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MS

PROSPECTS FOR STUTTGART

1. ARTICLES IN TODAY'S FRENCH PRESS SUGGEST THAT FRANCE COULD FIND HERSELF IN A DIFFICULT AND SOMEWHAT ISOLATED POSITION AT STUTTGART FOLLOWING MONDAY'S COUNCIL. THE FRANCO/GERMAN AXIS IS DESCRIBED AS 'MORE FRAGILE THAN EVER', AND COMMENTATORS NOTE THAT BRITAIN, GERMANY AND NOW THE NETHERLANDS ARE INSISTING THAT THERE SHOULD BE NO INCREASE IN OWN RESOURCES WITHOUT A PRIOR COMMITMENT TO REDUCE CAP EXPENDITURE, IN WHICH FRANCE'S MAJOR INTERESTS ARE AT STAKE. A MAJOR RE-THINK OF EUROPEAN POLICIES COULD BE BEGUN AT STUTTGART - AND MITTERRAND IS SAID TO BE CONVINCED THAT THE COMMUNITY MUST HAVE NEW PROSPECTS FOR DEVELOPMENT. BUT IT IS ALSO NOTED THAT MITTERRAND HIMSELF WILL NOT BE IN STUTTGART FOR THE WHOLE OF THE COUNCIL. THIS AFTERNOON'S LE MONDE SUGGESTS THAT THE OUTCOME COULD BE UNATTRACTIVE FOR FRANCE: A PROMISE OF A SUBSTANTIAL NEW CHEQUE FOR MRS THATCHER, A MORE RIGOROUS CAP, AND ONLY RATHER VAGUE PROSPECTS OF THE DEVELOPMENT OF THE EC AND ITS FINANCING, PLUS A COMMITMENT TO SPAIN AND PORTUGAL NOT TO PUT OFF THE COMPLETION OF THEIR ACCESSION NEGOTIATIONS. THE UK POSITION IS SAID TO HAVE THE MERIT OF SIMPLICITY - TO PRESS WHAT BRITAIN CONSIDERS TO BE ITS ESTABLISHED RIGHT TO COMPENSATION: ACCORDING TO LE MONDE BRITAIN'S PARTNERS SHOULD LIMIT THE SUM PAYABLE AND INSIST ON DEGRESSIVITY.

2. IN AN INTERVIEW PUBLISHED IN TODAY'S LE MATIN (SOCIALIST), CHEYSSON IMPLIED SOME UNDERSTANDING OF THE UK'S NEED FOR BUDGET REFUNDS. HE SAID THAT HE HAD HIGH EXPECTATIONS OF STUTTGART, BUT IF FRANCE'S PARTNERS FAILED THERE, THE COMMUNITY WOULD HAVE GREAT DIFFICULTY IN NOT BEING OVERWHELMED BY THE MULTITUDE OF SPECIFIC PROBLEMS. FOR MRS THATCHER THE PROBLEM WAS COMPENSATION. 'IT SHOULD BE RECOGNISED THAT THE MATTER BECAME SERIOUS IN 1982 BECAUSE THE DIFFERENCE BETWEEN COMMUNITY EXPENDITURE IN BRITAIN AND RECEIPTS LEVIED THERE WAS PROVISIONALLY ESTIMATED AT 2,000 MECU' (A FORMULA WORTH NOTING). IN THE CAP FRAMEWORK THE REDISTRIBUTIVE MECHANISMS WERE OUT OF CONTROL. THOSE WHO GAINED MORE THAN THEY PAID SAW THEIR NET RECEIPTS GROWING AT HALLUCINATORY SPEED. IN 1982 ITALY WOULD HAVE GAINED UNDER THE CAP MORE THAN TWICE WHAT SHE GAINED IN 1981. GREECE SIX TIMES AS MUCH.

/3. CHEYSSON

3. CHEYSSON CONTINUED THAT THE MACHINERY HAD RUN AWAY IN OTHER DIRECTIONS. THE COST TO THE EC OF OILSEEDS AND PROTEIN PRODUCTS HAD INCREASED SIXFOLD. BUT THE NECESSARY EFFORT TO DEAL WITH THESE SPECIFIC PROBLEMS WOULD BE MADE ONLY IF THE PROSPECT OF EUROPE COMMANDED REAL INTEREST. AT STUTTGART, GOVERNMENTS MUST COMMIT THEMSELVES TO THIS PROSPECT OF EUROPE AND DRAW UP THE EXCEPTIONAL PROCEDURES WHICH WOULD ALLOW THEM TO PURSUE IT. WHEN IT WAS DECIDED TO CREATE THE TREATY OF ROME, A SPECIAL STRUCTURE WAS SET UP - MESSINA. THE MESSINA PATTERN NEED NOT NECESSARILY BE FOLLOWED BUT A SPECIAL STRUCTURE WAS REQUIRED. UNLESS THIS COULD BE DONE AT STUTTGART, THE COMMUNITY WOULD GET STUCK IN IMMEDIATE PROBLEMS WITHIN THE FRAMEWORK OF THE USUAL PROCEDURES. IF THAT HAPPENED, HE (CHEYSSON) WOULD BE VERY PESSIMISTIC ABOUT THE OUTLOOK.

4. ACCORDING TO AGENCE FRANCE PRESSE, MITTERRAND IS DUE TO LEAVE STUTTGART ON SATURDAY AFTERNOON, TO TAKE PART IN THE ANNUAL CEREMONY AT MOUNT VALERIEN (THE RESIDENCE MONUMENT) MARKING THE ANNIVERSARY OF DE GAULLE'S BROADCAST FROM LONDON CALLING THE FRENCH PEOPLE TO CONTINUE THE STRUGGLE AGAINST THE GERMANS.

FRETWELL

FRAME GENERAL
RED(1)

THIS TELEGRAM
WAS NOT
ADVANCED