delays in the accession negotiations which could postpone enlargement by years, we need to take a fresh look both at what we need from the post-accession transitional arrangements so as to eliminate very rapidly the unfair advantages Spain now has; and also at the increasingly prolonged pre-accession period. The following recommendations for action in the Community have been agreed in interdepartmental discussion at official level.

5. (a) Post-Accession: we should continue to work for the earliest possible accession by Spain with a short transitional period. The Community has already formally proposed that there should be a 3-year transitional period under the Customs Union Chapter, compared to the Spanish request for a 10-year transitional period. The position of both sides is so far seen as tactical. Even if we have to accept a longer transitional period (the UK, Denmark and Ireland had five years) we should press for a Community position based on a very short transitional period for any industrial product in which statistics demonstrate that Spain is already strongly competitive. This would be combined with a ceiling on the differences between the Spanish and Community basic duties on any product. Officials ^{propose to circulate} ~~will be circulating~~ the detailed proposals in Annex A among our partners for the next round of discussions to ensure that any Community offer of a transitional period longer than 3 years incorporates our proposals.

/(b) Pre-Accession:



(b) Pre-Accession: we should lobby our partners and the Commission on the unfair advantage Spain draws from the 1970 EC/Spain Agreement both by taking advantage of the high level of protection it affords in sectors where Spain has become competitive and by Spanish failures to implement it properly. We have already started this lobbying on the basis of an inter-Departmentally agreed factual paper. We should follow this up very soon with a request to the Commission to make an urgent report on the action it proposes could be taken under the terms of the 1970 Agreement, with particular reference to anti-dumping, countervailing and safeguard measures (text at Annex B).

6. There are, however, some points which we should keep in mind. Any measures likely to be suggested would be very unwelcome in Spain. Our partners in the Community would be quick to make clear whence the pressure for them comes. There would be bound to be some fall-out in our bilateral relations (with implications for Gibraltar and, more immediately, the negotiations for £130m Rapier sales, which at present stand a reasonable chance of success). And in considering the timing of any action, we should have to try to avoid the appearance of a calculated snub to a new Spanish Government (the elections are on 28 October).

7. I am copying this minute to other members of 'E' Committee and to Sir Robert Armstrong.


(FRANCIS PYM)

Foreign and Commonwealth Office
22 October 1982

SPAIN: CUSTOMS UNION AND EXTERNAL RELATIONS:
TARIFF TRANSITION

1. Although many detailed aspects of the Customs Union Chapter of the negotiations with Spain (have now been) settled at the meeting of the Negotiating Conference on 25 October, the tariff transition arrangements have still to be determined. As the Prime Minister stated in her letter of 5 August 1982 to President Thorn the United Kingdom continues to set store by the expectation that the accession of Spain will be followed, after only a short transition period, by the termination of the imbalance in trading conditions inherent in the Community's 1970 Trade Agreement with that country.

2. The Spanish delegation has requested a tariff transition period 'as close as possible to the 10-year limit without exceeding that limit' (a). The Community delegation has proposed a period of three years (b). COREPER has held some discussion (on 10 June 1982) of

(a) CONF-E/14/82, page 24 and CONF-E/39/82, page 4

(b) CONF-E/50/82, page 3

(c) T/TAS/106, page 9

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conditions on which a period longer than three years might be acceptable. The United Kingdom has stated that in its view such conditions must include ecrement of the Spanish tariff. The Commission had proposed a horizontal ecrement such that no Spanish basic duty would exceed 28% (c). The United Kingdom considers that that would be a wholly inadequate measure of ecrement.

3. There are many important items in which, thanks in large part to the 1970 Agreement, Spanish exports are already strongly competitive internationally. Thus Spain exports successfully more than half her production of ships and cars, about half her output of car components, over a third of her iron and steel production and a significant proportion of her textile, clothing and footwear output. Community countries, meanwhile, have been contracting these and other sectors at considerable economic and social cost. There can be no justification for a further long tariff transition period for such items.

4. The United Kingdom would consider the following provisions appropriate for a general tariff transition period of more than three years:

(a) a short period must be retained for selected items. Annex G to the Stockholm Convention

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provided that Portugal would reduce her tariff against her EFTA partners faster for items of which she had exporting 15% of her production. In view of the relatively far weaker situation of Portugal the Community should certainly accept, if anything, more stringent a criterion vis-a-vis Spain in the current negotiations; and

(b) the flow of trade between the Community and Spain depends not only on the absolute height of the Spanish tariff but on the difference between corresponding Spanish and Community duties. This difference is in many cases unacceptably high. Accordingly the United Kingdom favours applying a surcharge to the Spanish tariff differentially: for no item should the difference between the Spanish and Community basic duties exceed a set number of percentage points. The present difference was accepted in the 1970 Agreement only because it was confidently expected to be a transitional regime.

5. The same principles should be applied in the External Relations Chapter of the negotiations to the alignment of the Spanish tariff on the common customs tariff.

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SPAIN: COMMUNITY ACTION UNDER THE 1970 AGREEMENT

1. The United Kingdom has had repeated occasion (most recently in COREPER on 21 October) to draw attention to Spanish breaches of the 1970 Agreement between Spain and the EEC. Repeated representations over many years, by the Commission and by Member States, have not prevented the continuance of arbitrary administration of Spanish quotas and discrimination in the taxation system and commercial legislation. The Agreement has afforded much greater advantage to Spain than to the Community; the Community cannot afford to take lightly infringements by a partner who now aspires to share with the existing Member States the mutual obligations of the Community Treaties themselves.

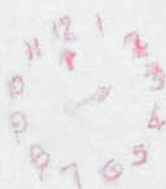
2. In order that European business circles may be satisfied that an adequate solution to this problem is to be found at the Community level, the United Kingdom requests the Commission to make an urgent report on the action it proposes could be taken under the terms of the 1970 Agreement. This report should make particular reference to Articles 9(1) (anti-dumping), 9(2) (countervailing) and 11(2) (safeguard measures). It should have particular regard to the difficulties caused for Community industries already under heavy

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strain (such as the vehicle and associated industries in the UK) by imports from factories that owe their location in Spain to the 1970 Agreement and are required by Spanish legislation to export the bulk of their production while enjoying heavy protection in the Spanish market itself.

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2 OCT 1982





Foreign and Commonwealth Office

London SW1A 2AH

22 October 1982

Handwritten initials and date:
10/22/82
h.a.

Handwritten: Gen. [unclear]

Enlargement of the Community and EC/Spain 1970 Agreement

I should be grateful if you would make the following minor amendment to Mr Pym's minute of 22 October on the above subject.

Paragraph 5(a), last sentence, should begin: 'Officials would propose to circulate the detailed proposals'....

I am copying this letter to the Private Secretaries to all members of 'E' Committee and to Sir Robert Armstrong.

Handwritten signature:
R B Bone

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

1982

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CONFIDENTIAL

FM MADRID 171530Z OCT 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 543 OF 17 OCTOBER

INFO UKDEL NATO, UKREP BRUSSELS, PARIS, LISBON, ROME,
ACTING GOVERNOR GIBRALTAR (PERSONAL).

*Read in file.
A-F.C. 19.
10*

MY TELEGRAM NO. 541 (NOT TO ALL)

TALK WITH SPANISH FOREIGN MINISTER ON 16 OCTOBER

PEREZ LLORCA TOLD ME THAT HE LOOKED FORWARD TO SEEING YOU AGAIN AT THE MEETING BETWEEN THE COMMUNITY AND SPAIN ON 26 OCTOBER. THE DATE WAS AWKWARD. IT WAS TWO DAYS BEFORE THE SPANISH ELECTIONS. BUT PEREZ LLORCA COULD NOT AFFORD TO BE ABSENT. IT MUST BE SEEN PUBLICLY THAT THE SPANISH MOMENTUM FOR ENTERING THE COMMUNITY WAS CONTINUING UNABATED. THE MINISTER HAD FEW ILLUSIONS ABOUT WHAT COULD BE ACHIEVED IN PRACTICE ON 26 OCTOBER. BUT HE HOPED THAT SOME SMALL MATTERS COULD BE SETTLED, IF ONLY FOR PRESENTATIONAL PURPOSES.

2. MEANWHILE HE ASKED ME TO CONVEY TO YOU AND YOUR OFFICIALS IN LONDON NEXT WEEK THE FOLLOWING ACCOUNT OF HIS VIEWS AS REGARDS SPANISH ENTRY INTO THE COMMUNITY. INFORMED OPINION IN SPAIN UNDERSTOOD THE REASONS FOR THE DELAY WHICH AROSE PRIMARILY FROM THE COMMUNITY'S INTERNAL PROBLEMS. BUT HE WAS DISTURBED AT THE WAY IN WHICH THE ECONOMIC COSTS OF SPANISH ENTRY WERE NOW BEING TOTTED UP IN BRUSSELS AND IN COMMUNITY CAPITALS. SPAIN WOULD OBVIOUSLY HOPE TO GAIN SOMETHING ECONOMICALLY FROM HER ENTRY. BUT THE COSTS TO HER PARTNERS WOULD BE COMPARATIVELY SMALL AND SPAIN WAS PREPARED TO BE REASONABLE ON THIS ASPECT. AT THE SAME TIME, IT WAS NECESSARY TO UNDERSTAND THE IMMENSE POLITICAL IMPORTANCE OF SPAIN JOINING THE COMMUNITY REASONABLY SOON. SOME POWERFUL VOICES EXISTED, BOTH WITHIN AND OUTSIDE SPAIN, WHICH WERE NOW SEEKING TO GIVE SPAIN MORE OF A THIRD WORLD ROLE BY DIMINISHING HER EUROPEAN DIMENSION. ALL THIS WAS TIED UP WITH NOSTALGIC HANKERINGS FOR MILITARY RULE ON THE LATIN AMERICAN MODEL. WESTERN DEMOCRATIC GOVERNMENTS MUST RECOGNISE THE CONTINUING DANGER AND TRY TO GIVE SPAIN A PUSH IN THE RIGHT DIRECTION.

3. PEREZ LLORCA SAID HE PARTICULARLY FEARED THE NARROW-MINDED ATTITUDE OF THE FRENCH GOVERNMENT. THEY WOULD USE AS A WEAPON AGAINST SPAIN BOTH THE FORTHCOMING DISCUSSION OF THE COMMUNITY'S OWN RESOURCES AND THE PROBLEM OF NORTH AFRICA. MOREOVER, THEY WOULD SUPPORT THE IDEA OF PORTUGAL JOINING THE COMMUNITY BEFORE SPAIN. THIS WOULD BE VERY BADLY RECEIVED HERE.

4. PEREZ LLORCA SAID THAT THE BRITISH POSITION ABOUT FREE MOVEMENT WITH GIBRALTAR IN THE CONTEXT OF COMMUNITY ENTRY WAS COMPLETELY UNDERSTOOD. BUT THE POINT WAS ACADEMIC. THE FRONTIER WOULD BE OPENED LONG BEFORE SPAIN JOINED THE COMMUNITY. HE APPRECIATED THE WAY WE HAD NOT (NOT) HARPED ON THIS POINT. THAT WOULD HAVE BEEN HELPFUL TO OBSTRUCTIONISTS IN PARIS.

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/5.

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5. AS REGARDS ITALIAN IDEAS FOR SPAIN, PEREZ LLORCA SAID WE MUST DISTINGUISH BETWEEN TWO DIFFERENT CONCEPTS. THE IDEA OF ATYPICAL ACCESION, AS ENUNCIATED PRIVATELY TO PEREZ LLORCA PRIVATELY BY SPADOLINI, WAS NOT TO BE DISMISSED LIGHTLY. IT COULD BE INTERESTING FOR SPAIN TO HAVE A LONG TRANSITIONAL PERIOD AND SPECIAL ARRANGEMENTS COVERING SPECIFIC PROBLEMS, PROVIDED THAT SHE HAD FULL VOTING RIGHTS AND WAS A GENUINE FULL TIME MEMBER OF THE COMMUNITY FROM THE START. BUT SPAIN COULD NOT ACCEPT THE OTHER CONCEPT, ASSOCIATED WITH RUGGIERO, WHICH WOULD GIVE SPAIN NOTHING MORE THAN POCO CONSULTATION AND TOKEN MEMBERSHIP.

PARSONS

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LEBAK ADVISERS

NEWS D

PS

PS MR HURD

PS LORD BELSTEAD

PS PUS

SIR J. BULLARD

MR GOODISON

MR ADAMS

ADDITIONAL DISTN:

LIBRAKTAR

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CONFIDENTIAL



10 DOWNING STREET

THE PRIME MINISTER

5 August 1982

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MAFF
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Dole

Dear Monsieur Thon,

Following our discussion of enlargement at the European Council on 28-29 June, you wrote to me on 10 July asking me to specify the problems posed by the enlargement of the Community for the United Kingdom.

I should like to begin by restating the strong support of the British Government for the further enlargement of the European Community to include Portugal and Spain. It was important that the European Council in June reaffirmed its statement of 27 November 1981. I think the Community should endeavour now not only to maintain the momentum of the accession negotiations, but to bring them to a successful conclusion without undue delay.

All Member States have from the beginning been aware that there would be difficult problems to be faced in the accession negotiations. Many of these were identified in the "fresco" prepared by the Commission in April 1978 and in subsequent work. In general, we see no need to change the traditional approach to accession which was set out by the Community at the beginning of the negotiations: as in previous enlargements the thrust of the negotiations should be about the appropriate

/transitional

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transitional arrangements for the applicant countries. Exceptions to the rule may be necessary in particular cases, but these should not denote an overall shift in approach. Where particular problems look like arising because of enlargement, the Community must consider carefully in advance what the appropriate arrangements for an enlarged Community should be, as is the case over certain Mediterranean agricultural products and over the costs of enlargement. We also consider that problems that come up in the negotiations should be dealt with, as a general rule, before accession.

For the UK, as for other Member States, some of the problems are more difficult than others, but I think the problems on the individual chapters of the negotiations are well enough known and need no further elucidation. However, I would wish to register the following particular points.

We continue to set store by the expectation that the accession of Spain will be followed, after only a short transition period, by the termination of the imbalance in trading conditions inherent in the Community's 1970 Trade Agreement with that country.

Regard for the legitimate concerns of industry, especially the problem of textiles (a problem mainly with Portugal but also with Spain), is particularly important for the United Kingdom. We hope that the proposal to Portugal agreed at the July Foreign Affairs Council will provide the basis for a solution to the textiles problem.

It will be important to negotiate arrangements which minimise the budgetary costs of enlargement. The own resources chapter in the accession negotiations will require the most careful consideration.

/Changes

Changes in the Community's present arrangements for Mediterranean agricultural products to take account of enlargement should not be such as to encourage the production of surpluses and should honour the Community's existing obligations to the Mediterranean countries with whom the Community already has Association or Co-operation Agreements.

It will be essential to conclude urgently the negotiations on a revised Common Fisheries Policy in order to provide a satisfactory basis for discussion of the fisheries chapter in the accession negotiations.

We had hoped that the problem of the continued closure of the frontier between Spain and Gibraltar would have been resolved by now in the framework of the Lisbon Agreement of 1980. Unfortunately this has not so far been the case. If the frontier remains closed, the United Kingdom reserves the right to raise the matter in discussion of relevant chapters of the accession negotiations. We have made it clear to Spain and in Parliament that it is inconceivable that there should be a closed frontier between two parts of the Community.

Yours sincerely

Raymond Barre

His Excellency Monsieur Gaston Thorn



Euro 901.

Foreign and Commonwealth Office

London SW1A 2AH

4 August 1982

Type please.

AR 4/8

Dear John,

Inventory of Enlargement Problems: Review by the Commission

I enclose a new version of the Prime Minister's reply to the letter from the President of the Commission, revised in the light of the Prime Minister's comments recorded in your letter of 2 August.

I am sending copies of this letter to John Rhodes (Department of Trade), John Kerr (HM Treasury), Robert Lawson (MAFF), Jonathan Spencer (Department of Industry) and Richard Hatfield (Cabinet Office).

Yours ever,

(F N Richards)
Private Secretary

A J Coles Esq
10 Downing Street

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:
The Prime Minister

Reference

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:
M Gaston E Thorn

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

Following our discussion of enlargement at the European Council on 28-29 June, you wrote to me on 10 July asking me to specify the problems posed by the enlargement of the Community for the United Kingdom.

CAVEAT.....

I should like to begin by restating the strong support of the British Government for the further enlargement of the European Community to include Portugal and Spain. It was important that the European Council in June reaffirmed its statement of 27 November 1981, and I think the Community should endeavour now not only to maintain the momentum of the accession negotiations, but to bring them to a successful conclusion without undue delay.

All Member States have from the beginning been aware that there would be difficult problems to be faced in the accession negotiations. Many of these were identified in the "fresco" prepared by the Commission in April 1978 and in subsequent work. In general, we see no need to change the traditional approach to accession which was set out by the Community at the beginning of the negotiations: as in previous enlargements the thrust of the negotiations should be about the appropriate transitional arrangements for the applicant countries. Exceptions to the rule may be necessary in particular cases, but these should not denote an overall shift in approach. Where particular problems look like arising because of enlargement, the Community must consider carefully in advance what the appropriate arrangements for an enlarged Community should be, as is the case over certain Mediterranean agricultural products and over

Enclosures—flag(s).....

/the costs

the costs of enlargement. We also consider that problems that come up in the negotiations should be dealt with, as a general rule, before accession.

For the UK, as for other Member States, some of the problems are more difficult than others, but I think the problems on the individual chapters of the negotiations are well enough known and need no further elucidation. However, I would wish to register the following particular points.

We continue to set store by the expectation that the accession of Spain will be followed, after only a short transition period, by the termination of the imbalance in trading conditions inherent in the Community's 1970 Trade Agreement with that country.

Regard for the legitimate concerns of industry, especially the problem of textiles (a problem mainly with Portugal but also with Spain), is particularly important for the United Kingdom. We hope that the proposal to Portugal agreed at the July Foreign Affairs Council will provide the basis for a solution to the textiles problem.

It will be important to negotiate arrangements which minimise the budgetary costs of enlargement. The own resources chapter in the accession negotiations will require the most careful consideration.

Changes in the Community's present arrangements for Mediterranean agricultural products to take account of enlargement should not be such as to encourage the production of surpluses and should honour the Community's existing obligations to the Mediterranean countries with whom the Community already has Association or Cooperation Agreements.

It will be essential to conclude urgently the negotiations on a revised Common Fisheries Policy in order to provide a satisfactory basis for discussion of the fisheries chapter in the accession negotiations.

We had hoped that the problem of the continued closure of the frontier between Spain and Gibraltar would have been resolved by now in the framework of the Lisbon Agreement of 1980. Unfortunately this has not so far been the case. If the frontier remains closed, the

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United Kingdom reserves the right to raise the matter in discussion of relevant chapters of the accession negotiations. We have made it clear to Spain and in Parliament that it is inconceivable that there should be a closed frontier between two parts of the Community.

14 AUG 1982





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10 DOWNING STREET

From the Private Secretary

2 August 1982

EC Enlargement

With your letter of 28 July you let me have a draft reply for the Prime Minister to send to the President of the Commission in response to his letter of 10 July. The Prime Minister is not entirely happy with the draft. She has commented that:

- a. It relegates to "a few points meriting the Commission's particular attention" matters which are of major significance.
- b. With regard to the fourth paragraph, the United Kingdom wishes to change the "full acquis" especially on the Budget, and that we should take the opportunity of enlargement to try to do so.

I should be grateful for your comments and for a revised draft.

I am sending copies of this letter to John Rhodes (Department of Trade), John Kerr (HM Treasury), Robert Lawson (MAFF), Jonathan Spencer (Department of Industry) and Richard Hatfield (Cabinet Office).

A. J. COLES

Francis Richards, Esq.,
Foreign and Commonwealth Office.

Jur



10 DOWNING STREET

THE PRIME MINISTER

*I think this letter
relates to a letter point to
which the Commission attention
should be drawn. matters
which are of major
significance.
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I should like to begin by restating the strong support of the British Government for the further enlargement of the European Community to include Portugal and Spain. It was important that the European Council in June reaffirmed its statement of 27 November 1981. I think the Community should endeavour now not only to maintain the momentum of the accession negotiations, but to bring them to a successful conclusion without undue delay.

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opportunity to
be to do it
not*

All Member States have from the beginning been aware that there would be difficult problems to be faced in the accession negotiations. Many of these were identified in the 'fresco' prepared by the Commission in April 1978 and in subsequent work. In general, we see no need to change the traditional approach to accession which was set out by the Community at the beginning of the negotiations.

/As in

As in previous enlargements applicants should subscribe to the full acquis on accession, subject only to transitional arrangements where appropriate, and to any particular exceptions which may be necessary in particular cases. Such exceptions should not denote an overall shift in approach. We also consider that problems that come up in the negotiations should be dealt with, as a general rule, before accession.

For the UK, as for other Member States, some of the problems are more difficult than others, but I think the problems on the individual chapters of the negotiations are well enough known and need no further elucidation. There are only a few points to which I would draw the Commission's particular attention:-

- (a) We continue to set store by the expectation that the accession of Spain will be followed, after only a short transition period, by the termination of the imbalance in trading conditions inherent in the Community's 1970 Trade Agreement with that country.
- (b) Regard for the legitimate concerns of industry, especially the problem of textiles (a problem mainly with Portugal but also with Spain), is particularly important for the United Kingdom. We hope that the proposal to Portugal agreed at the July Foreign Affairs Council will provide the basis for a solution to the textiles problem.

/(c)

- (c) It will be important to negotiate arrangements which minimise the budgetary costs of enlargement. The own resources chapter in the accession negotiations will require the most careful consideration.

- (d) Changes in the Community's present arrangements for Mediterranean agricultural products to take account of enlargement should not be such as to encourage the production of surpluses and should honour the Community's existing obligations to the Mediterranean countries with whom the Community already has Association or Co-operation Agreements.

- (e) It will be essential to conclude urgently the negotiations on a revised Common Fisheries Policy in order to provide a satisfactory basis for discussion of the fisheries chapter in the accession negotiations.

- (f) We had hoped that the problem of the continued closure of the frontier between Spain and Gibraltar would have been resolved by now in the framework of the Lisbon Agreement of 1980. Unfortunately this has not so far been the case. If the frontier remains closed, the United Kingdom reserves the right to raise the matter in discussion of relevant chapters of the accession negotiations. We have made it clear to Spain and in Parliament that it is inconceivable that there should be a closed frontier between two parts of the Community.



CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

28 July 1982

Type letter pl.

A.S.C. 307/7.

Dear John.

Inventory of Enlargement Problems: Review by the Commission

Your letter of 20[✓] July enclosed a copy of a letter from the President of the Commission to the Prime Minister inviting her to specify the problems for the United Kingdom posed by enlargement of the Community. A similar letter went to Heads of all EC Governments.

As Mr Thorn says, the request follows the June European Council's mandate to the Commission to list the problems posed by enlargement for Community policies and for each member state. The Commission are asking each member state mainly to flush out the French who have imposed a 'technical brake' on the negotiations; and the Italians who have started advocating a new but vague and ill-digested 'concept' of enlargement (the essence of which would be to let Spain and Portugal in but leave until after their entry decisions on the degree and form of their participation in major EC policies). In the Foreign Secretary's view, our interest is to reply quickly so that we are seen not to be holding up the accession negotiations; to make it clear that we see no need for new concepts of enlargement by reaffirming our support for the traditional approach; to urge conclusion of the negotiations without undue delay; and to highlight only our major concerns so as to avoid giving the impression that we see a whole host of new and difficult problems.

/ I attach a draft reply designed to fulfil this purpose which has been cleared interdepartmentally at official level.

I am sending copies of the draft to the Private Secretaries to the Secretary of State for Trade, the Chancellor of the Exchequer, the Minister for Agriculture, Fisheries and Food, the Secretary of State for Industry, whose departments have been so consulted, and to Richard Hatfield in the Cabinet Office.

A J Coles Esq
10 Downing Street

Yours ever,
(F N Richards)
Private Secretary.

CONFIDENTIAL

DSR 11 (Revised)

DRAFT: ~~minute/letter/teletype/letter/despatch/note~~

TYPE: Draft/Final 1+

FROM:
The Prime Minister

Reference

DEPARTMENT: TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

M Gaston E Thorn

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

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Enclosures—flag(s).....

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/As in previous

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- (b) Regard for the legitimate concerns of industry, especially the problem of textiles (a problem mainly with Portugal but also with Spain), is particularly important for the United Kingdom. We hope that the proposal to Portugal agreed at the July Foreign Affairs Council will provide the basis for a solution to the textiles problem.

/(c) It will be

- (c) It will be important to negotiate arrangements which minimise the budgetary costs of enlargement. The own resources chapter in the accession negotiations will require the most careful consideration.
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- (f) We had hoped that the problem of the continued closure of the frontier between Spain and Gibraltar would have been resolved by now in the framework of the Lisbon Agreement of 1980. Unfortunately this has not so far been the case. If the frontier remains closed, the United Kingdom reserves the right to raise the matter in discussion of relevant chapters of the accession negotiations. We have made it clear to Spain and in Parliament that it is inconceivable that

/there should be

there should be a closed frontier between
two parts of the Community.

MR 27/12.

SECRET

28 JUL 1982



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20 July 1982

EC ENLARGEMENT

I enclose a copy of a letter which the Prime Minister has received from the President of the Commission asking that we should specify the problems which enlargement poses for the United Kingdom.

I should be grateful if you could let me have a draft reply for signature by the Prime Minister in due course.

I am sending a copy of this letter and enclosure to David Wright (Cabinet Office).

A. J. COLES

Francis Richards, Esq.,
Foreign and Commonwealth Office

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20 July 1982

I am writing on behalf of the Prime Minister to thank you for your letter of 10 July.

This is receiving attention and a reply will be sent to you as soon as possible.

JOHN COLES

M. Gaston E. Thorn

RB

COMMISSION
OF THE
EUROPEAN COMMUNITIES

The President

200 RUE DE LA LOI
1049 BRUSSELS
TEL: (02) 735 80 40

19 O. VII. 1982

SG (82) D/

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Mr 17
Dear Prime Minister,

The European Council session on 28/29 June asked the Commission to list the problems which the enlargement poses for Community policies and for each of the Member States, and to make the appropriate proposals.

May I remind you that as long ago as 1978 the Commission submitted to the Council its General Considerations on the Problems of Enlargement; since then it has submitted its Opinion on Portuguese Application for Membership (May 1978), its Opinion on Spain's Application for Membership (November 1978) and a long string of more specific proposals, including proposals concerning changes in the *acquis communautaire*.

The Commission is aware of the urgent need to update and synthesise these papers in order to master the problems which have arisen more recently in the course of the accession negotiations.

The task that the European Council has asked of the Commission could be more easily and accurately carried out if you would be good enough to specify the problems which enlargement poses for your country - letting me have these particulars as soon as possible.

Vice-President Natali, who is responsible for the accession negotiations, is at your Government's disposal should you feel it desirable to go into these matters further.

Your sincerely,
Gaston E. Thorn
Gaston E. THORN

The Right Hon. Mrs Margaret THATCHER
Prime Minister
10 Downing Street

LONDON SW1

Nº 10
Euro Pd.

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BUFO 009/87

mb

OO FCO DESKBY 071900Z

PP MADRID

GRS 050

CONFIDENTIAL

DESKY 1071900Z

FM BRUSSELS 071843Z JAN 82

TO IMMEDIATE FCO TELNO 007 OF 07 JANUARY

INFO PRIORITY MADRID

INFO SAVING EC POSTS

1. JANSSEN, THE HEAD OF EUROPEAN ORGANISATIONS DEPARTMENT AT THE MFA, GAVE ME THE FOLLOWING ACCOUNT THIS EVENING OF PEREZ LLORCA'S TALKS EARLIER TODAY WITH TINDEMANS. PEREZ LLORCA ALSO ACCOMPANIED CALVO SOTELO FOR HIS CALL ON THE PRIME MINISTER BEFORE LUNCH, AT WHICH TINDEMANS PARTICIPATED, BUT NO OFFICIALS WERE PRESENT AND MARTENS'S CABINET HAVE NOT YET HAD AN OPPORTUNITY TO BE BRIEF HIM.

2. MOST OF THE CONVERSATION, WHICH LASTED TWO HOURS, WAS DEVOTED TO EUROPEAN COMMUNITY TOPICS. PEREZ LLORCA OPENED BY ANNOUNCING THAT THE SPANISH HAD DECIDED THAT THEY SHOULD SUBMIT DOCUMENTS ON THE MAJOR DOSSIERS (AGRICULTURE AND CUSTOMS UNION) SO THAT SUBSTANTIVE NEGOTIATIONS COULD START EITHER LATER THIS MONTH OR IN FEBRUARY. TINDEMANS HAD WELCOMED THIS NEWS BUT URGED THE SPANISH TO BE EXPLICIT PARTICULARLY OVER VAT. THE SPANISH ACKNOWLEDGED THAT THIS POINT WAS A PARTICULAR DIFFICULTY FOR THEM. THEY HAD AGREED IN PRINCIPLE TO INTRODUCE VAT BUT PRESENTATION WAS ALL IMPORTANT. IF IT COULD BE INCLUDED IN A PACKAGE OF OTHER DECISIONS THIS WOULD MAKE IT EASIER TO GAIN ACCEPTABILITY; IT WOULD BE VERY DIFFICULT FOR THEM IF IT WERE PRESENTED AS A SINE QUA NON FOR ENTRY. IN ANY CASE, PEREZ LLORCA SAID, THE SPANISH WERE VERY ANXIOUS TO SEE REAL PROGRESS BEFORE THE MARCH MINISTERIAL MEETING.

3. TINDEMANS REACTED CAUTIOUSLY. HE ARGUED THAT IT WOULD BE EASIER TO CONCENTRATE FIRST ON THE LESS DIFFICULT DOSSIERS: IE FREE MOVEMENT OF CAPITAL, RIGHTS OF ESTABLISHMENT, TRANSPORT AND REGIONAL POLICY. EVEN THESE REQUIRED CAREFUL EXAMINATION, BUT ALTHOUGH IT WAS UNLIKELY THAT THEY COULD BE FINALISED IN THE SUGGESTED TIME SCALE THEY MIGHT BE RENDERED 'RIPE' FOR USEFUL DISCUSSION BY THEN. BUT WITH AGRICULTURE, EVEN IF THE SPANISH WERE TO PRESENT THEIR DOCUMENTS AS QUICKLY AS THEY PROPOSED, THERE WOULD HAVE TO BE A LONG PROCESS OF EXAMINATION BY THE COMMISSION WHO IN TURN WOULD HAVE TO MAKE PROPOSALS TO THE COUNCIL. IT WOULD BE DIFFICULT TO DO MORE THAN HAVE AN EXCHANGE OF VIEWS BY MARCH AND CERTAINLY VERY DIFFICULT INDEED TO ENVISAGE A DECISION BY JUNE WHICH IS WHAT THE SPANIARDS APPEARED TO WANT. SIMILAR HANDLING WOULD BE NEEDED FOR CUSTOMS UNION AND OTHER MAJOR VOLETS SUCH AS STEEL. A MORE REALISTIC TIME SCALE, TINDEMANS SUGGESTED, WOULD BE TO PUT TOGETHER A PRELIMINARY PACKAGE BY MARCH AND TO GO ON TO PREPARE THE GROUND FOR THE MAJOR SUBJECTS FOR INITIAL DISCUSSION AT THE MINISTERIAL MEETING IN JUNE. PEREZ LLORCA AGREED TO REFLECT ON THIS.

4. PEREZ LLORCA SAID THE SPANISH WERE PARTICULARLY CONCERNED ABOUT FISH. SINCE THERE WAS NO EC POLICY IN EXISTENCE THEY CLAIMED THAT IT WOULD NOT BE POSSIBLE TO NEGOTIATE ON THE SUBJECT. WHAT THEY WANTED WAS AN INTERIM AGREEMENT, NOT AN ANNUAL ONE, WHICH SHOULD LAST UNTIL THEY JOINED. THIS WAS NECESSARY IN ORDER TO ALLOW THEM TO WORK OUT THEIR OWN FISHING POLICY AND DECIDE ON QUOTAS ETC. TINDEMANS'S REACTION HAD BEEN VERY RESERVED. HE POINTED OUT THAT THE DOSSIER WAS ON THE TABLE AND ONE OF GREAT IMPORTANCE.

5. ON POLITICAL COOPERATION, PEREZ LLORCA REPEATED THE SPANISH DESIRE TO BE ASSOCIATED MORE CLOSELY IN THE PROCESS ITSELF, RATHER THAN BEING INFORMED A POSTERIORI. THEY FELT THEIR STATUS AS A CANDIDATE MEMBER SHOULD BE RECOGNISED AND THEIR TREATMENT DIFFERENT TO THAT ACCORDED TO THIRD COUNTRIES. THE BELGIAN REPLY WAS NON-COMMITTAL. TINDEMANS REMINDED HIM THAT THEY HAD ALREADY PROPOSED TO THE SPANISH A SPECIAL LUNCH TIME BRIEFING FOR THE SPANISH MINISTER BY THE PRESIDENCY: BUT THEY WOULD DO WHAT THEY COULD TO TRY TO HELP.

6. THINDEMANS IN TURN GAVE PEREZ LLORCA AN ACCOUNT OF THE 4 JANUARY MEETING OF EC FOREIGN MINISTERS. PEREZ LLORCA SAID THAT THE SPANISH WOULD HAVE NO DIFFICULTY IN ASSOCIATING THEMSELVES WITH THE EC ECONOMIC MEASURES. THEY HAD ALREADY TAKEN A FIRM LINE OVER POLAND IN GOVERNMENT PUBLIC STATEMENTS.

7. ON THE MIDDLE EAST, PEREZ LLORCA EXPRESSED HIMSELF PESSIMISTIC BUT DID NOT GO INTO DETAILS. HE THOUGHT, HOWEVER, THAT THE COMMUNITY OUGHT TO PLAY A MORE IMPORTANT ROLE, PARTICULARLY SINCE THE SITUATION HAD NOW CHANGED SINCE THE VENICE DECLARATION HAD BEEN MADE.

8. THE ONLY NON-EC TOPIC OF NOTE WAS NORTH AFRICA. PEREZ LLORCA SAID HE WAS ANXIOUS ABOUT THE SITUATION IN WESTERN SAHARA AND RELATIONS BETWEEN ALGERIA AND MOROCCO. THESE WERE GETTING WORSE AND COULD HAVE IMPLICATIONS FOR THE LONG TERM INTERNAL STABILITY OF MOROCCO. CONTACTS WERE PLANNED BETWEEN THE ALGERIANS AND MOROCCANS SHORTLY, BUT HE DID NOT EXPECT MUCH TO COME FROM THEM.

FCO PLEASE PASS TO SAVING ADDRESSEES EXCEPT UKREP - WE WILL PASS.

HARTLAND-SWANN

NNNN

PLS AMEND DESKBY DTG TO 071900Z K



Euro PSI

10 DOWNING STREET

THE PRIME MINISTER

GREEK ACCESSION TO THE EUROPEAN COMMUNITY

On the occasion of Greece's accession I welcome the people of Greece to membership of the European Community and to partnership in the enlarged Europe of Ten. I believe that Greek membership will contribute to freedom and peace, European unity and social and economic progress to the advantage of all. Within the framework of the Community, ten countries of Europe can work together on our common problems and co-operate on the opportunities open to us for the future.

In the past year the links between our two countries have become stronger than ever and I recall with pleasure your hospitality and kindness during my visit to Athens in September.

Text released to Greek TV,
Greek newsagency, P.A. and Reuters
embargoed for 2100 hours on 31 December

CA
31/12



Foreign and Commonwealth Office

London SW1A 2AH

29 December 1980

Text mirrored (attached)

Return to C.F.

Prime Minister, approve text

as amended.

CA 31/12

Dear Mike,

*C. Baldwin
Duty Clerk 29/12.*

Greek Accession to the EC

I understand that the main Greek television channel (ERT) have this morning asked for a British contribution to a series of filmed messages from EC Heads of Government which they are recording to mark Greek accession to the Community.

Although it will be too late for the Prime Minister to record a special contribution personally, I understand that Greek television will be satisfied with a written statement.

I attach a draft statement from the Prime Minister for release by No. 10 Press Office.

*For me
JGH*

(G G H Walden)
Private Secretary

M A Pattison Esq
10 Downing Street

GREEK ACCESSION TO THE EC: DRAFT STATEMENT BY THE PRIME MINISTER

On the occasion of Greece's accession I welcome the people of Greece to membership of the European Community and to partnership in the enlarged Europe of Ten. I believe that Greek membership will contribute ~~to the achievement of the high ideals for which the Community stands~~ to freedom and peace, European unity and social and economic progress to the advantage of all. Within the framework of the Community, ten countries of Europe can work together on our common problems and cooperate on the opportunities open to us for the future.

In the past year the links between our two countries have become stronger than ever and I recall with pleasure your hospitality and ^{kindness} ~~the discussions which took place~~ during my visit to Athens in September.

CONFIDENTIAL

HS

Euro PA

24 October 1980

European Community: Greek attendance
at the European Council

The Prime Minister has seen your letter to me of 23 October on this subject and has approved the course of action recommended by the Lord Privy Seal.

MICHAEL ALEXANDER

S.J. Gomersall, Esq.,
Foreign and Commonwealth Office.

SJ

CONFIDENTIAL



Prime Minister

(1)

Foreign and Commonwealth Office

London SW1A 2AH

Agree that we should not oppose
attendance by Greece as an observer
at the European Council in December if
this is proposed?

23 October 1980

Agreed
no

Dear Mr Innes,

Pauls 23/X

EUROPEAN COMMUNITY: GREEK ATTENDANCE AT THE EUROPEAN COUNCIL

It has already been agreed that Greece should attend normal meetings of the Council of Ministers as an observer. The Greeks will also take part in Political Cooperation meetings after the December European Council.

Agreement on Greek participation in these meetings has so far not specifically included the European Council itself. It is possible that the matter will be raised at the Informal Foreign Ministers' meeting this weekend at which the preparation of the European Council is to be discussed. We would therefore be grateful for the Prime Minister's opinion so that we can give our view without hesitation.

There is no clear precedent. The European Council did not exist when we entered the Community, but we were invited (with the Danes and the Irish) to attend the European Summit held in Paris in October 1972. We do not yet have the complete list of topics that will be discussed at the next European Council, but it is difficult to think of anything in which we would not want the Greeks to participate, particularly only a month before they join. They identify us as being opposed to the Commission's proposals for their share of the Regional Development Fund, and there is a case for us being helpful in other fields.

/The

M O'D B Alexander Esq
10 Downing Street

CONFIDENTIAL



The Lord Privy Seal's recommendation is, therefore, that we should not take any initiative, but that we should be prepared to agree to Greek attendance as an observer at the European Council in Luxembourg on 1/2 December.

*Yours ever
S J Gomersall.*

S J Gomersall

CONFIDENTIAL

23 OCT 1960



DESKBY 151000Z

FRAME [GENERAL]

CONFIDENTIAL

FM ATHENS 150840Z OCT
 TO IMMEDIATE FCO
 TELEGRAM NUMBER 282 OF 15.10.87
 INFO IMMEDIATE UKREP BRUSSELS
 SAVING TO E C POSTS.

*Mr Nott has not
 had an easy time, it
 would seem.*

mt.

VISIT OF SECRETARY OF STATE FOR TRADE: COMMUNITY QUESTIONS

1. THE FOLLOWING SUBJECTS WERE RAISED BY KONTAGEORGIS, GREEK MINISTER RESPONSIBLE FOR EC AFFAIRS, DURING MR NOTT'S DISCUSSIONS AT THE MINISTRY OF COORDINATION ON 13 OCTOBER:

- (A) THE GREEK SHARE OF THE EUROPEAN DEVELOPMENT FUND (ERDF).
- (B) ALLEGED OBSTUCTION OF GREEK APPLICATIONS FOR ERDF FINANCE.
- (C) THE GREEK STEEL QUOTA.
- (D) PROPOSALS BY THE BUDGET COUNCIL WHICH WOULD REDUCE THE NUMBER OF PLACES FOR GREEKS IN THE COMMISSION.

TOPICS (A) AND (C) WERE ALSO RAISED BY MR RALLIS WHEN MR NOTT SAW THE GREEK PRIME MINISTER ON 14 OCTOBER.

2. ON THE ERDF, KONTAGEORGIS STATED THE GREEK VIEW THAT THEY WERE ENTITLED TO 15%. THIS HAD BEEN THE WORKING HYPOTHESIS IN THE ACCESSION NEGOTIATIONS AND WAS THE BASIS FOR CALCULATING THE LIKELY GREEK BENEFIT FROM COMMUNITY MEMBERSHIP. AS REPORTED IN TELECON WITH SPRECKLEY ON 13 OCTOBER. KONTAGEORGIS CLAIMED THAT HE HAD DISCUSSED THE MATTER WITH THE FINANCIAL SECRETARY TO THE TREASURY AT THE BUDGET COUNCIL ON 23 SEPTEMBER AND THAT MR LAWSON HAD SAID THAT THE UK WOULD SUPPORT A GREEK SHARE OF 15%.

3. IN REPLY MR NOTT OUTLINED THE BRITISH ATTITUDE TO THE EC RESTRUCTURING EXERCISE. HE POINTED OUT THAT A REDUCTION IN THE PERCENTAGE WHICH WE RECEIVED FROM THE ERDF WOULD AFFECT OUT GENERAL POSITION UNDER THE COMMUNITY'S BUDGET. THE UNITED KINGDOM WAS STILL THE SECOND HIGHEST CONTRIBUTOR TO THE BUDGET AND THE ERDF WAS ONE OF THE FEW SOURCES FROM WHICH WE BENEFITTED. IT WAS POLITICALLY IMPOSSIBLE TO ACCEPT THAT OUR SHARE BE REDUCED TO MAKE UP A 15% SHARE FOR GREECE. IT WAS UP TO THE RICHER COUNTRIES TO GIVE UP PART OF THEIR SHARE. KONTAGEORGIS CLAIMED THAT THIS WAS WHAT HE HIMSELF HAD PROPOSED. MR NOTT WENT ON TO SAY THAT, WHILE WE APPRECIATED THAT THE GREEK GOVERNMENT NEEDED TO DEMONSTRATE THE BENEFITS ACCRUING FROM ACCESSION, IF THERE WAS A DIRECT CONFLICT OF INTEREST WE SHOULD HAVE TO LOOK TO OUR NATIONAL INTEREST. HE SAID THAT WE WOULD BE REPLYING

CONFIDENTIAL

SHORTLY TO THE PAPER HANDED OVER BY THE GREEKS ON 23 SEPTEMBER DURING MRS THATCHER'S VISIT TO ATHENS.

4. ON 14 OCTOBER MR RALLIS EMPHASIZED THE SERIOUS CONSEQUENCES FOR HIS GOVERNMENT IF, ON ACCESSION AND WITH THE PROSPECT OF ELECTIONS, THE ANTICIPATED BENEFIT FROM THE REGIONAL FUND WAS REDUCED AND ALSO (SEE MIFT) IF GREEK STEEL PRODUCTION WERE RESTRICTED. THE ANTI-EEC OPPOSITION WOULD HAVE A FIELD DAY AND THE UNITED KINGDOM WOULD BE THE OBJECT OF PUBLIC OPPROBRIUM IF WE TOOK THE LEAD IN SEEKING TO REDUCE THE EXPECTED 15% OF THE ERDF FOR GREECE. MR NOTT REPLIED IN SIMILAR TERMS TO THOSE USED WITH KONTOGEORGIS.

5. KONTOGEORGIS COMPLAINED THAT THE UK (AND THE FRG) HAD BEEN DELAYING CONSIDERATION BY THE COMMUNITY OF GREEK APPLICATIONS FOR FINANCING UNDER THE ERDF. HE SAID THAT, UNLESS DECISIONS WERE TAKEN QUICKLY ON GREEK PROJECTS, IT WOULD BE DIFFICULT OR IMPOSSIBLE FOR GREECE TO SPEND ITS QUOTA NEXT YEAR. THE COST OF PROJECTS ALREADY PROPOSED WAS WELL BELOW ANY CEILING WHICH GREECE MIGHT RECEIVE FROM THE FUND. THE SECRETARY OF STATE FOR TRADE REPLIED THAT HE COULD SEE NO REASON WHY PREPARATORY WORK SHOULD NOT GO AHEAD BUT HE WOULD MAKE ENQUIRIES.

6. AT NO TIME DURING THE SECRETARY OF STATE'S VISIT DID THE GREEKS SUGGEST (MY TELNO 277) A DIRECT LINK BETWEEN THE ERDF ISSUE AND THE COAL-FIRED POWER STATION PROJECT ON WHICH, AS I AM REPORTING SEPARATELY, THE PROSPECTS FOR ACCEPTANCE OF THE BRITISH OFFER APPEAR SLIGHT, BUT ON WHICH A DECISION IS NOT EXPECTED BEFORE NEXT WEEK.

7. BEFORE LEAVING FOR VIENNA MR NOTT TOLD ME THAT, ON HIS RETURN TO LONDON, HE WOULD WISH TO CONSIDER FURTHER THE ISSUE OF THE GREEK SHARE IN THE ERDF AND THAT IN THE MEANTIME, THE ANSWER TO ANY FURTHER REPRESENTATIONS BY THE GREEKS, INCLUDING THE EXPECTED APPROACH BY THE GREEK AMBASSADOR IN LONDON REFERRED TO IN MY TELCON WITH SPRECKLEY, SHOULD BE ON THE LINES OF MY PARAGRAPH 3 AND SHOULD NOT INCLUDE MENTION OF 8% OR ANY OTHER SPECIFIC FIGURE TO WHICH THE GREEK PERCENTAGE MIGHT BE REDUCED. THE SECRETARY OF STATE FOR TRADE CONSIDERS THAT THE BROADER IMPLICATIONS FOR UK INTERESTS SHOULD BE ASSESSED BY MINISTERS AT AN EARLY MEETING OF THE RELEVANT CABINET COMMITTEE.

8. FOR DISCUSSION ON OTHER COMMUNITY ISSUES SEE MIFT.

9. FCO PLEASE PASS SAVING ADDRESSES
SUTHERLAND

[REPEATED AS REQUESTED]

FRAME GENERAL
ECD (E)



Robinson
file Rb

10 DOWNING STREET

From the Private Secretary

13 October 1980

Thank you for your letter of
10 October and for the enclosed signed
text of your Prime Minister's message
of 30 September.

M. O'D. B. ALEXANDER

Senhor José Maria A. S. de Lemos Macedo.

CS



EMBAIXADA DE PORTUGAL

10th October, 1980

Proc. 2,212

No. *J.68.*

Dear Mr. Alexander

Further to my letter dated 2nd October I am now enclosing
the original text signed by the Portuguese Prime Minister.

Yours sincerely
J. M. de Macedo

(J.M. de Macedo)

Counsellor.

Michael Alexander, Esq.,
Private Secretary,
Office of the Prime Minister,
10 Downing Street,
London, S.W.1.



PRESIDÊNCIA DO CONSELHO DE MINISTROS

Gabinete do Primeiro Ministro

*Subject copy filed
under 2/10/80*

The RT Hon
Margaret Thatcher

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. *12*

Lisbon, 30th September 1980

Dear Prime Minister:

I would like to thank you for your message of the
23rd September, 1980.

I very much appreciate that you share my concern that
the Council should achieve a positive outcome on the
pre-accession aid at its next meeting on the 6/7
October.

I hope therefore that I can rely on your good will
and decisive support when the Council discusses this
most important matter.

Yours sincerely

Francisco Sá Carneiro

20
Euro Pol.

3 October, 1980.

Message from Dr. Sa Carneiro

I enclose the text of a message which the Prime Minister has received from the Prime Minister of Portugal. I have acknowledged receipt.

M. O'D. B. ALEXANDER

Paul Lever, Esq.,
Foreign and Commonwealth Office.

9.

File

259

2 October 1980

Thank you for your letter of 2 October. I will of course bring the message from the Prime Minister of Portugal to Mrs. Thatcher's immediate attention.

M. O'D. B. ALEXANDER

Senhor J. M. de Macedo.

Embaixada de Portugal
em
Londres

2nd October, 1980

Proc. 2,212

No. 167

Dear Mr. Alexander,

I am enclosing a message received by telex today from the Portuguese Prime Minister with instructions that the message should be forwarded as soon as possible to the British Prime Minister.

I would, therefore, be most grateful if you would bring the said text to the attention of the Prime Minister at your earliest convenience.

Yours sincerely,

José Maria de Macedo

(J.M. de Macedo)

Counsellor.

Michael Alexander, Esq.,
Private Secretary,
Office of the Prime Minister,
10 Downing Street,
London, S.W.1.

SUBJECT
PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. 7195/80

Prime Minister

(2)

Handwritten initials

Handwritten initials

MESSAGE

Dear Prime Minister,

I would like to thank you for your message of the 23rd September 1980.

I very much appreciate that you share my concern that the Council should achieve a positive outcome on the pre-accession aid at its next meeting on the 6/7 October.

I hope therefore that I can rely on your goodwill and decisive support when the Council discusses this most important matter.

Yours sincerely,

Francisco Sa Carneiro
Prime Minister of Portugal.

2nd October, 1980

PERSONAL MESSAGE
PRIME MINISTER'S

MESSAGE

Prime Minister

I will like to thank you for your message of the 23rd October at

1971

I very much appreciate that you share my concern that the
Council should achieve a positive outcome on the pre-session of
its next meeting on the 27 October.

I hope therefore that I can rely on your goodwill and decisive
support when the Council discusses this most important matter.

Prime Minister's Office
1971

F-2 OCT 1971

27 October 1971



RS
Envois Post

10 DOWNING STREET

From the Private Secretary

24 September 1980

In Mr. Alexander's absence with the Prime Minister in Yugoslavia, I am writing to thank you for your letter of 19 September, with which you enclosed the original text of the Portuguese Prime Minister's message to Mrs. Thatcher dated 1 September.

M. A. PATTISON

Senhor J.M. de Macedo

2/8

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T180/80

SUBJECT

na
Euro Pol.
MA

CONFIDENTIAL

44521 - 1

PP LISBON
GRS 134
CONFIDENTIAL
FM FCO 231210Z SEP 80
TO PRIORITY LISBON
TELEGRAM NUMBER 167 OF 23 SEPTEMBER
INFO UKREP BRUSSELS
MIPT. FOLLOWING IS TEXT OF MESSAGE FROM PRIME MINISTER TO
DR SA CARNEIRO: BEGINS
ALTHOUGH WE HAVE SINCE SPOKEN ABOUT THE SUBJECT ON THE TELEPHONE,
I WOULD LIKE NEVERTHELESS TO ACKNOWLEDGE YOUR MESSAGE OF
4 SEPTEMBER ABOUT PRE-ACCESSION AID. AS NO DOUBT YOU WILL BE
AWARE, PRESSURE OF OTHER BUSINESS ON THE AGENDA MEANT THAT THE
15/16 SEPTEMBER FOREIGN AFFAIRS COUNCIL DID NOT HAVE SUFFICIENT
TIME TO DISCUSS THE MATTER ADEQUATELY. ON THE RECOMMENDATION OF
THE PRESIDENCY, THE COUNCIL THEREFORE AGREED TO POSTPONE A
DECISION UNTIL ITS NEXT MEETING ON 6/7 OCTOBER.
AS I MENTIONED TO YOU WHEN WE SPOKE, I SHARE YOUR ANXIETY TO
ACHIEVE A POSITIVE OUTCOME AND UNDERSTAND YOUR POLITICAL DIFFI-
CULTIES. ENDS.

CARRINGTON

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CONFIDENTIAL

44520 - 1

PP LISBON
GRS 157
CONFIDENTIAL
FM FCO 231200 Z SEP 80
TO PRIORITY LISBON
TELEGRAM NUMBER 166 OF 23 SEPTEMBER
INFO UKREP BRUSSELS
PORTUGAL PRE-ACCESSION AID

MA
MA

1. SA CARNEIRO WROTE TO THE PRIME MINISTER ON 4 SEPTEMBER TO ASK BRITAIN TO SUPPORT 'A FINAL AND HELPFUL DECISION' ON PRE-ACCESSION AID AT THE EUROPEAN COUNCIL ON 15 SEPTEMBER. MIFT CONTAINS THE TEXT OF THE PRIME MINISTER'S REPLY. PLEASE ARRANGE DELIVERY AS APPROPRIATE.

2. YOU SHOULD BE AWARE THAT SA CARNEIRO TELEPHONED THE PRIME MINISTER ON 12 SEPTEMBER TO UNDERLINE HIS 'GRAVE CONCERN' ABOUT THE POSITION WHICH HAD ARISEN. HE IMPLIED THAT BRITAIN WAS ALONE IN BLOCKING A POSITIVE DECISION. THE PRIME MINISTER SAID THAT IT WAS NOT THE CASE THAT THE DIFFICULTY CAME ONLY FROM BRITAIN. OTHER COUNTRIES WERE UNABLE TO ACCEPT THE FIGURES WHICH HAD BEEN RECOMMENDED BY THE COMMISSION. SHE HELD OUT NO HOPE THAT THE COMMUNITY WOULD BE ABLE TO OFFER THE 300 MUAS FOR WHICH THE PORTUGUESE WERE HOPING.

CARRINGTON

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CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

21 September, 1980.

BF to Tel

The Prime Minister has seen your letter to me of 19 September. She has approved the enclosed draft message to Dr. Sa Carneiro except that she would like the second paragraph to read "As I mentioned to you when we spoke, I share your anxiety to achieve a positive outcome and understand your political difficulties". The first sentence of the existing draft should be deleted.

M. O'D. B. ALEXANDER

Paul Lever, Esq.,
Foreign and Commonwealth Office.

20.



Foreign and Commonwealth Office

London SW1A 2AH

19 September 1980

Prime Minister ^①

Approve draft message?

S. J. Piche

Duty Desk 19.9.

Please delete
the sentence
in brackets.

It would only
give the wrong
impression.

Dear Michael,

Flag A

As requested in your letter of 5 September I attach a draft reply from the Prime Minister to Dr Sa Carneiro's message of 4 September about pre-accession aid. It was agreed that this should wait until we knew the outcome of this week's Foreign Affairs Council.

We would be grateful if you would let us know when the text of the reply has been approved so that we can telegraph it to our Embassy in Lisbon.

Yours etc

(P Lever)
Private Secretary

M Alexander Esq
No 10 Downing Street

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Reference

THE PRIME MINISTER

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

H E Dr Francisco Sa Carneiro
Prime Minister of Portugal

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

Although we have since spoken about the subject on the telephone, I would like nevertheless to acknowledge your message of 4 September about pre-accession aid. As no doubt you will be aware pressure of other business on the agenda meant that the 15/16 September Foreign Affairs Council did not have sufficient time to discuss the matter adequately. On the recommendation of the Presidency the Council therefore agreed to postpone a decision until its next meeting on 6/7 October.

CAVEAT.....

I have already explained to you the ~~problem~~ which this issue raises for the United Kingdom. ~~But~~ As I mentioned to you when we spoke, I share your anxiety to achieve a positive outcome and understand your political difficulties.

Enclosures—flag(s).....



cc fishing Ministry Pt. 4
fishery limits.

CONFIDENTIAL

PRIME MINISTER

Community Affairs

You may wish to mention under this item the forthcoming Anglo-French Summit.

2. The Lord Privy Seal might be invited to report on the outcome of the 15th-16th September Foreign Affairs Council. The Council made some progress towards settling the Regulation for implementing our supplementary measures, but no agreement was reached on approval procedures which will come up again at the October Council. No decision was reached on pre-accession aid for Portugal. Because of the restrictive position taken by the French only a minimal mandate was agreed for the opening of negotiations on Zimbabwe's accession to the Lome Convention.

3. The Minister of Agriculture might wish to report on his talks on fisheries matters with M. Le Theule, his French counterpart, on 12th September. There are signs of some give on the French side on a 12-mile exclusive zone. He may also mention that if the French continue to block the deal agreed at the July Agriculture Council for New Zealand butter imports in 1980 he will press for an early Council to be convened to resolve this question.

4. There will be an informal meeting of Community Finance Ministers on 20th-21st September and a Budget Council on 23rd September.

Zimbabwe - ^{Quote.}
Sugar - Beef -
Ret: - end must be an

(Robert Armstrong)

17th September 1980

17 SEP 1980

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2 3 4 5 6 7 8 9 10 11 12
1 2 3 4 5 6 7 8 9 10 11 12

1. The Commission on the Status of Women, established in 1946, was the first of its kind in the world.

2. The Commission was established by the Economic and Social Council of the United Nations.

3. The Commission's mandate is to promote the status of women and to ensure their full participation in all spheres of life.

4. The Commission has been instrumental in the development of international instruments for the advancement of women.

5. The Commission has also been instrumental in the development of national policies and programmes for the advancement of women.

6. The Commission has been instrumental in the development of international co-operation for the advancement of women.

7. The Commission has been instrumental in the development of international co-operation for the advancement of women.

8. The Commission has been instrumental in the development of international co-operation for the advancement of women.

9. The Commission has been instrumental in the development of international co-operation for the advancement of women.

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14. The Commission has been instrumental in the development of international co-operation for the advancement of women.

15. The Commission has been instrumental in the development of international co-operation for the advancement of women.





FILE
Gould
Master Records

10 DOWNING STREET

12-9-80

From the Private Secretary

Prime Minister's telephone conversation with Dr. Sa Carneiro

As you know, the Prime Minister of Portugal, Dr. Sa Carneiro, rang the Prime Minister this morning to discuss the question of pre-accession aid for his country.

Dr. Sa Carneiro said that he had rung to express his grave concern about the position which had arisen. He claimed that the position of the other member countries of the Community was "quite far open". The Portuguese Government was anxious to get a decision on 15 September, and a later decision would make it difficult to get his Government's plans under way. It would be a distressing situation if Portugal's oldest ally was to prevent a positive decision next week.

The Prime Minister said that she shared Dr. Sa Carneiro's anxiety to achieve a positive outcome at the forthcoming meeting of the Foreign Affairs Council. It was not the case that the difficulty came only from Britain. Other countries were unable to accept the figures which had been recommended by the Commission. In fact, the chances of getting pre-accession aid on the scale envisaged by the Commission were virtually nil. The Prime Minister said that she was not sure whether Dr. Sa Carneiro wanted a decision next week, whatever the amount, or whether, if the amount were inadequate, he wished the decision to be delayed. But she wished to make it clear that a delay in the decision would not mean more money: it would just mean more difficulty between those involved in the discussion. Dr. Sa Carneiro said that his attitude would depend on the amount offered. The Commission had recommended 350 MUAs, and the Federal German Government were prepared to offer 300. If an amount of this order were proposed, Portugal would accept. The Prime Minister said that she did not think that Portugal would be offered 300 MUAs. Dr. Sa Carneiro said that if the amount involved were "very much smaller", then it would be better to postpone a decision. This would of course have the effect that Europe's first gesture towards Portugal would have been to reduce a proposal made by the European Commission to the point where it was impossible for the Portuguese Government to go ahead with its plans. This was bound to work to the advantage of the Communists in the forthcoming election.

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The Prime Minister said that it was clearly a matter for judgement by the Foreign Ministers on Monday and Tuesday whether the amount to be offered was sufficient for Portugal. Dr. Sa Carneiro agreed that the matter should be left to the Foreign Ministers, and commented that his Foreign Minister would be in Brussels on Monday. The Prime Minister said she would ask the Foreign and Commonwealth Secretary to get in touch with his Portuguese colleague there.

I am sending copies of this letter to John Wiggins (HM Treasury), and David Wright (Cabinet Office).

Yours ever

Michael Alexander

S.J. Gomersall, Esq.,
Foreign and Commonwealth Office.

PRIME MINISTER'S TELEPHONE CONVERSATION WITH THE PRIME MINISTER
OF PORTUGAL ON FRIDAY 12 SEPTEMBER 1980 AT 1200 NOON

PM: Hello, Prime Minister

Mr. Pintasilgo: Oh, Good morning Prime Minister. How do you do.

PM: How are you?

Mr. Pintasilgo: Very well, thank you. And I am sorry to disturb you.

PM: That's perfectly all right. We've been expecting your call.

Mr. Pintasilgo: Thank you. As you know Foreign Minister ... spoke a few days ago I should like to express my grave concern and to ask you to do all that's possible in order to help the situation because as you know the position of other countries is quite far open. We don't know yet the position of the French Government the position of the German Government and we are very much interested in getting a positive decision if possible before the 15 September because this plan should start this year which would be impossible if On the other hand

And there is a limit

60% by the Portuguese Government. If there is of the other countries, the position of the British Government, your Government, then we will face a distressed situation which you will allow me to refer that our oldest alliance is less open than the other Governments. We realise the difficulties that have been pointed out by the Lord Privy Seal and that yourself and Lord Carrington also pointed out. This is why I permit me to ask you to all that's possible to change this situation in order that we can have a positive decision next week.

/ PM:

PM: Well now may I make one or two comments Prime Minister. It's a little bit difficult to hear completely what you've been saying because the line here is not good. But first, we're quite prepared and would wish to meet to have a decision this coming week. And we think it would be very much better to do so and we are very positive about that. Second, you'll find that the difficulties on amount do not come only from Britain but that some other countries are finding difficulties on the Commission amount as well and it is quite wrong to think that the difficulty comes only from Great Britain. And I think that the chances of getting this amount recommended by the Commission are just almost non-existent. Now I wasn't quite certain whether you said that you would rather have a decision next week in any event or if you didn't get what you wanted in amount namely the Commission amount, you'd rather have it delayed. From our contacts we think people are prepared, most of them, to come to a decision next week but not on the Commission amount. And that if the decision were delayed it would not mean more money eventually, it would just mean more difficulty between the partners. Now which is best for you politically? To have a lesser amount than the Commission is requesting next week or not to have a decision?

Mr. Pintasilgo: It depends very much on how less is the amount. The amount recommended by the Commission, if I'm not wrong is 350 muas. I think that the Germans are prepared to effect 300. If there is an amount of this sort that will enable us to go ahead with the project. And then a positive decision in this sense will be welcome and will help us politically.

PM: Yes. I think, Prime Minister, that you'll not get a decision on 300 and please don't think that it's only Great Britain because it isn't. You know that there are other figures which are a good deal less than that. I think you might get a decision something below 300. You would get it at the next meeting of Foreign Ministers which is Monday or Tuesday. As you know within the total there are arguments about how it's to be distributed. But I understand your goodselves are quite prepared to have a very considerable proportion in loans with a subsidy on the loans. But I must be frank, from our contacts it's not only Britain and it's quite wrong to suggest that it is. We would like you to have a decision Monday/

/ Tuesday

Tuesday, we're prepared to be very positive about getting one, but I think there's no hope of getting 300.

Mr. Pintasilgo: If it is a very much smaller amount, considering that our request was for 455, then I think it would be better to postpone a decision knowing nevertheless that possibly in October there will be a negative Because if the amount is very much reduced it would make it impossible to go ahead with the plans then we have to change and to try to go ahead with the plans only with our budget resources. But that will mean that the first positive thing that Europe will do for us immediately on the basis of an offer of the Commission finally so reduced that it is turned into a negative thing and as you know this will/^{create}the impression in the public opinion worked by the Communists who are strongly opposed to the accession, because they believe the accession to the EEC is not positive for our country. This is our special concern.

PM: That is why I thought it would be better for you to have a decision next week because I would have thought the fact of not getting one would have been even more catastrophic.

Mr. Pintasilgo: In a way yes. But on the other hand it is a very small amount. And we can't come to the position to say it's impossible to go ahead with the plan with this small amount, then I think it would be better not to have a decision next week and to postpone it to October.

PM: It's a question of judgement then for the Foreign Ministers to make on Monday or Tuesday when they reach a decision on what is possible, whether you would prefer to have that as a final decision or keep the matter in play.

Mr. Pintasilgo: At length Prime Minister I agree we should leave it for the Foreign Ministers. And my Foreign Minister will be in Brussels on Monday, on his way to Bonn.

PM: He'll be there and they'll be able to consult with him.

Mr. Pintasilgo: I think that's the best way because then in concrete terms the final position of the other country members, he can make the decision himself.

/ PM:

PM: But I must like the decision Monday or Tuesday. We don't think there is much chance of getting 300 muas - it is not only us and it is not fair to suggest that it is because we are prepared to give a proportion of a lesser sum but some are suggesting an even lesser sum still.

Mr. P: Well my impression is based on what my Foreign Minister told me about it and the contacts he has had with other countries. I myself talked on the 'phone with the French Prime Minister, we didn't mention amounts.

PM: It is interesting that you didn't mention amounts because I am being very frank with you and I prefer to operate that way but I have got the message Prime Minister and I will discuss the matter with Peter Carrington but our view would still be - and I will discuss with him what you said - a decision Monday or Tuesday but I think it would be on just a lesser amount than 300 muas. So ask Lord Carrington if there is any doubt about it to discuss with your Foreign Minister who will be in Brussels from Monday. All right?

Mr. P: Very well Prime Minister, and I am sure that you will do all that is possible. You have a positive decision.

PM: Well I think a positive decision would be very much better - we have hung about long enough.

Mr. P: But how positive depends on the amount

PM: Yes I understand it depends upon the amount. I think it will be a question of judgement when it comes, when the Foreign Ministers meet.

Mr. P: Very well, thank you very much. Goodbye.

PM: Goodbye.



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10 DOWNING STREET

Prime Minister

The Portuguese Prime Minister
had wished to speak to you on
the telephone this afternoon from
Heathrow (he was on his way home
from Dublin). Unfortunately you
were at Harwell. He therefore
intends to ring you at 11.30 am
to-morrow.

This preoccupation will
undoubtedly be with pre-accession
aid for his country.

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11-9-80

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Foreign and Commonwealth Office

London SW1A 2AH

11 September 1980

Dear Michael,

PRE-ACCESSION AID TO PORTUGAL

I enclose as requested a brief for the Prime Minister's telephone conversation tomorrow morning with the Portuguese Prime Minister.

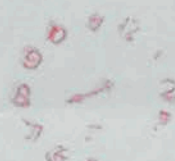
*Yours ever
S J Gomersall.*

S J Gomersall
Private Secretary to the
Lord Privy Seal

M O'D B Alexander Esq
10 Downing Street

COVERING CONFIDENTIAL

11 SEP 1980





TELEPHONE CALL FROM DR SA CARNEIRO, 12 SEPTEMBER

PRE-ACCESSION AID FOR PORTUGAL

INTRODUCTION

A 1. Sa Carneiro's call follows a call on 10 September by the Portuguese Foreign Minister on the Lord Privy Seal (record attached), at which the Lord Privy Seal made plain that there was no question of Community agreement at the 15/16 September Council on a figure for pre-accession aid to Portugal on the scale proposed by the Commission. Our problem is over the UK share of the concessionary aid element which, following the meeting between the Prime Minister, Foreign Secretary and the Chancellor of the Exchequer on 18 July, will have to be found from the ODA contingency reserve. Portugal does not qualify for aid under our usual criteria and our agreement to any aid will therefore be based on solely political factors. The following brief is based on the line taken by the Lord Privy Seal with Freitas do Amaral.

POINTS TO MAKE

- B 1. As I said in my message of 25 July (copy attached) it was difficult for us to agree at the July Foreign Affairs Council to the principle of a pre-accession aid package for Portugal. We were reluctant to agree to the principle because we knew how little we would be able to contribute in practice. Our position has not changed and Ian Gilmour spoke frankly to Professor Freitas do Amaral when he passed through London on 10 September.
2. Understand Portuguese embarrassment over expectations that have been aroused by Commission proposals. Regrettable that Commission should have misled you in this way about what was possible.
3. (If necessary) In 1978 when accession negotiations with Portugal opened Community stated its readiness to 'examine' possibility of pre-accession aid. We never regarded this as a firm commitment. The UK commitment dates only from the agreement in principle at the July Council.
4. UK ready however to do its best to reach decision at next week's Council, even though this bound to be disappointing to Portugal. Best way of securing agreement on respectable total package will be to increase the proportion of European Investment Bank (EIB) lending, which I understand would be acceptable to you. This much easier for us than grant aid or soft loans since both latter are direct charge on aid budget. Going rate for EIB lending now about 10 percent which, when subsidised down by a couple of percentage points, is surely attractive to Portugal and would enable financing of kind of projects Portuguese have in mind.
5. But even if EIB element can be increased, total Community offer still likely to fall well short of the Commission proposal.
6. (If appropriate) Would like to mention UK interest in securing contract for Rolls Royce engines in three Tristars which Portuguese Airlines are considering buying as part of their re-equipment programme. Also would like to mention outstanding problem of compensation for ten British farms expropriated in the Alentejo.

position remains to be decided. Unless we can persuade others to agree to an EIB figure of 175 mua or something close to it, we shall have great difficulty in agreeing to enough concessionary aid to achieve what we (though probably not Sa Carneiro) would regard as a respectable total.

5. Bilateral issues on which we want something from the Portuguese, and which it might be appropriate to mention, are the possibility of selling Rolls Royce engines for three Tristars being considered by Portuguese Airlines, and compensation for the ten British farms in the Alentejo which remain expropriated.

ECD(E)

11 September 1980

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CALL BY PORTUGUESE FOREIGN MINISTER ON LORD PRIVY SEAL - 10 SEPTEMBER 1980

Present

Sir Ian Gilmour

Mr FitzHerbert

Mr Gomersall

Miss McComb

Prof Freitas do Amaral

Sr Freitas Cruz, Portuguese

Ambassador

Sr Corte Real

1. The Lord Privy Seal welcomed Prof Freitas do Amaral, who responded that he was pleased to have this opportunity to discuss the question of pre-accession aid. Prof Freitas do Amaral began by stressing the importance to the Portuguese Government of having a decision on the amount of pre-accession aid at the September Council. He knew that this was likely to cause difficulties for the UK, but the timing had very important electoral and non-electoral implications in Portugal. The Government's policy towards EC accession had already been dealt a blow by President Giscard d'Estaing's statements and they now needed to be able to show some concrete results to the electorate. It would be no easier to have a decision after the general elections on 5 October, since, with the Presidential elections following shortly afterwards, there would be no easing of pressure on the Government. Quite apart from these political considerations, it was also desirable to have a decision in September in order that the projects envisaged could begin before the end of the year. Prof Freitas do Amaral said he believed that nearly all the other Community members were ready to take a decision on amounts next week.
2. Sir Ian Gilmour, after enquiring about the health of Dr Sa Carneiro went on to say that if the other members were indeed ready to reach a decision, the UK would not wish to stand in the way. But he had doubts about their readiness. The UK's difficulty was not so much when to take a decision but how much? The aid programme was under a great deal of pressure. We were not the only member state with doubts about

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the amount. He had thought that a decision for an amount much smaller than the Commission's proposals would be damaging for the Portuguese Government if it came before the elections. Prof Freitas do Amaral affirmed that a decision for smaller amount would indeed be very damaging but he hoped it would not turn out like that. He had several proposals to make on the amount of aid. The important thing was that the full amount should be retained. However, they could perhaps accept a different allocation of funds within that amount. He proposed that all profit-making projects could be financed by loans, and all non-profit making projects (mostly roads and schools) by grants. According to Portuguese calculations this would reduce the grant element to some 154 MUA. Could the Lord Privy Seal agree to this idea?

3. Sir Ian Gilmour acknowledged that an increased EIB proportion in the package loans would be easier for the UK. But the Portuguese could still not expect the full 350 MUA; other countries besides the UK would have difficulty in accepting this. He felt that the Commission had raised Portuguese hopes unduly, without proper consultation with member states. The UK would press for an increase in EIB lending, but would still have great difficulty with the grant element.

Prof Freitas do Amaral said that a bad decision would be more damaging than a deferred decision. Any total figure below 300 MUA would constitute a bad decision. The Portuguese could not understand the UK's argument that this was UK money; to them it is Community money. And after all, it was the Community which had suggested pre-accession aid. Sir Ian Gilmour acknowledged that our position was regrettable in view of both the strong Party and traditional links which exist. In answer to a query on loans, Mr FitzHerbert responded that the UK would be ready to support a higher figure for EID lending, but that it was for the Bank's Governors to take a final decision on this. Special loans by contrast were difficult for the UK because these would have to come from the aid programme.

4. Prof Freitas do Amaral said that this was all very disappointing news, but he was optimistic that some solution could be found. Sir Ian Gilmour said that the UK was not alone in finding the

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Commission's proposals difficult, but others might seek to hide behind us.

5. He then went on to ask about the Portuguese election campaign. Prof Freitas do Amaral remarked that the campaign was proving tough but he was confident. The opinion polls showed good results for the Government. In answer to a question by the Lord Privy Seal, he said that the Government was not supporting President Eanes' reelection because of his links with the Communists. He hoped this would prove a stumbling block for the Socialists also. The Government were delighted to see the candidature of Otelo de Carvalho, since he could be relied upon to split the Communist vote.

6. Sir Ian Gilmour thanked Prof Freitas do Amaral for their frank discussion. The Portuguese party left to catch their plane to Dublin.

Southern European Department

11 September 1980

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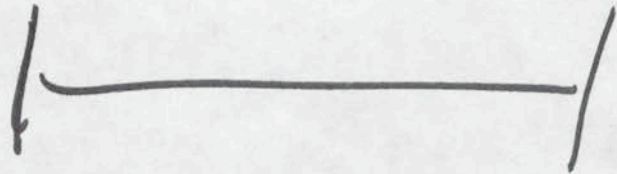
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CALL BY PORTUGUESE FOREIGN MINISTER ON LORD PRIVY SEAL - 10 SEPTEMBER 1980

Present

Sir Ian Gilmour
Mr FitzHerbert
Mr Gomersall
Miss McComb

Prof Freitas do Amaral
Sr Freitas Cruz, Portuguese
Ambassador
Sr Corte Real

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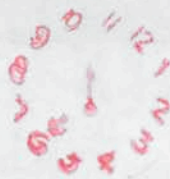
Southern European Department

11 September 1980

cc: PS
PS/LPS
PS/Mr Marten
PS/PUS
Lord Bridges
Mr Fergusson
Mr Hannay
ECD(E)
SED
ODA (Mr Graham-Harrison)
Treasury (Mr C Baker)
Number 10 (Mr Alexander) ✓
Cabinet Office (Mr Elliott)

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12 SEP 1980



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BROUCHER *Beard*)

CAB - ~~FRANKLIN ELLIOTT JOHNSTON~~

DOT - VINALL

MAFF - RING

TSY - BAKER

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MR BULLARD
MR HANNAY
LORD BRIDGES

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CABINET OFFICE

D.O.T.

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MR M D M FRANKLIN
MR D M ELLIOTT
MR N.C.R. WILLIAMS

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H.M. TREASURY

M.A.F.F.

P.N. has seen.

SIR K COUZENS
MR ASHFORD

Sr. ~~MR~~ B D HAYES

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TO IMMEDIATE FCO

TELEGRAM NUMBER 3912 OF 11 SEPTEMBER

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INFO SAVING BRUSSELS COPENHAGEN THE HAGUE ROME DUBLIN LUXEMBOURG

COREPER (AMBASSADORS): 11 SEPTEMBER 1980

EC PORTUGAL: PRE-ACCESSION AID.

SUMMARY.

1. PRESIDENCY SOUGHT VIEWS OF THOSE MEMBER STATES WHICH HAD BEEN UNABLE TO GIVE FIGURES AT 21 JULY FOREIGN AFFAIRS COUNCIL; OF THESE NETHERLANDS EXPECTED CABINET DECISION TOMORROW; FRANCE COULD ACCEPT 300 MUA (OF WHICH 175 MUA EIB LOANS). UK ARGUED THAT 115 MUA EIB ELEMENT DISCUSSED BY EIB GOVERNORS ON 17 JULY SHOULD BE INCREASED. MOST DELEGATIONS FAVOURED REACHING DECISION AT FOREIGN AFFAIRS COUNCIL NEXT WEEK. HOWEVER, PRESIDENCY LEFT OPTIONS OPEN AND WARNED DELEGATIONS AGAINST BREAKING RANKS SHOULD AGREEMENT PROVE IMPOSSIBLE AT THE COUNCIL.

DETAIL.

2. DONDELINGER (PRESIDENCY) RECALLED VIEW OF SOME MINISTERS AT JULY COUNCIL THAT A DECISION ON FIGURES WOULD BE NEEDED SOON AFTER THE SUMMER HOLIDAYS SO THAT THE ARRANGEMENTS COULD ENTER INTO FORCE BY END OF THE YEAR. SINCE THEN PORTUGAL HAD MOUNTED A LOBBYING EXERCISE TO BRING PRESSURE FOR A DECISION IN SEPTEMBER; AND IN FACT THE PORTUGUESE FOREIGN MINISTER WOULD BE VISITING BRUSSELS NEXT WEEK DURING THE FOREIGN AFFAIRS COUNCIL.

3. DONDELINGER SOUGHT VIEWS OF DELEGATIONS WHICH HAD BEEN UNABLE TO GIVE DECISION ON FIGURES BEFORE SUMMER BREAK.

(I) RUTTEN (NETHERLANDS) EXPECTED CABINET TO AGREE ON 12 SEPTEMBER TO QUOTE SUBSTANTIAL AID UNQUOTE.

(II) I SAID THAT THE UK THOUGHT THE EIB ELEMENT SHOULD BE CONSIDERABLY INCREASED. WE REGRETTED THAT PORTUGAL HAD BEEN LED TO EXPECT SUCH A HIGH TOTAL FIGURE. FROM PORTUGUESE LOBBYING WE UNDERSTOOD THEY COULD ACCEPT LOANS IN CERTAIN SECTORS WHICH WERE COVERED BY GRANTS IN THE COMMISSION PROPOSALS. WE SHOULD THUS FIRST RE-EXAMINE THE SIZE OF THE EIB ELEMENT: UK MINISTERS HAD YET TO TAKE A VIEW ON THE SIZE OF THE BUDGETARY ELEMENT, BUT THE COMMISSION'S FIGURES WENT FAR BEYOND WHAT WE COULD MANAGE.

(III) RIBERHOLDT (DENMARK) COULD ACCEPT 300 MUA PACKAGE AND PRESSED FOR DECISION AT COUNCIL NEXT WEEK.

(IV) FRANCE COULD ACCEPT A PACKAGE OF 200 MUA. WHEN PRESSED BY PRESIDENCY ON BREAKDOWN, VIDAL SAID EIB ELEMENT SHOULD REMAIN AT THE 115 MUA DISCUSSED BY EIB GOVERNORS ON 17 JULY (DONDELINGER RECALLED THAT THIS PROPOSAL HAD NOT BEEN FINALLY AGREED BY THE GOVERNORS SINCE TWO MEMBER STATES (UK AND GERMANY) HAD ABSTAINED). VIDAL IMPLIED THAT FRANCE WANTED

AGREED BY THE GOVERNORS SINCE TWO MEMBER STATES (UK AND GERMANY) HAD ABSTAINED.) VIDAL IMPLIED THAT FRANCE WANTED A DECISION NEXT WEEK BUT DID NOT PRESS FOR THIS SPECIFICALLY.

(V) GERMANY COULD ACCEPT TOTAL OF 300 MUA (175 MUA EIB LENDING, 125 MUA BUDGETARY ELEMENT). THE GERMAN EIB GOVERNOR WOULD PROPOSE THIS INCREASED EIB CONTRIBUTION AT THE NEXT GOVERNORS' MEETING.

4. DONDELINGER PRESSED UK TO BE READY TO DISCUSS FIGURES AT COUNCIL. I ARGUED AGAIN THAT BUDGETARY FIGURES SHOULD BE DISCUSSED AFTER THE EIB ELEMENT HAD BEEN AGREED. I HAD NO DEFINITE INSTRUCTIONS ON THE SIZE OF THE LATTER, BUT THE GERMAN PROPOSAL SEEMED IN THE RIGHT AREA. WHEN THE EIB ELEMENT WAS AGREED WE COULD CALCULATE THE AMOUNT NEEDED FOR INTEREST RATE SUBSIDY, TO WHICH MIGHT BE ADDED A SMALL AMOUNT OF GRANT AID FOR TECHNICAL ASSISTANCE.

5. DONDELINGER CALCULATED ON THE BASIS OF THESE INTERVENTIONS THAT IF THE OVERALL PACKAGE WERE BETWEEN 200 AND 300 MUA THE BUDGETARY ELEMENT WOULD NEED TO BE BETWEEN 85 AND 185 MUA WHATEVER THE EIB ELEMENT. HE QUESTIONED WHETHER MEMBER STATES COULD RECONCILE THEIR DIFFERENCES ON THESE FIGURES AT THE COUNCIL.

6. ON TIMING NETHERLANDS AND DENMARK AGAIN ARGUED STRONGLY FOR A DECISION NEXT WEEK. I ARGUED THAT WITH PORTUGUESE ELECTIONS IN OCTOBER AN ABORTIVE DISCUSSION AT THE FOREIGN AFFAIRS COUNCIL SHOULD BE AVOIDED. IT WOULD BE BETTER FOR THE EIB TO EXAMINE THE GERMAN PROPOSAL FIRST. SPAAK (COMMISSION) FAVOURED A DECISION ON THE WHOLE PACKAGE NEXT WEEK. GERMANY ARGUED THAT THE COUNCIL SHOULD AGREE THE SIZE OF THE BUDGETARY ELEMENT FIRST AND THE BANK REACH ITS DECISION SUBSEQUENTLY. TEICHERT (EIB) POINTED OUT THAT THERE WOULD BE AN INFORMAL MEETING OF FINANCE MINISTERS ON 20 SEPTEMBER.

7. SUMMING UP, DONDELINGER SAID THAT PRE-ACCESSION AID WOULD REMAIN ON THE COUNCIL'S AGENDA. BUT HE LEFT OPEN WHETHER COUNCIL WOULD AIM TO TAKE A FINAL DECISION OR SIMPLY TO CARRY THE ISSUE FORWARD. HE WARNED THAT MEMBER STATES SHOULD DO THEIR UTMOST TO AVOID ANY PUBLIC IMPRESSION OF DISAGREEMENT; IF THE COUNCIL COULD NOT REACH AN AGREED POSITION THIS SHOULD BE ATTRIBUTED TO THE NEED FOR FURTHER CONSULTATION WITH THE EIB AND THE CLARIFICATION OF OTHER PRACTICAL ASPECTS.

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5 September 1980

I enclose a copy of a message which the Prime Minister has received, via the Portuguese Embassy, from the Prime Minister of Portugal about the Community pre-accession aid.

I should be grateful if you could let me have in due course a reply which the Prime Minister might send to Mr. Sa Carneiro.

M.A.

S.J. Gomersall, Esq.,
Lord Privy Seal's Office.

ds

5 September 1980

Thank you for your letter of 4 September enclosing a message to the Prime Minister from the Prime Minister of Portugal. I shall of course draw your Prime Minister's message to Mrs Thatcher's immediate attention.

M.A.

Senhor Jose Maria A.S. de Lemos Macedo

22

*Embaxada de Portugal
em
Londres*

R4/9

4th September, 1980

Proc. 2,212

No. *A.S.P.*

Dear Sir,

I am enclosing a message received by telex today from the Portuguese Prime Minister with instructions that the message should be forwarded immediately to the British Prime Minister.

I would, therefore, be most grateful if you would bring the said text to the attention of the Prime Minister as soon as possible.

Yours faithfully,

J.M. de Macedo

(J.M. de Macedo)

Chargé d'Affaires.

The Private Secretary,
Office of the Prime Minister,
10 Downing Street,
London, S.W.1.

SUBJECT

*Embaxada de Portugal
em
Londres*

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T170/80

MESSAGE

Dear Prime Minister,

I should like to thank you for your kind letter of the 25th July about the Community pre-accession aid to Portugal. We welcome the decision taken by the Foreign Affairs Council on the 21st and 22nd July, in Brussels, and understand your present difficulties. In this context, I must express my gratitude for your help.

Nevertheless, I would once more like to stress how important it is for the achievement of democracy and stability in Portugal that, on the line we already asked you for, you do not oppose a final and helpful decision in the next EEC Council on the 15th September 1980. This is a final date for a still possible start of the present year programme.

I also emphasize how very exploited an unsatisfactory Council's decision would be by the opposers to Portugal's entrance in a free and democratic Europe, during the next election campaign. I am sure that you will understand the political meaning and all the implications of this issue. I entirely count on your solidarity towards Portugal.

Yours sincerely,

Francisco Sa Carneiro
(Prime Minister of Portugal).

Embaixada de Portugal
em
Londres

19th September, 1980

Proc. 2,212

No. 159

Dear Mr. Alexander

Further to our communication dated 4th September I am now enclosing the original text signed by the Portuguese Prime Minister.

Yours sincerely
J. M. de Macedo
(J. M. de Macedo)
Counsellor.

Michael Alexander, Esq.,
Private Secretary,
Office of the Prime Minister,
10 Downing Street,
London, S.W.1.



PRESIDÊNCIA DO CONSELHO DE MINISTROS

Gabinete do Primeiro Ministro

T 170/80.

The RT Hon
Margaret Thatcher

Lisbon, 1st September 1980

Dear Prime Minister:

I should like to thank you for your kind letter of the 25th July about the Community pre-accession aid to Portugal.

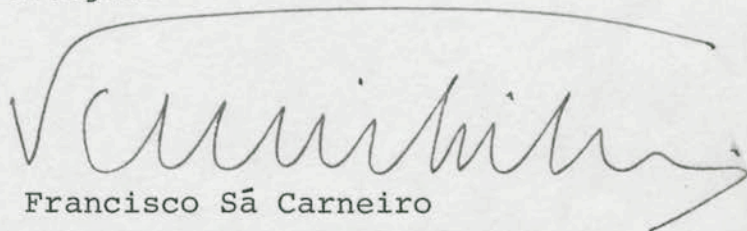
We welcome the decision taken by the Foreign Affairs Council on the 21st and 22nd July, in Brussels, and understand your present difficulties. In this context, I must express my gratitude for your help.

Nevertheless, I would once more like to stress how important it is for the achievement of democracy and stability in Portugal that, on the line we already asked you for, you do not oppose to a final and helpful decision in the next EEC Council on the 15th September 1980. This is a limit date for a still possible start of the present year programme.

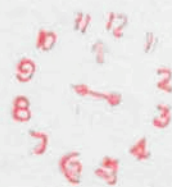
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I am sure that you will understand the political meaning and all the implications of this issue. I entirely count on your solidarity towards Portugal.

Yours sincerely


Francisco Sá Carneiro

24 SEP 1960



Ref. A02790

MR ALEXANDER

Guns Rd

(2)

Prime Minister
To Mr

mt

Paul

ENLARGEMENT OF THE EC

The Prime Minister will have seen the exchange of minutes between the Chancellor of the Exchequer and the Foreign and Commonwealth Secretary.

2. We are preparing a paper to up date our best guess at the likely financial consequences of Spanish and Portuguese accession to the Community. This will be taken into account in our work on the restructuring of the Community budget. It will also highlight other significant issues which will need to be tackled during later stages of the accession negotiations. The paper should be ready in September.

3. I am sure Lord Carrington is right in saying that the progress of the negotiations will in any case be slow and the target date for the accession of the two countries of 1 January 1983 is unrealistic. With the French elections coming up there will be very little movement over the next few months, and there will be no need for the UK to do anything to slow the pace.

RIA

(ROBERT ARMSTRONG)

31 July 1980



(2)

Prime Minister

FCS/80/133

CHANCELLOR OF THE EXCHEQUER

MS Phil 29/7

Enlargement

1. Thank you for your letter of 22 July.
2. It is true that the accession of Spain and Portugal to the Community could complicate matters for us, both as regards the negotiations to determine our net contribution to the Community Budget from 1982 onwards and as regards our efforts to relieve the UK problem through a restructuring of the Community Budget. At the moment it is not possible to see precisely to what extent the enlargement of the Community is likely to cause us problems in this respect. But I agree that it is a consideration which we should have firmly in mind and set against the general political benefits for Europe and the trade opportunities for the UK of Spanish and Portuguese membership. At the same time we should not forget that the early prospect of a community of twelve, in which they would be significant net contributors, is a factor tending to encourage the French to modify their ideas about changing the status quo in the Community, and that is in our interest.
3. As regards our deliberately slowing down the pace of the accession negotiations and avoiding commitment to a precise negotiating timetable, I think that events will suggest their own timetable and that in practice there is no need for us to adopt delaying tactics. There will clearly be a limit to the extent to which the Community can negotiate with Portugal and Spain about agriculture and the budget before it has decided on its own future arrangements in these fields. The Community has never been formally committed to the Spanish and Portuguese objective of entry on 1 January 1983 and, following the statement to both applicants made at the Ministerial meetings on 21 and 22 July, it is now more than ever clear to them that the

/Community



Community is not committed to a precise timetable. I do not think that it is now a serious possibility that the Community will in the near future commit itself to such a timetable. I suggest, therefore, that the line we should take on this point during our Presidency next year can be considered nearer the time.

4. But, as you say, we are politically committed to these negotiations, and we cannot prevent Spain and Portugal from making a serious application to join the Community as they are entitled to do under Article 237 of the Treaty. Further, we do have a broad political interest in supporting democracy in both Spain and Portugal. But I do not believe that you would disagree with these points, and I feel quite confident that we can handle the matter flexibly, as you suggest.

5. I am sending copies of this minute to the Prime Minister and Sir Robert Armstrong.

C
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(CARRINGTON)

Foreign and Commonwealth Office
29 July 1980

CONFIDENTIAL



10 DOWNING STREET

THE PRIME MINISTER

25 July 1980

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T150/80

Dear Prime Minister,

Thank you for your message of 15 July about Community pre-accession aid for Portugal.

Your message and those sent to the Foreign and Commonwealth Secretary by Professor Freitas do Amaral, brought out very clearly the immense political importance which you and your colleagues attach to this issue. It was with this in mind that we were able, together with our Community partners, to agree at the Foreign Affairs Council on 21/22 July to offer aid, including both a loan and a grant element, in the terms which have now been communicated to your Government. I hope that the decision will have been welcome and helpful to you.

It was however a difficult decision for us to take. We are having to apply severe constraints to public expenditure generally. Our existing aid programme, from which the British share of any grant assistance to Portugal has to come, is under considerable pressure. These factors will inevitably limit the extent of our ability to contribute to a Community programme of the kind envisaged. We shall of course do our best to help: but I hope you will bear our own very real difficulties in mind when we discuss in the autumn the details of the aid package.

(sgd) MT

His Excellency Dr. Francisco S Carneiro

cc FCO . SK
CC . 2417

Enro PA

Subject filed as ~~Enro~~ Portugal
March 1980. Vint A P.M. + Foreign
Minister.

CONFIDENTIAL

Original on
Fisheries Policy

PRIME MINISTER

Community Affairs

The Minister of Agriculture might report on the outcome of the 21st July Fisheries Council, which did little more than conduct a first reading of the Commission's proposals for 1980 quotas, access and technical conservation measures. The United Kingdom was not isolated. Discussion will resume in September.

2. The Minister of Agriculture might report on the outcome of the 22nd July Agriculture Council. Agreement was reached on a deal for New Zealand butter imports in 1980, under which a reduction in quantity was traded for an increase in price. The post-1980 arrangements were not discussed. On sheepmeat, the French held out against a settlement, arguing for a 15 per cent tariff. The United Kingdom was alone in pressing for a tariff of 8 per cent. The aim now is to conclude the negotiations with New Zealand and other suppliers in September, so that both the internal and external regimes can enter into force on 1st October.

3. The Foreign and Commonwealth Secretary might be invited to report on the 21st-22nd July Foreign Affairs Council. On the main items in a long agenda, the Council reached agreement on the principle of pre-accession aid for Portugal, but without figures for the present; agreed on a formula for the automatic extension of the amended Financial Mechanism to 1982 if still required; accepted that work on the Article 235 Regulation should proceed with a view to a decision in principle in September; and agreed that a mandate for negotiations with Zimbabwe should be adopted by the September Council.

ROBERT ARMSTRONG

(Robert Armstrong)

23rd July, 1980

CONFIDENTIAL

CONFIDENTIAL

Prime Minister

Euro P.D.

(2)



There seems to me to be a good
deal in what Sir G. Howe says.

to Andrew 24/7

Andrew 24/7

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

22 July 1980

The Rt. Hon. The Lord Carrington, KCMG, MC
Secretary of State for Foreign and Commonwealth
Affairs

Dear Peter

ENLARGEMENT

Recent statements by Giscard and Barre suggesting that there might be delay in expanding the Community to admit Spain and Portugal have prompted me to reflect on our own position. In our public statements the Government have emphasised our political commitment to the accession negotiations and I am sure that it was right to give the French no chance of sharing with us the odium of delay. Even so, I think that we should now reassess where our interests lie. For if, as I believe, UK interests would be likely to suffer from the accession of Spain and Portugal, then we should surely be ready to exploit opportunities for delay, even though concealing our intentions.

First, I think we need to consider the effect of the accession of Spain and Portugal on the forthcoming negotiations that will determine our net contribution to the Community Budget in 1982 and following years. It seems to me that enlargement is very likely to mean a less advantageous result. The other present Member States will be less sympathetic to our case for relief after accession because they will be incurring extra budgetary costs to finance the net receipts that Spain and Portugal will gain. Moreover the relative wealth of the UK will seem considerably greater: to be seventh out of twelve in terms of GNP per head is significantly different from being seventh out of nine.

The scope for relieving the UK problem by restructuring the Community Budget will be reduced by enlargement. The accession of three countries substantially less prosperous than the UK will make it extremely difficult for us to maintain even the modest net benefit from the Regional and Social Funds that we are present enjoy, let alone improve it. As far as the CAP is concerned, all

/three

CONFIDENTIAL



three acceding states are likely to press for an extension to Mediterranean products of the general support arrangements for Northern products so that the task of controlling the CAP is likely to be harder after enlargement than before. Furthermore, a Community of twelve will inevitably be more diverse than a Community of nine and more special interests will need to be accommodated in the search for agreement on new Community policies. The institutional processes are likely to be even more cumbersome (unless the opportunity were taken to make a radical institutional reform - and I see no sign of that). Thus our chances of weighting Community policies in our favour are more likely to be reduced than enhanced.

In general, therefore, enlargement will increase our problems in getting a fair deal for the UK out of the Community arrangements.

These arguments constitute a strong case for making haste slowly over enlargement. I am not suggesting that we should go so far as to renege on our public commitment to an eventual Community of twelve. But we may find opportunities to hide behind the apparent French desire to slow down Spanish accession and, if so, I think that we should take them. We should also, in my view, try to avoid committing ourselves to a specific negotiating time-table for Spanish and Portuguese accession; this will be particularly important during 1981 because we hold the Presidency of the Community in the second half of that year. It would make no sense for us to accelerate the completion of a process which carries such substantial economic risks for the UK.

I understand that we have been giving assurances to the Spaniards and the Portuguese that the negotiations on budget restructuring, the reform of the CAP and their accession should proceed in parallel. This seems to me fine as a line to take with them and with our present Community partners. But our true undisclosed aim should surely be to ensure that we are satisfied that the Community is committed to arrangements for the Community Budget and the CAP that are consistent with British interests before the balance of interests within the Community is changed by Spanish and Portuguese membership.

I am sending copies of this letter to the Prime Minister and Sir Robert Armstrong.

GEOFFREY HOWE

CONFIDENTIAL

22 JUL 1980





CONFIDENTIAL

PM/80/55

PRIME MINISTER

Community Pre-Accession Aid to
Portugal

*Assured by PM with Lord
Carrington. Lord Carrington agreed
to find the money.*

La. Runt - 18/7

*(not copied
to us.
Runt)*

1. You may have seen the correspondence between myself and the Chancellor of the Exchequer on this subject. In his minute of 16 July the Chancellor rejects the proposal I had put to him that we should be ready at next week's Foreign Affairs Council to lift our blocking of the principle of a concessional element in any pre-accession aid to Portugal to agree if necessary to a figure for this, on the understanding that our share of such expenditure would not be a charge on the aid programme, which contains no provision for such expenditure.
2. I think it is politically unrealistic to suppose that we can in fact block any concessional aid to Portugal at next week's Council, and I think it is not reasonable to argue that our share of this is a proper charge to the aid programme.
3. On the first point you of course are well aware of the special regard in which our Government, and you yourself in particular, are held by Sa Carneiro and his colleagues. In the last few days they have left us in no doubt whatever of the importance they attach to agreement in Brussels next week, and about their dismay, not to say incomprehension, at the negative line which we have so far been taking in discussions there at official level. You have now had a personal message from Sa Carneiro; I have had one from Freitas do Amaral; Tony Royle at the Conservative Central Office has been appealed to; and our Ambassador at Lisbon has been summoned to see the Portugese Foreign Minister. The German Foreign Minister has told me that he thinks it vitally important for the Community to provide pre-accession aid to Portugal; and there are signs that our commercial interests there will suffer if we continue to be seen as the one country blocking a decision.

/4.

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CONFIDENTIAL

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4. This therefore is a highly political matter. It is not to do with aid in the sense that that word is normally understood, as being something which is given to the poorer countries of the world by the richer. Portugal is not one of the poorer countries of the world and there is no reason why she should be given aid from our aid programme, which has different purposes. The reason why the Community should give Portugal aid is that Portugal is due soon to join the Community. Once she joins she is likely to benefit substantially in financial terms, as is right and proper for what will be by far the poorest member of the Community. The Community aid now proposed is small in amount and respectable in purpose, in that it is designed to help Portugal bring her economy up to a level where it will be better able to withstand the strains of Community membership (and thereby be less of a burden on the Community). It seems to me to make good economic sense to help a rather weak economy which is about to become a member in order to help her to play a proper and not unduly subsidised part. The UK share of the aid required for this purpose should therefore be counted as part of the general cost to us of belonging to the Community, just as would the provision of assistance to Portugal from the Regional or Social Funds, once Portugal became a full Community member. I suggest that this whole question should be looked at once more.

5. Meanwhile, time before next week's Council is short. I am not prepared to block concessionary aid to Portugal and I cannot afford to take the risk that the Chancellor may still not by then have accepted the force of my arguments. I am therefore in the last resort prepared to direct the ODA to find, say, £5 million from its already overstretched contingency fund (though I realise that some colleagues may not welcome this). But this amount will only enable me to agree to a level of concessionary aid of about 50 mua, or less

/than a quarter

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than a quarter of the Commission proposal now on the table (235 mua). I shall hope, with support likely from some of my Community colleagues, to bring the Commission figure substantially down (and I am assuming that once Portugal joins the Community any part of this aid then remaining unspent will cease to be a charge on the aid programme and will be re-allocated accordingly by the Treasury, though this point is not specifically covered in the Chancellor's minute). But I cannot be certain in advance what the final figure will be. I therefore, on political grounds, seek authority from you to use non-aid programme resources for the UK share of any aid above the 50 mua level to which I may have to agree next week.

6. I am sending a copy of this minute to the Chancellor of the Exchequer and to Sir Robert Armstrong.

(CARRINGTON)

Foreign and Commonwealth Office



EMBAIXADA DE PORTUGAL

Original on: -
Portugal: Do Amaral
visit: March 80

**PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T142/80
SUBJECT**

MESSAGE

Dear Prime Minister,

A decision is to be taken by the Council of Ministers of the EEC next Tuesday, the 22nd of July, in Brussels, on pre-accession aid to Portugal.

You will recall that the Portuguese Deputy Prime Minister and Minister for Foreign Affairs talked about this during the official meeting with you on the 19th May, in Downing Street.

All the details are well known to your government, but I would like to stress how important it is for us that a positive decision is taken.

Full democracy and stability in Portugal are not yet entirely achieved and we very much need to reinforce them with a clear and positive act of European solidarity in order to strengthen our economic and social structures.

After President Giscard's statements, which have had a very negative impact on Portuguese public opinion, if we get now a negative decision on pre-accession aid I very much fear for the whole idea of Europe and of our integration in the EEC. We invested a lot, politically, in this issue because the whole concept of pre-accession aid was first suggested to us by the EEC itself and therefore we never thought that a veto could be subsequently possible at the moment of the final decision.

We have, however, been informed that the only member country who might oppose a positive decision next week in Brussels is Britain.

I don't need of course to stress to you how big a damage it would cause to the long lasting friendship and alliance between Britain and Portugal that an eventual veto on pre-accession aid to Portugal should come from Britain.

I am sure you fully understand the meaning and implications of this issue. I ask you to look at it in a favourable way and to give a positive answer to our case. I entirely count on your solidarity towards Portugal.

Yours sincerely,

Francisco Sa Carneiro
Prime Minister of Portugal

15 July 1980

RESTRICTED
SAVING TELEGRAM

Euro Parl.

SAVING TELEGRAM

FM LUXEMBOURG

RESTRICTED

ms

TO FCO TELNO SAVING 5 OF 24 JUNE 1980
INFORMATION SAVING TO DUBLIN, COPENHAGEN, BRUSSELS, UKREP BRUSSELS,
PARIS, THE HAGUE, BONN, ROME

BONN TELNO 503 OF 23 JUNE: M THORN'S REACTION TO M BARRE'S SPEECH
ON ENLARGEMENT OF EC

1. M Thorn spoke to me on 22 June about Barre's speech. He noted that Barre had repeated the concept of a Community menu à la carte in asking rhetorically if it was still necessary for all the member states to do everything at the same time and in the same way. Thorn said that he regarded this as a profoundly dangerous siren song. Some people might find it superficially attractive. But if that path were to be followed, it would mean the end of the Community. We would all go our own ways. But of one thing we could be certain. We might finish up with a Community of different levels. But the French and the Germans would make sure they were at the top table, wherever anyone else sat. The Community would more than ever become a Franco/German directory with the smaller members picking up the crumbs if they were lucky.

JT

THOMAS

*DEPARTMENTAL
LCD(E)
WED.
CABINET OFFICE*

COPIES SENT TO
No. 11 DOWNING STREET

THIS TELEGRAM
WAS NOT
ADVANCED

RESTRICTED



C. F. - Euro ^{1.5} *RA*

*Original
CF. to note*

10 DOWNING STREET

THE PRIME MINISTER

20 June 1980

Dear Robin,

Thank you for your letter of 28 May about the costs of Greek, Spanish and Portuguese accession to the EEC.

While there is no disputing that enlargement will put added strain on the Community's finances, in some respects you were put on the wrong track in Brussels.

In fact, the Commission are sympathetic to Portuguese requests for pre-accession aid on a substantial scale, but this is unlikely to be acceptable to Member States, whose agreement is required. After accession Portugal is likely on present calculations to be only a marginal net beneficiary, unless specially generous arrangements are negotiated (which, again, of course, will need to be agreed by Member States).

Furthermore, most of the additional costs of enlargement will be borne by the CAP, not the Regional Fund, particularly in the case of Spain, and these costs will take several years to build up. The cost during 1981 and 1982 which will only be in respect of Greece will be small, and has been properly taken into account in planned expenditure and in calculating the refunds which are

/to

OMP

to be made to the UK. There is no question of the UK's rebates being nullified.

Greece's accession will not be 'entirely one-way', despite what your Commission interlocutor said. Greece may have administrative difficulty in implementing some Community regulations, and transitional arrangements have been negotiated to help with that. But right from the start Greece will begin to implement her main Community obligations, on trade liberalisation for example, and will by the end of the transitional period be implementing all the obligations of Community membership.

The Community is well aware of the problems which enlargement could cause. In particular, it is beginning to look at ways in which the CAP might be changed in order to keep down the costs of Mediterranean agriculture.

Finally we must not forget the political benefits of enlargement. We have all along accepted that there would be some economic price to pay for these. And we have made clear that the UK, for its part, sees no reason to delay the accession of Portugal and Spain because of the Community's internal situation, as some have recently suggested would be necessary.

Yours ever,

M

Robin Maxwell-Hyslop, Esq., M.P.

Original on:-
Portugal: Do Amaral
Visits: March 80

RECORD OF A DISCUSSION BETWEEN THE PRIME MINISTER AND THE DEPUTY PRIME MINISTER AND FOREIGN MINISTER OF PORTUGAL (PROFESSOR FREITAS DO AMARAL), AT 10 DOWNING STREET ON 19 MAY 1980 AT 1200 HOURS

Present:

- | | |
|---|---|
| The Prime Minister | Professor Freitas do Amaral
Deputy Prime Minister |
| The Foreign and Commonwealth
Secretary | Dr. Almeida Mendes, State
Secretary for European
Integration |
| Mr. J.L. Bullard | Mr. Freitas Cruz, Ambassador
of Portugal |
| Lord Moran | Dr. Rogeiro Martins, Economic
Adviser to the Prime Minister |
| Mr. D.H.A. Hannay | Dr. M. Corte Real, Director
of the Deputy Prime Minister's
Office |
| Mr. M.O'D.B. Alexander | |
| Mr. T.L.A. Daunt | |

* * * * *

Portuguese Accession to the European Community

After the Prime Minister had welcomed Professor Freitas do Amaral and discussed the road accident in which Prime Minister Sa Carneiro had been injured the previous day, offering to arrange for Dr. Sa Carneiro to be flown home to Lisbon, she invited Professor Freitas do Amaral to speak about Portugal's policy over accession to the European Community.

Professor Freitas do Amaral said that accession was supported by all parties in Parliament except the communists. The Government had decided on taking office to accelerate the negotiations and wanted to keep to the schedule proposed in Brussels, under which Portugal would accede on 1 January 1983. He was much attracted by the idea of signing a Treaty of Accession during the British Presidency in the second half of 1981. He hoped for strong British support in meeting the timetable. The Foreign and Commonwealth Secretary said that his only hesitation concerned the formidable problems which might be raised by Spanish agriculture in the negotiations with Spain. The agricultural aspect of the negotiations with Portugal could be affected. Professor Freitas do Amaral said

/ that the

that the Portuguese situation was entirely different from that of Spain and must be kept quite separate. The Prime Minister said that Britain supported a timetable leading to Portuguese accession in January 1983. The political aspect was even more important than the economic. There could, however, be greater difficulties over negotiations with Spain.

Professor Freitas do Amaral emphasised that pre-accession aid was of the highest importance to Portugal. The ratio of per capita incomes between the richest and poorest regions in the Community was currently 1:6. Conditions in north-east Portugal meant that, following Portugal's accession, the ratio would be 1:12. A major effort was needed to improve the structure of the Portuguese economy. Specific proposals had been put to the European Commission covering agriculture, industry, vocational training and regional policy. The most important aspect was regional policy, in which the establishment of adequate road communications was the key. It would have considerable impact on public attitudes to the Community in Portugal. The 287 m.u.a. required from the Community to finance the scheme over 3 years was the equivalent of only one year's net revenue to Portugal from the Community post-accession. Illustrating the economic background to the request for pre-accession aid, Dr. Almeida Mendes said that Portugal still imported 50% of her food; 32% of the working population, producing only 12% of GNP, was on the land. A major restructuring of Portuguese agriculture was needed. 96% of Portugal's imports arrived by ship; Portugal was in effect an island. There was an obvious need for improvements to the infrastructure. Professor Freitas do Amaral said that Portugal had to view accession as a means to accelerate economic development and could not accept indefinitely the role of the poor partner in whose country the richer members spent their holidays.

The Prime Minister said that the suggested scale of pre-accession aid might not be great in absolute terms but the Portuguese timing in asking for it was unfortunate. They would be aware of the current difficulties over Britain's Budget contribution. Britain and the Federal Republic were financing the Community despite the fact that Britain had a lower per capita income than most members. This situation could not be allowed to continue. The need to reduce

/ public expenditure

public expenditure was in any case great. She could not be optimistic about giving the Portuguese Government satisfaction. The Foreign and Commonwealth Secretary said that Britain's net contribution to the Community in 1980 would be running at nearly twice the total overseas aid budget. Britain's aid went to countries much poorer than Portugal; most of it was spent through the multilateral agencies. It would be almost impossible to find a sum of about £30 million, which would be the British share of pre-accession aid on the scale suggested by Portugal. The idea of taking it away from bilateral aid programmes for very poor countries raised obvious difficulties. The Prime Minister said that Britain could not continue to transfer £1.5 billion per annum or more to richer countries in the Community. She had listened sympathetically to the Portuguese case for pre-accession aid but could do no more than note Professor Freitas do Amaral's statement that the matter was of vital importance to Portugal, and his hope that a satisfactory solution could be found.

Textiles

Professor Freitas do Amaral said that textiles were a subject of vital importance both to Portugal and to Britain in the context of the former's negotiations with the Community. Following his talks earlier in the day with the Lord Privy Seal and the Trade Secretary, he believed that a solution could be found. He was not prepared to accept quantitative restrictions as part of a Treaty, but might contemplate a private understanding between industrialists. The Prime Minister said that the question was indeed of great importance to Britain, where 130,000 jobs in the textile industry had been lost in the past 5 years. Full and free access immediately could not be contemplated. She was glad to hear that a solution seemed feasible but whatever arrangements were made would have to stand up. As Professor do Amaral had indicated, the matter was not strictly speaking a bilateral one.

Free Movement of Labour

Professor do Amaral said that the free circulation of labour was likewise a matter of importance to Portugal. There were already one million Portuguese workers in Community countries. He was not



CONFIDENTIAL

PRIME MINISTER

Community Affairs

You may wish to defer the discussion of any points connected with our Budget problem until the separate agenda item "European Community Budget" is reached.

2. The Chancellor of the Exchequer might be invited to report on the non-Budget aspects of the 17th March Finance Council, which endorsed preliminary reports from the Monetary Committee and the Central Bank Governors Committee on the timing and form of a possible move to the second stage of the European Monetary System including the creation of a European Monetary Fund.

3. The Foreign and Commonwealth Secretary might similarly be invited to report on the non-Budget aspects of the 18th March Foreign Affairs Council, including the highly restricted discussion of Turkey's possible application for membership of the Community and German attempts to challenge the restraints imposed by the United Kingdom with the Commission's blessing on imports of United States synthetic textiles.

RA

(Robert Armstrong)

19th March 1980

CONFIDENTIAL

Greece

Extract of a meeting record between the Prime Minister and the Prime Minister of Greece, Mr. Karamanlis, at 10 Downing Street on Wednesday 24 October 1950.

Top Copy
Greece, Sept 79,
Visits to London
by Mr Karamanlis
at the Greek PM.

Present

The Prime Minister

Mr. Karamanlis

Mr. J.L. Bullard

HE M. Stavros Roussos

Mr. M. O'D. B. Alexander

HE Ambassador Molyviatis

* * * * *

Bilateral Relations

Mr. Karamanlis began the discussion by thanking the Prime Minister for Britain's contribution to the success of the negotiations for Greek accession to the European Community. He was also pleased to learn that the Greek Treaty of Accession was to be ratified soon. It would be excellent news if Britain were to be the first member of the Community to ratify. Mr. Bullard said that ratification was expected in January. The Prime Minister said that she regretted not being able to go to Athens for the signing of the Treaty but that she hoped our promptness in ratifying would make amends. Mr. Karamanlis said that he hoped to receive the Prime Minister in Greece before long. He was owed three visits. The Prime Minister said that despite her great interest in Greek history she had never visited the country.

The Prime Minister said that she was anxious that there should be good commercial relations between the United Kingdom and Greece. Britain was interested in the project for building coal-fired power stations and in selling tanks. Britain's tanks were excellent and their Chobham armour was the best available. The Prime Minister understood that the discussions were going well.

Mr. Karamanlis, having noted that there were no bilateral problems between the two countries, said that he was looking for the best fields in which to develop broader cooperation. The Minister of Coordination would be visiting the United Kingdom

in mid-November and he would be raising a number of issues:

(a) The Greek Government were planning to build two 350 megawatt coal-fired power stations. This would be a major British investment and the power stations would use British coal.

(b) The Greek Government were negotiating with the Soviet Union about the construction of an alumina plant. They would like to reach agreement with other members of the EEC which had aluminum plants to take the alumina from the proposed Greek plant.

(c) Greece wanted to buy 1 million tonnes of oil in the first few months of next year. The delivery dates in the existing Greek contracts for the supply of oil had slipped and Greece was going to be short of oil in the first three months of 1980. It would be a great help if Britain could supply the missing quantity.

(d) Greece was electrifying and modernising her railway system and there might be openings for British firms.

Mr. Karamanlis said that Greece could make no commitments at present in regard to defence expenditure. The Greek economy was entering a difficult phase and he was not yet quite sure how the situation would develop. But if at a later stage Greece decided to purchase tanks, he would bear in mind the excellent British product. His military experts considered that Britain's tanks were superior to those of anyone else. They were the ones Greece should have.

The Greek Economy

The Prime Minister took note of the points made by Mr. Karamanlis and agreed that they could be discussed further during the visit of the Minister of Coordination. She asked

/about the

about the difficulties being encountered by the Greek economy. Mr. Karamanlis said that until recently it had been doing well. During the last five years growth had been at the rate of 5½ per cent per annum. There had been a considerable expansion in investment. There was no unemployment. The difficulty was inflation. Before this year, it had been averaging 11 per cent per annum. This year it would be 20 or 21 per cent. Of that 21 per cent, 5 per cent was due to increases in the price of oil and another 3 per cent to the abolition of subsidies on foodstuffs prior to entry into the EEC. Were it not for these two factors, inflation would have been running at the regular rate of around 11 or 12 per cent. Next year he hoped to get the inflation rate down to 14 or 15 per cent. The other major weakness in the Greek economy was the balance of payments. This was running at a considerable deficit at present and the oil price increases had not helped the situation. Although there were favourable counter-balancing factors, e.g. political stability of the country and the fact that it enjoyed social peace, it was necessary for the Government to go very carefully at present. Mr. Karamanlis concluded his account of the internal situation in Greece by saying that in comparison with many periods in the past Greece was now doing very well.

SUBJECT



cc Master
ops VB
cc FCO
CDL
Greece

10 DOWNING STREET
PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 44/79 T

THE PRIME MINISTER

12 July 1979

My dear Prime Minister,

Thank you for your message of 29 June. I warmly congratulate you on the Greek Parliament's ratification of the Treaty of Accession of Greece to the European Communities. This is an historic step.

I note your request for early ratification of the Treaty by the United Kingdom. You may rest assured that we are going ahead with ratification without delay. The procedures are complicated and will take some time, but I am confident they will be completed well in advance of 1 January 1981.

Yours sincerely
Raymond Thatcher

His Excellency Mr. Constantine Karamanlis

tw

RESTRICTED

Greece



Foreign and Commonwealth Office

London SW1A 2AH

10 July 1979

Dear Mike,

Message from Mr Karamanlis

Thank you for your letter of 2 July enclosing a message from Mr Karamanlis to the Prime Minister sent via the Greek Embassy. I enclose a draft message in reply from the Prime Minister to Mr Karamanlis. This has been approved by the Foreign and Commonwealth Secretary. Our Embassy in Athens will be instructed to deliver the reply once it has been approved.

Ratification of Treaties is a prerogative of the Crown, but legislation to give effect to certain obligations under the Greek Treaty of Accession is required before the UK can ratify. We shall press ahead with this as quickly as possible. The Government must first decide whether to enact the legislation by Order in Council or by a Bill. The Lord Privy Seal wrote to the Chancellor of the Duchy and OD(E) colleagues last month on this subject. The Chancellor of the Duchy has replied by expressing a preference for an Order in Council but, on his advice, we are seeking the opinion of the Law Officers. We are also urgently examining together with interested Whitehall Departments whether those Departments would need primary legislation or whether we should consider using such legislation to correct any deficiencies which have come to light in the working of the 1972 European Communities Act.

We wish as far as possible to satisfy the Greek desire for early UK ratification, but the decision which legislative procedure to adopt raises sensitive parliamentary and political issues; and the procedures themselves take some time to complete.

The Treaty is due to enter into force on 1 January 1981 and that is the deadline for ratification.

I am copying this letter to John Stevens (Office of the Chancellor of the Duchy of Lancaster).

Yours etc

Paul

(P Lever)

Private Secretary

Mike Pattison Esq
10 Downing Street
LONDON

RESTRICTED

Registry
No.

DRAFT

Type 1 +

SECURITY CLASSIFICATION

Top Secret,
Secret.
Confidential.
Restricted.
Unclassified.

To:—

His Excellency
Mr Constantine Karamanlis
Prime Minister of the Hellenic
Republic

From

PRIME MINISTER

Telephone No. Ext.

Department

PRIVACY MARKING

..... In Confidence

Dear Prime Minister

Thank you for your message of 29 June. I warmly congratulate you on the Greek Parliament's ratification of the Treaty of Accession of Greece to the European Communities. This is an historic step,

I note your request for early ratification of the Treaty by the United Kingdom. You may rest assured that we are going ahead with ratification without delay. The procedures are complicated and will take some time, but I am confident they will be completed well in advance of 1 January 1981.

10 JUL 1979





BF
9/7/79
cc cdo
JS

10 DOWNING STREET

From the Private Secretary

2 July 1979

I enclose a copy of a letter addressed to the Prime Minister by the Greek Charge d'Affaires conveying a message from Mr. Karamanlis. Could I please have a draft reply for the Prime Minister to send, to reach us by 9 July.

I am sending a copy of this letter, and enclosure, to John Stevens in the Chancellor of the Duchy's Office.

M. A. PATTISON

Paul Lever, Esq.,
Foreign and Commonwealth Office.

KB



JS

10 DOWNING STREET

From the Private Secretary

2 July 1979

I am writing to acknowledge your letter to the Prime Minister of today's date, conveying a message from the Prime Minister of Greece. I will place this before the Prime Minister as soon as she returns from her current overseas trip.

M. A. PATTISON

Monsieur Nicolas E. Athanassiou

Subject

2 PPS

Embassy of Greece
1a, Holland Park,
London, W.11

T34/79T

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T34/79T

2 July 1979

Madam,

I have been instructed by my Prime Minister to convey to you the following message:

"Dear Prime Minister,

"I have pleasure in informing you that the
"Greek Parliament yesterday ratified by a
"very large majority the Treaty of Accession
"of my country to the European Communities.
"On this occasion, I wish to thank you once
"more for your contribution to my country's
"accession to the Community.

"Greece feels happy that, in essence, she is
"already a member of the European family. You
"may rest assured that the ties between our
"two countries will grow stronger and our
"close relations closer in the framework of
"the European Community.

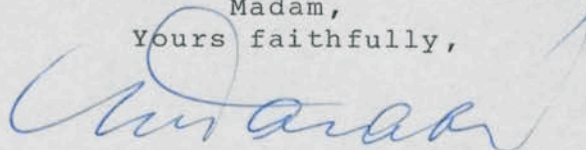
"I would deeply appreciate it if your many
"preoccupations, which I fully understand,
"could allow you to accelerate the relevant
"procedure so that the Treaty be ratified by
"the British Parliament as soon as possible.

"Yours sincerely,

"Constantine Karamanlis
"Prime Minister of Greece

"Athens, 29 June 1979"

I have the honour to be,
Madam,
Yours faithfully,



N. Athanassiou
Charge d'Affaires a.i.

The Right Honourable Margaret Thatcher, M.P.,
Prime Minister, First Lord of the Treasury and Minister
for the Civil Service,

10 Downing Street,
London S.W.1.



Chancellor of the Duchy of Lancaster

Cabinet Office
70 Whitehall London SW1
Telephone 01-~~9333~~ 233 5826

28 June 1979

Dear Lord Privy Seal,

GREEK TREATY OF ACCESSION TO THE COMMUNITY

Thank you for your letter of 7 June about ratification of the Greek Accession Treaty, in which you set out the choice between proceeding by an Order under Section 1(3) of the European Communities Act (ECA) 1972 or by a Bill.

If each of these options is equally valid in other respects, I should be inclined at present to go for an Order on the grounds that Greek accession should not be controversial between the parties, that the whole question of enlargement was debated exhaustively in May 1978, and that we should not lightly resort to primary legislation if the ECA can do the job just as well. Moreover, it should be easier to meet Greek pressure for early progress if we proceed by an Order than through a Bill.

But it seems to me that two prior questions need to be answered before we can take a final decision on the choice of instrument. The first concerns the point raised by the Solicitor General and the Lord President of the Council in their letters of 14 and 18 June respectively, namely whether the Section 1(3) procedure can properly be used for a treaty of accession. I imagine that you will want to put this point to the Law Officers. The second is the purely practical question whether Greek accession will necessitate consequential changes in existing statutes, in which case it might be desirable to proceed by a Bill. I understand that officials are looking into this question on the basis of an enquiry initiated by your Department.

I suggest that we review the position again when these two points have been cleared up.

I am sending copies of this letter to the recipients of yours.

Yours sincerely
CM Egerton

*(Approved by the Chancellor of the Duchy
and signed in his absence)*

Lord Privy Seal
Foreign & Commonwealth Office
Whitehall
LONDON SW1

22 JUL 1979

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N55

Greece



18 June 1979

The Rt Hon Sir Ian Gilmour, Bt MP
Lord Privy Seal
Foreign and Commonwealth Office
Downing Street
LONDON SW1A 2AL

M. Sanders
Mr. G. R. L.

Dear Ian,

GREEK TREATY OF ACCESSION TO THE EUROPEAN COMMUNITIES

I have seen your letter of 7 June to the Chancellor of the Duchy of Lancaster about the handling of the Greek Treaty of Accession to the EEC.

I think there are two points which weigh against the use of an Order under Section 1(3) of the European Communities Act 1972.

First I believe that the treaties to which the Section 1(3) procedure applies are treaties "ancillary" to the Treaty of Rome. Could the argument be sustained from a legal point of view that a Treaty of Accession should be regarded as "ancillary"?

Secondly, would it not be argued that the accession of a new member (or several new members) was of sufficient importance to justify a Bill rather than an Order in Council, regardless of whether an Order in Council is an appropriate vehicle from a strictly legal point of view?

I am copying this letter to recipients of yours.

Yours ever
Christoph

SOAMES

P.S. Since dictating this I have received a copy of the Attorney General's letter which seems to confirm my second point - if not the first.

PPS. But if the Chancellor of the Duchy thinks he could get away with an order I would be ready to go along with it.

19 JUN 1979





01-405 7641 Extn

ROYAL COURTS OF JUSTICE.

LONDON, WC2A 2LL

Greene

14 June, 1979

Dear Sir,

Mr. Gilmour

GREEK TREATY OF ACCESSION TO THE EEC

You sent me a copy of your letter to the Leader of the House of 7th June about the question whether we should proceed by Order under Section 1(3) of the European Communities Act 1972 or by primary legislation in making the changes required to ratify this treaty.

*Shel
16/6*

It seems clear that, whichever of these alternatives is adopted, it will be essential to make the Greek Accession Treaty a Community Treaty for the purpose of the 1972 Act. I have not seen a copy of the Treaty and no information is available to me whether it contains any particular provisions which are of such a character that they ought, for legal or political reasons, to be implemented by primary legislation. Until we know whether a Bill would contain just one clause making the Treaty a Community Treaty (and therefore similar in content to an Order), or contain other provisions, it does not seem possible to reach a final conclusion on the matter you raise.

My provisional view is that, because of the importance of the matter, we should proceed by Bill.

I am sending a copy of this letter to the Leader of the House and the other members of OD(E), and also to the Prime Minister and Sir John Hunt.

*Yours ever
John*

The Rt Hon Sir Ian Gilmour, Bt MP
Lord Privy Seal
Foreign and Commonwealth Office
Downing Street, London, SW1A 2AL

15 JUN 1979

10 11 12 1
9 8 7
MID
6 5 4 3 2



From the Secretary of State

RESTRICTED

The Rt Hon Sir Ian Gilmour Bt MP
Lord Privy Seal
Foreign and Commonwealth Office
London, SW1A 2AH

14 June 1979

Mr Sanders

—o.a.—
GJM
16/2

Dear Ian.

GREEK TREATY OF ACCESSION TO THE EEC

Thank you for copying to me your letter of 7 June to Norman St John Stevas in which you invited views on how best to implement the changes in UK law needed to ratify the Greek Treaty of Accession.

The changes in Community law necessary to admit Greece to membership of the Community do not require primary legislation by my Department. If this is true for the rest of Whitehall I should favour following the normal practice of proceeding by an Order under Section 1(3) of the European Communities Act 1972. I accept the potential advantages you outline for proceeding by way of a bill but the House has already had two recent opportunities to debate Enlargement and, as you state, the substance of Greek accession has already been negotiated and agreed. I have only one reservation about this course of action. It will be important to satisfy ourselves first, through soundings of both sides of the House, that there is no strong objection to the use of a Section 1(3) Order.

I am copying this letter to the recipients of yours.

Yours ever
John

JOHN NOTT

RESTRICTED

15 JUN 1979





Greece

E

Foreign and Commonwealth Office
London SW1A 2AH

7 June 1979

Mr Norman

Ms Sanders

→ A.A.

*BW
7/6*

GREEK TREATY OF ACCESSION TO THE EEC

Greece's Treaty of Accession to the European Communities was signed on 28 May. We now have to consider how to make the changes in UK law necessary so that the UK can ratify this treaty. In particular, the law needs to be changed to ensure that Greece and Greek nationals receive Community treatment in the UK as envisaged in the Treaty.

We could make the changes by an Order under Section 1(3) of the European Communities Act 1972. There would, however, be advantages in parliamentary discussion which only procedure by a bill would allow. The admission of Greece to membership of the Community involves amendment of the EEC Treaty and a large number of technical changes in Community law on matters ranging from industrial and agricultural trade to budgetary arrangements and adjustments to Community institutions. But it is of course for you as Leader of the House to look after the interests of the House, and if you were content to proceed by an order in Council, I would be too. The substance of the matter has of course already been negotiated and agreed and is set down in the Treaty of Accession.

I hope that we can agree now to proceed by correspondence, so that if we decide to proceed by a bill, we can consider what priority to give it at the next meeting of the Legislation Committee on 14 June. The Greek Government have made

/representations

The Rt Hon N A F St John Stevas MP
Leader of the House



- 2 -

representations to us both in Athens and via their Ambassador here about getting a first reading through this session. I myself think we should give this a fair wind and, if we decide to proceed by a bill, I would be so urging at the meeting of the Committee. I should therefore be grateful for an early indication of your views and those of the members of OD(E), to whom I am sending a copy of this letter. Copies also go to the Prime Minister, and Sir John Hunt.

yours ✓
lan.

17 JUN 1979

17 JUN 1979



38
Greece

10 DOWNING STREET

From the Private Secretary

22 May 1979

Greek Accession to the EEC

I enclose a copy of a letter which has been addressed to the Prime Minister by the Greek Ambassador conveying the text of a reply from Mr. Karamanlis to the Prime Minister's message to him on the occasion of the signature of the Treaty of Accession between Greece and the EEC.

H. G. CARTLEDGE

KAB

Paul Lever, Esq.,
Foreign and Commonwealth Office.



10 DOWNING STREET

From the Private Secretary

22 May 1979

I am writing on the Prime Minister's behalf to thank you for your letter of 19 May, in which you conveyed a message to the Prime Minister from the Prime Minister of Greece, Mr. Constantine Karamanlis.

I am of course bringing Mr. Karamanlis' message to the Prime Minister's attention.

B. G. CARTLEDGE

His Excellency Monsieur Stavros G. Roussos.

SUBJECT

PRIME MINISTER'S

PERSONAL MESSAGE

Greek Embassy

The Ambassador

T 11/79 T

SERIAL No. T 11/79 T

London

19 May 1979

Madam,

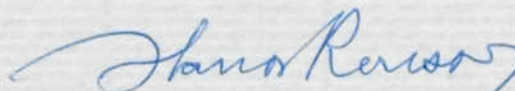
I have been instructed by my Prime Minister to convey to you the following message:

"My Dear Prime Minister,
"I would like to thank you for your message as well
"as for your congratulations on the occasion of my
"country's accession to the EEC.
"I fully understand the reasons which prevent you
"from honouring with your presence this historic
"day for my country. We will be very happy to receive
"Lord Carrington whose presence will confirm the
"traditional ties of friendship between our two
"countries. The Greek people and their Government
"hope that you will avail yourself of another
"opportunity to visit Greece.
"Yours sincerely,
"Constantine Karamanlis"

I have the honour to be,

Madam,

Yours faithfully,



Stavros G. Roussos

The Right Honourable Margaret Thatcher, M.P.,
Prime Minister, First Lord of the Treasury and Minister
for the Civil Service,

10 Downing Street,

London S.W.I.

SUBJECT

GRS145

RESTRICTED

**PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. 710/79T**

RESTRICTED

FRAME EXTERNAL

FH F.C.O. 181422Z MAY 79

TO IMMEDIATE ATHENS

TELEGRAM NUMBER 64 OF 18 MAY

INFO PRIORITY UKREP BRUSSELS

INFO ROUTINE PARIS, DORN, DUBLIN, COPENHAGEN, ROME, BRUSSELS,
THE HAGUE.

INFO SAVING TO LUXEMBOURG.

M.I.P.T. : SIGNATURE OF GREEK ACCESSION TREATY.

1. BEGINS:

MY DEAR PRIME MINISTER,

I HAVE ASKED LORD CARRINGTON TO REPRESENT THE UNITED KINGDOM AT THE SIGNATURE ON 28 MAY OF THE TREATY OF ACCESSION BETWEEN GREECE AND THE E.E.C.. I AM SURE YOU WILL UNDERSTAND WHY I CANNOT COME SO SOON AFTER FORMING A NEW GOVERNMENT. HOWEVER, I SHOULD LIKE TO SEND WARM CONGRATULATIONS ON THE ACCESSION OF GREECE TO THE E.E.C.. GREEK MEMBERSHIP WILL ENRICH THE COMMUNITY. IT WILL ALSO STRENGTHEN FURTHER THE EXCELLENT RELATIONS WHICH EXIST BETWEEN OUR TWO COUNTRIES.

YOURS SINCERELY,
(SGD) MARGARET THATCHER

ENDS

CARRINGTON

[COPIES SENT TO NO 10 DOWNING STREET]

FRAME EXTERNAL

EID (E)

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NEWS D

PS

PS/LPS

COPIES TO

MR N E BILLINGHAM GREG DOT

RESTRICTED

RESTRICTED

FRAME EXTERNAL

FM F.C.O. 181422Z MAY 79

TO IMMEDIATE ATHENS

TELEGRAM NUMBER 63 OF 18 MAY.

INFO PRIORITY UKREP BRUSSELS

INFO ROUTINE PARIS, BONN, DUBLIN, COPENHAGEN, ROME, BRUSSELS,
THE HAGUE,

INFO SAVING TO LUXEMBOURG.

*Only ma
on
7/5*

YOUR TELNO 119 (NOT TO ALL) AND TELECON MILES -- FITZHERBERT:
SIGNATURE OF GREEK ACCESSION TREATY.

1. MIFT CONTAINS THE TEXT OF A MESSAGE FROM THE PRIME MINISTER
TO MR KARAMANLIS. THE ORIGINAL WILL BE FORWARDED BY THE GREEK
EMBASSY. PLEASE REPORT BY IMMEDIATE TELEGRAM WHEN YOU HAVE
OBTAINED CONFIRMATION THAT IT HAS BEEN RECEIVED. WE INTEND TO
MAKE THE MESSAGE PUBLIC HERE AND WOULD SEE NO OBJECTION TO YOUR
DOING LIKEWISE ONCE IT HAS BEEN DELIVERED.

2. I SHALL BE ACCOMPANIED BY FERGUSSON AND FRETWELL, ONE
PRIVATE SECRETARY AND A DETECTIVE. LADY CARRINGTON WILL NOT REPEAT
NOT BE GOING. DETAILS OF TRAVEL ARRANGEMENTS WILL FOLLOW.
PLEASE TRY TO ARRANGE A BILATERAL MEETING WITH RALLIS IF POSSIBLE
ON THE AFTERNOON OF 28 MAY.

CARRINGTON

[COPIES SENT TO NO 10 DOWNING STREET]

FRAME EXTERNAL

EID (E)

SED

NEWS D

PS

PS/LPS

COPIES TO

MR N E BILLINGHAM GRE3 DOT

RESTRICTED

Outward Tel.
'T' messaged.



cc. FCO
CO

FILE 715

10 DOWNING STREET

T10/797

THE PRIME MINISTER

17 May, 1979.

My dear Prime Minister,

I have asked Lord Carrington to represent the United Kingdom at the signature on 28 May of the Treaty of Accession between Greece and the E.E.C.. I am sure you will understand why I cannot come so soon after forming a new government. However, I should like to send warm congratulations on the accession of Greece to the E.E.C.. Greek membership will enrich the Community. It will also strengthen further the excellent relations which exist between our two countries.

Yours sincerely,

(SGD) MARGARET THATCHER

His Excellency Mr. Constantine Karamanlis

29

CONFIDENTIAL

VLS



10 DOWNING STREET

From the Private Secretary

17 May, 1979.

Dear Paul,

Greek Treaty of Accession with the E.E.C.

Thank you for your letter of 10 May about the signature, in Athens on 28 May, of the Treaty of Accession between Greece and the E.E.C..

The Prime Minister has seen your letter and agrees that the Foreign and Commonwealth Secretary should represent the U.K. at the signing ceremony. The Prime Minister has also agreed to send a message to Mr. Karamanlis to mark the occasion. She has made a number of amendments to the draft which you enclosed with your letter, and I enclose the signed original of the final text. I should be grateful if you would arrange for this to be transmitted to Mr. Karamanlis at the appropriate time.

I am sending a copy of this letter and enclosure to Martin Vile (Cabinet Office).

Yours ever,
Roger Cookson.

Paul Lever, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

29



Prime Minister

Foreign and Commonwealth Office

London SW1A 2AH

10 May 1979

Agree that Lord Carrington should represent the UK and that you should send this message?
BGM
11/5

Dear Bryan,

Greek Treaty of Accession with the EEC

The Treaty of Accession between Greece and the EEC is due to be signed in Athens on 28 May. President Giscard will attend representing France as current holder of the Community Presidency. No other Heads of State will be going but the Prime Ministers of Italy, the Netherlands and Luxembourg are expected to attend. Chancellor Schmidt is not going; and Germany, Ireland, Denmark and Belgium will be represented by their Foreign Ministers.

The Greek authorities have made it clear that they would welcome the attendance of the British Prime Minister. But Mrs Thatcher's absence is likely to be readily understood in Athens, given the short time between her taking of office and the signature ceremony. On the Community side the occasion is likely in any case to be dominated by President Giscard, the only Head of State going and, as representative of the Presidency, the Community spokesman on this occasion.

In the circumstances the Foreign and Commonwealth Secretary does not recommend that the Prime Minister need attend and proposes that he should represent the UK. However, Lord Carrington considers that it would be desirable if Mrs Thatcher were to send a message to Mr Karamanlis about the general attitude of the new British Government towards Greece and her accession to the Community; a message welcoming Greek accession should help to set the right tone for the relationship. I enclose a suggested text.

Yours GBT

Paul

(P Lever)

As amended to shorten
not

B G Cartledge Esq
 10 Downing Street
 London SW1

Registry
No.

DRAFT letter

Type 1 +

SECURITY CLASSIFICATION

Top Secret,
Secret.
Confidential.
Restricted.
Unclassified.

To:- Mr Constantine Karamanlis

From
Prime Minister

Telephone No. Ext.

Department

PRIVACY MARKING

..... In Confidence

I have asked Lord Carrington to represent the United Kingdom at the signature on 28 May of the Treaty of Accession between Greece and the EEC. I am sure you will understand ~~that it will not be possible for me to~~ ^{why I cannot come} participate myself so soon after forming ~~my~~ ^{a new} government. However, I should like to ~~take this opportunity to~~ ^{send} convey ~~to you, (on behalf of myself, my government and the people of Britain as a whole)~~ ^{on the} warm congratulations ^{of Greece to the EEC.} on the ~~successful completion of the~~ ^{successful} accession negotiations. Greek membership will enrich the Community. It will ~~also~~ ^{also} I believe, ~~help to~~ strengthen further the excellent ~~bilateral~~ relations which exist between our two countries.

170 MAY 1979



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Q-60R2 Target for
KODAK
Professional Papers

