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EUROPEAN COUNCIL, DUBLIN

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ENLARGEMENT

Brief by the Foreign and Commonwealth Office

OBJECTIVE

1. To reiterate if necessary UK support for enlargement while stressing that prospect of enlargement makes it even more necessary to resolve present problems facing Community.

POINTS TO MAKE

General

2. Firmly support enlargement.
3. Conscious of economic strains enlargement will create in the Community. This makes it even more important to resolve quickly questions such as agricultural spending, budgetary arrangements, fisheries policy and future of Regional and Social Funds.

Timetable

4. Unnecessary delay in Portuguese and Spanish negotiations should be avoided.

[If necessary]

Consequences of enlargement for Mediterranean products

5. Irrespective of enlargement we need to make improvements in the CAP as a whole, especially to cut costs of surpluses. Consequences of enlargement for Mediterranean products could be considered in this framework, but we would need to ensure that any measures agreed upon were cost-effective, and did not lead to a repeat of the mistakes made on Northern products.

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ESSENTIAL FACTS

Timetable for Enlargement

(a) Greece

1. Treaty of Accession signed 28 May. Formal entry due 1 January 1981.

(b) Portugal and Spain

Negotiations in train. Entry possibly in 1983.

Prospects for negotiations

2. Portuguese negotiations unlikely to raise major difficulties because Portuguese economy no threat to any existing Member State, although Community could come under pressure to provide substantial aid, both pre- and post-accession.

3. Spanish negotiations likely to be difficult mainly because Spaniards unwilling to remove quickly protection enjoyed by

Spanish industry and because French and Italians worried about Spanish competition in Mediterranean agricultural produce. French deliberately slowed down negotiations during their Presidency. French Presidential elections due in spring 1981 may lead French to cause further delay.

Economic implications

4. New strains will be put on CAP (applicants have large agricultural sectors), Regional and Social Funds, and fisheries policy (Spain has largest fleet in Europe). Three new members will all probably be net recipients from Budget. Budget's size will be increased by 11-14 per cent (assuming policies unchanged).

5. Absorption of three relatively poor new members may act as drag on Community and increase tendencies towards development of two tiers. But scale of problem should not be exaggerated: Spain has per capita GNP close to Italy's and Greece is about on par with Ireland.

Consequences of enlargement for Mediterranean agriculture

6. Italians, to some extent supported by French, are concerned about increased competition in Mediterranean products after enlargement, and would like more support for these products.

/They

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They claim that 1978 Commission report on enlargement ("fresco") underestimated size of problem.

7. Separate study of consequences of enlargement for Mediterranean products could lead to expensive schemes in support of Italian and French farmers. We should therefore query need for separate study, but be careful not to antagonise Italians because of need for their support on Budget issue.

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