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OO UKREP BRUSSELS

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FM FCO 181800Z DEC 81
TO IMMEDIATE UKREP BRUSSELS
TELEGRAM NUMBER 1101 OF 18 DECEMBER
INFO ALL OTHER EC POSTS

MIPT: 30 MAY MANDATE
FOLLOWING IS TEXT:

BEGINS

1. I HAVE BEEN ASKED BY LORD CARRINGTON TO SEND YOU THE ENCLOSED MEMORANDUM SETTING OUT THE UK POSITION ON THE 4 POINTS, IN CONFIRMATION OF WHAT HE SAID TO PRESIDENT THORN IN STRASBOURG ON 17 DECEMBER. IT REMAINS NATURALLY OUR POSITION THAT AGREEMENT ON ALL THREE CHAPTERS IS ESSENTIAL TO OUR AGREEMENT ON THE PACKAGE AS A WHOLE.
2. REFLECTING ON OUR DISCUSSION AT COREPER LUNCH ON THURSDAY, I MYSELF WOULD DRAW THE CONCLUSION THAT IT IS GOING TO BE REALLY DIFFICULT TO GET MUCH MORE SPECIFICITY INTO THE TEXTS WHICH WERE UNDER DISCUSSION AT LANCASTER HOUSE ON 14/15 DECEMBER. EVERY ADDITION WILL CAUSE DIFFICULTIES FOR SOMEONE. EQUALLY, OF COURSE, WE MUST NOT LET ANY OF THE TEXTS GET VAGUER, OR THEY WILL BECOME USELESS, AS WELL AS RISKING LACK OF BALANCE. SO MY FEELING IS THAT OUR BEST HOPE OF REACHING AGREEMENT WILL BE TO WORK ON TEXTS WHICH ARE NEITHER MUCH MORE NOR MUCH LESS SPECIFIC THAN THOSE WE WERE LOOKING AT WHEN THE DISCUSSION AT LANCASTER HOUSE CAME TO AN END.

MEMORANDUM - 30 MAY MANDATE - UK VIEWS

1. ON MEDITERRANEAN AGRICULTURE, WE ARE NOW VERY CLOSE TO AN AGREEMENT BASED ON THE PRESENT TEXT. WE COULD AGREE TO THE INSERTION OF 'IMPROVING' INTO THIS TEXT IN THE CONTEXT OF AN OVERALL SETTLEMENT. FURTHER AMENDMENTS OF THE TEXT, FOR EXAMPLE BY INCLUDING A REFERENCE TO THE IMPORTS OF OILS AND

FATS WOULD NOT BE ACCEPTABLE TO US.

2. THE GERMAN TEXT ON CAP EXPENDITURE WITH THE COMMISSION FOOT-NOTE ATTRACTED A GOOD DEAL OF SUPPORT AT THE INFORMAL MEETING, AND WE THINK THAT THIS PROVIDES THE ONLY BASIS ON WHICH AGREEMENT IS LIKELY TO BE POSSIBLE.

3. THE MOST DIFFICULT ISSUES ARE MILK AND THE BUDGET. ON MILK, WE BELIEVE THAT THE JOINT PRESIDENCY/COMMISSION TEXT OFFERS THE ONLY REAL CHANCE OF AGREEMENT. THIS TEXT BRINGS OUT THE TWO POINTS WHICH ARE IMPORTANT ON THE TWO SIDES OF THE ARGUMENT. ANY ATTEMPT TO ELABORATE ONE SIDE OF THE ARGUMENT IS LIKELY TO BE UNACCEPTABLE TO THOSE WHO TAKE THE OTHER POINT OF VIEW. FOR EXAMPLE, A TEXT WHICH WAS EXPANDED TO BE MORE SPECIFIC ABOUT HELPING SMALL MILK PRODUCERS THROUGH A DIFFERENTIATED PRICE SYSTEM OR CO-RESPONSIBILITY LEVIES WOULD NOT BE ACCEPTABLE TO THE UK: AND ANY ELABORATION OF THE SECOND SENTENCE OF THE TEXT, WHICH IMPLIED THAT ANY FINANCIAL MEASURES IN FAVOUR OF SMALL PRODUCERS SHOULD BE WHOLLY OR LARGELY FINANCED BY THE COMMUNITY, SHOULD ALSO BE AVOIDED. SO FAR AS THE UK IS CONCERNED, THE TEXT MUST CONTAIN A REFERENCE TO THE NEED TO DEAL WITH THE MILK SURPLUS PROBLEM. WE COULD NOT AGREE TO A REFERENCE TO CONTINUATION OF THE EXISTING CO-RESPONSIBILITY LEVY UNLESS THIS WAS ACCOMPANIED BY A COMMITMENT TO EITHER THE SUPPLEMENTARY LEVY OR THE MODULATION OF THE INTERVENTION PRICES.

4. ON THE BUDGET, ANY GUIDELINES MUST, LIKE THE TEXT WHICH WE CIRCULATED DURING THE MEETING, COVER AT LEAST THE FOLLOWING 4 POINTS:-

A) PREVENTING THE RECURRENCE OF UNACCEPTABLE SITUATIONS. THIS LANGUAGE IS HALLOWED BY USAGE AND HAS IMPORTANT CONNOTATIONS. IT GOES BACK TO THE ASSURANCE WHICH WE RECEIVED FROM THE COMMUNITY DURING OUR ACCESSION NEGOTIATIONS, AND IT IS THE SPECIFIC AIM OF THE 30 MAY MANDATE ITSELF. WE COULD NOT ACCEPT A TEXT WITHOUT IT.

B) THE CORRECTIVE ARRANGEMENT SHOULD BE BASED ON OBJECTIVE CRITERIA AND IN PARTICULAR, RELATIVE PROSPERITY. THERE WAS SOME MOVEMENT AT THE INFORMAL MEETING TOWARDS ACCEPTING THAT AN ARRANGEMENT SHOULD BE BASED ON OBJECTIVE INDICATORS, BUT IT IS

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OF COURSE IMPORTANT WHAT THESE ARE. IT IS CLEAR THAT RELATIVE PROSPERITY MUST BE ONE OF THEM, SINCE IT IS SELF-EVIDENTLY ONE OF THE CRUCIAL ELEMENTS IN THE PROBLEM OF UNACCEPTABLE SITUATIONS. MOREOVER IT IS ALREADY RECOGNISED IN THE DUBLIN FINANCIAL MECHANISM WHICH TAKES AVERAGE GDP PER HEAD AS ONE OF ITS KEY CRITERIA FOR ELIGIBILITY.

C) THE PREVIOUS POINT IS LINKED WITH OUR VIEW THAT THE CORRECTION SHOULD HAVE GENERAL APPLICATION. LESS PROSPEROUS MEMBER STATES (THE UK NOW, POSSIBLY PORTUGAL IN FUTURE) SHOULD NOT HAVE TO BEAR AN EXCESSIVE BUDGETARY BURDEN. AND POLITICALLY, IT WOULD BE DAMAGING IF WE HAD TO SAY THAT WE HAD A SPECIAL ARRANGEMENT FOR THE UK. WE NEED TO BE ABLE TO SAY THAT UNACCEPTABLE SITUATIONS CAN NO LONGER ARISE.

D) THE CORRECTIVE ARRANGEMENT SHOULD CONTINUE AS LONG AS THE PROBLEM PERSISTS BUT COULD BE SUBJECT TO REVIEW AFTER SOME REASONABLE PERIOD OF YEARS. IT IS DAMAGING TO THE COMMUNITY TO HAVE TO DISCUSS THESE ISSUES AT FREQUENT INTERVALS. IT IS INCONCEIVABLE THAT THE COMMUNITY SHOULD DECIDE NOW THAT, AT SOME FIXED DATE IN THE FUTURE, IT WOULD CEASE TO CORRECT A SERIOUS PROBLEM WHICH IT HAD IDENTIFIED AND WHICH AFFECTED ITS FUNDAMENTAL SOLIDARITY. THE PURPOSE OF THE REVIEW WOULD BE TO ASSESS THE PROGRESS MADE IN IMPROVING THE BALANCE OF COMMUNITY POLICIES AS A RESULT OF THE DECISIONS FLOWING FROM CHAPTERS 1 AND 2 OF THE MANDATE.

5. AS WAS MADE CLEAR AT THE MEETING LAST WEEK, THE UK COULD NOT ACCEPT ANY SUGGESTION THAT THE SOLUTION TO THE BUDGET PROBLEM SHOULD BE ARBITRARILY DEGRESSIVE, LUMP SUM, OR SHOULD BE CUT OFF AFTER A FIXED PERIOD. THERE IS NO HOPE OF AGREEMENT ON TERMS SUCH AS THOSE. THIS IS NOT TO SAY THAT THE AMOUNT OF THE CORRECTIVE WOULD REMAIN THE SAME IF THE PROBLEM WERE REDUCED AS A RESULT OF DECISIONS FLOWING FROM CHAPTERS 1 AND 2 OF THE MANDATE. ON THE CONTRARY, WE ACCEPT, AS IN THE PRESIDENCY TEXT CIRCULATED AT THE INFORMAL MEETING, THAT, TO THE EXTENT THAT THE BUDGETARY BURDEN ON THE UNTIED KINGDOM IS REDUCED, THE EXTENT OF THE CORRECTIVE ARRANGEMENT REQUIRED WILL BE DIMINISHED.

CARRINGTON

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