

RECORD OF A DISCUSSION BETWEEN THE PRIME MINISTER AND THE PRIME MINISTER OF GREECE AT THE MINISTRY OF FOREIGN AFFAIRS IN ATHENS ON MONDAY 22 SEPTEMBER 1980 AT 1830

Present:

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| Prime Minister | Mr. G. Rallis |
| Mr. I.J.M. Sutherland | Mr. C. Mitsotakis |
| Mr. B. Ingham | Mr. B. Theodoropoulos |
| Mr. M.O'D.B. Alexander | Mr. S. Roussos |
| Mr. N.J. Sanders | Mr. E. Lagakos |
| Mr. E.A.J. Fergusson | Mr. A. Sekeris |
| Mr. T.L.A. Daunt | Mr. D. Papaioannou |
| Mr. D.J.M. Dain | Mr. Spyridakis |
| Mr. M.J. Llewellyn Smith | Mr. S. Adamopoulos |
| | Mr. G. Helmis |

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After welcoming the Prime Minister to Athens, Mr. Rallis said that he had noted with approval that, after a difficult period lasting some years, the British Government was once more adopting a determined stance in foreign affairs; he mentioned the settlement of the Rhodesian problem and policy over Afghanistan in particular. The Prime Minister, thanking Mr. Rallis said that instability was more widespread in the world than had been anticipated in the mid-1970s. This state of affairs made the strengthening of Western Europe as an area of political stability all the more important. Whilst strengthening the European Community by Greece's accession, it was essential not to neglect defence, being resolute in cooperating and having the necessary capacity and determination to defend the members of the Western Alliance.

European Community

Mr. Rallis said that Greece had joined the EC for political reasons. The economic reasons were secondary but important, since political freedom was not in practice possible without economic freedom. Greece's priority in the Community would be to work for greater flexibility and greater speed in decision making. Progress

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on these matters was needed in advance of the next enlargement. The Prime Minister said that the major problems for the immediate future were the restructuring of the Community's budget and the future of the Common Agricultural Policy. Some members, including the United Kingdom, took the view that there was no sense in building agricultural surpluses not needed within the Community and then trying to sell them off in ways that adversely affected the economies of other countries. The Commission had until June to produce ideas but there was no real prospect of their being able to meet that timetable. With regard to enlargement, progress should be maintained; the political imperative remained; Spain and Portugal must be helped to strengthen the democratic regimes established only in the mid-1970s.

Mr. Rallis stressed the importance for Greece of improved arrangements for Mediterranean products and referred to the difficulties which France and Italy would encounter over Spanish accession to the Community. A case which was already difficult on economic and commercial grounds was made even more difficult to handle by the fact that the left wing parties sniped at the Government, alleging that national interests were being sacrificed in the Community. The same problem obtained for Greece. And a particular problem had arisen as a result of suggestions being made in Brussels that the quota of 15% in the Regional Fund proposed for Greece should be reduced. The figure of 15% had been suggested by the Commission and had been used during the accession negotiations, Greece making concessions in other fields on the assumption that she would receive that quota. Mr. Theodoropoulos said that it was reported from Brussels that the United Kingdom was suggesting that the Greek quota should be only 8%. The Prime Minister said that she understood that the matter had not yet been considered by Ministers, being still in the hands of the Commission. She would be glad to study a note on the matter if Mr. Rallis cared to provide one.

Middle East

Replying to questions, the Prime Minister explained the background to M. Thorn's mission to the Middle East, stressing that

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the Nine took the view that it was essential to secure simultaneous action over Israeli recognition of the right of the Palestinians to determine their own future and Palestinian recognition of Israel's right to exist behind secure borders. The Nine were attempting to fill a vacuum which would otherwise exist over the period of the US Presidential elections. Detailed work on the follow-up to M. Thorn's mission remained to be done. And there was as yet no decision on how to carry matters forward once M. Thorn himself assumed the Presidency of the Commission.

Mr. Rallis said that he regarded it as very important to provide President Sadat with all possible support. His fall would be a catastrophe for the West. It was evidently necessary to deal with the PLO, despite that organisation's history of terrorism. During the discussions he had had with Mr. Qaddumi in February, he had had the strong impression that simultaneous action over recognition was not ruled out and that the PLO would be glad to see the Nine attempting mediation on the issue. The Prime Minister agreed that President Sadat should be supported: his courage and the quality of his leadership excited great admiration in Britain. Israeli action over the status of eastern Jerusalem had increased his problems. The attitude adopted by the Nine seemed to have helped. Although some of the Arabs maintained that an Israeli gesture over Jerusalem was essential if real negotiation was to be resumed, the Prime Minister herself thought that a measure of progress over the West Bank might be slightly less difficult to achieve. She had asked a number of Arab leaders whether a West Bank State would become an instrument of the Soviet Union. They had contended that it would not. Such a State would be almost wholly dependent on Arab financing and would receive the funds which now went to the PLO. The effect on Palestinian opinion would be substantial and a major reduction in the PLO's ties with the Soviet Union could be expected.

The discussion ended at 1930.

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29 September 1980

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