

AMBASÁID NA HÉIREANN, LONDAIN.



IRISH EMBASSY, LONDON.

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25 November 1981

For Aunt

The Rt. Hon. Margaret Thatcher MP
Prime Minister
10 Downing Street
London SW1

My dear Prime Minister

I have been asked by the Taoiseach to convey the following reply to your message of the 20th November:

My Dear Prime Minister

Thank you for your message of 20 November concerning this week's meeting of the European Council.

I would like to reciprocate your kindness in letting me have in advance your preliminary thinking by setting out rather fully some central elements in my own approach.

I fully understand your desire, as President of the Council, to make real progress on the mandate. My efforts in London will certainly be directed to the same end but I think you will agree that considerable differences of view remain and there may be difficulty in reaching agreement on what is appropriate.

My Government's general approach is that the Community should emerge, when our work is completed, with a result that sets us firmly on the road to further development of the Community in a wide range of policy areas, while dealing adequately with certain current problems. In particular, we are required by the mandate not to call into question common policies financed from the Community's own resources system or the basic principles of the Common Agricultural Policy.

While some useful progress has been made on Chapter 1, the direction and scope of policy initiatives in some areas remains rather nebulous especially when

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contrasted with proposals in the areas of Chapters 2 and 3. Prospective lines of policy development seem blurred in this Chapter and firm commitments are lacking. Indeed what I find rather puzzling about the entire mandate exercise is that much more attention has been given to the CAP than to the recession, unemployment and convergence which appear to me the really large issues facing the Community at present.

On accession to the Community, we accepted certain risks in other areas (risks which have materialised in the form of two out of every five jobs in manufacturing industry permanently lost) on the basis that we were absolutely assured of compensating benefits in agriculture. Our dependence on this sector is among the highest in the member states, but, for historical reasons, our development potential in this sector is still very much unrealised. Instead, our farmers have suffered over the last three years a decline of almost 50 percent in their real incomes which are now lower than at accession. You will understand that against this background, it would be politically and economically impossible for me to assent to some of the guidelines and conclusions that have hitherto been proposed in the mandate discussions. It would clearly be wrong that in seeking solutions to current transitional problems affecting some member states, we should create a long-term, unacceptable situation for other member states, in areas of their vital interest. If there are to be guidelines on the CAP, I shall have to insist that they should provide opportunities for restoring the income situation of farmers and for the development of agriculture in those less prosperous member states whose economies are heavily dependent on agriculture.

Finally, Ireland has all along adhered to the view that the avoidance of unacceptable situations, on a basis consistent with the terms of the mandate, must be ensured through the further development of common policies. It follows that before giving approval to any special derogation from the basic rules for financing the Community, the Council must be satisfied that adequate resources will be available to fund policy development on a broad front and must also be in a position to assess how far progress on these lines will ensure an equitable balance within the Community.

In Ireland's view it will not be possible to achieve these objectives if we retain beyond its useful life an arbitrary limit to the expansion of

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own resources. However, were this limit to be maintained for the moment, we take it as axiomatic that the funding of policies which are part of the Community acquis and are fundamental to its development would take priority over any temporary arrangement which, of its nature, must represent a temporary departure from the basic principles on which the Community is founded.

I look forward to seeing you in London and to discussing these issues.

May I add that my colleagues and I have admired the resolve shown in both statements and actions by your Government in handling the events of recent days in Northern Ireland.

Yours very sincerely

Garret FitzGerald

*I am, my dear Prime Minister
Yours very sincerely
Eamon Kennedy*

Eamon Kennedy
Ambassador
