

ADVANCE COPIES

FRAME ECONOMIC

20 XEROX COPIES

FCO  
PS/REKIND  
SIR J BULLARD  
SIR G TICKELL  
MR HANNAY

RESIDENT CLERK  
ED/ECOD(I) (3)  
ED/NEWS D  
ED/AFD  
ED/  
ED/

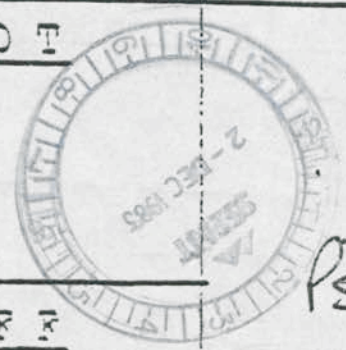
PLUS FCO

SABINET OFFICE  
MR D WILLIAMSON  
MR G STAPLETON  
MR J N PEARSON  
MR D R C DURIE

DOT

PLUS OGDS

MR P KENT  
H M CUSTOMS  
RECISS



PS/No 10

H M TREASURY  
MR J B UNWIN  
MISS J B COURT  
MR J G LITTLE  
MR EDWARDS

MARK

PERMANENT SECRETARY



CONFIDENTIAL

FLASH

FM ATHENS 141315Z DEC 83

TO FLASH FCO.,

TELNO 719 OF 2 DECEMBER 1983.,

REPEATED AS IMMEDIATE DESKBY INFO TO UKREP BRUSSELS.,

REPEATED AS IMMEDIATE INFO TO OTHER EC POSTS.

ADVANCE COPY

pa

ms

YOUR TELEGRAM NO. 549: ATHENS EUROPEAN COUNCIL:

MESSAGE FROM THE PRIME MINISTER TO PAPANDEOU

1. I DELIVERED THE PRIME MINISTER'S MESSAGE TO PAPANDEOU THIS MORNING.
2. AFTER READING IT, PAPANDEOU SAID HE WAS GRATEFUL FOR THIS VERY IMPORTANT MESSAGE. HE NOTED THAT WE WERE ALONE IN SENDING A MESSAGE WHICH HE REFERRED DIRECTLY TO THE PROCEDURE AT THE COUNCIL. HE NOW HAD HIS OWN VIEWS ON THIS AND OURS.
3. I SAID THAT I SHOULD UNDERLINE EXACTLY THIS POINT. IT WAS VITAL TO GET THE BUDGET QUESTION STRAIGHT IF THE COMMUNITY WAS TO GO FORWARD. THERE WAS MUCH WORK STILL TO BE DONE. ALL THIS SPOKE STRONGLY FOR GETTING DOWN TO THE QUESTION AT THE OUTSET OF THE

OVERNIGHT ON THE QUESTION SO THAT HEADS OF STATE AND GOVERNMENT COULD FOCUS ON PROPERLY PREPARED POINTS FOR DECISION. OUR OWN EXPERIENCE UNDERLINED THE POINT WHICH I WAS MAKING.

4. PAPANDEOU RECALLED THAT THE BRITISH PROBLEM HAD BEEN TAKEN FIRST AT STUTTGART AND HAD OCCUPIED ONE AND A HALF DAYS. HE THEN SAID THAT HE FULLY RECOGNISED THE INJUSTICE OF THE SYSTEM UNDER WHICH WE, ALONG WITH THE GERMANS, WERE A MAJOR CONTRIBUTOR TO THE FINANCES OF THE COMMUNITY. OUR GDP WAS LOWER THAN THE GERMAN. THERE WOULD BE A PRESIDENCY PROPOSAL WHICH WOULD AMOUNT TO A SUGGESTION OF A GENERAL RULE GOVERNING CONTRIBUTIONS AND NOT APPLYING ONLY TO BRITAIN. HIS DISCUSSIONS WITH MITTERRAND HAD SHOWN THAT THE FRENCH WERE LIKELY TO OPPOSE THIS STRONGLY (SEMICOLON) HE WAS OPPOSED TO A PERMANENT ARRANGEMENT. BUT THE GREEK PRESIDENCY WOULD PUT IT FORWARD. THERE WOULD THEREFORE BE "STRONG" DISCUSSIONS. HE DID NOT FAVOUR CONFRONTATION ACROSS THE TABLE BUT THOUGHT THAT MUCH WORK WOULD BE REQUIRED IN THE MARGINS.

5. PAPANDEOU WENT ON TO SAY THAT THERE WERE A NUMBER OF VITAL POINTS FOR DECISION AT THE COUNCIL:

- (A) THE BUDGET (SEMICOLON)
- (B) THE ENTRY OF SPAIN AND PORTUGAL (SEMICOLON)
- (C) OWN RESOURCES. GERMANY WAS READY TO ACCEPT AN INCREASE (SEMICOLON)
- (D) AGRICULTURAL EXPENDITURE.

THERE WOULD OF COURSE BE OTHER IMPORTANT ITEMS FOR DECISION BUT (A) (B) AND (C) WERE VITAL.

6. I SAID THAT WHAT HE HAD SAID SEEMED TO ME TO ARGUE IN FAVOUR OF THE POINT UNDERLINED BY THE PRIME MINISTER ABOUT THE IMPORTANCE OF GETTING DOWN AT ONCE TO DISCUSSION OF THE BUDGET. IF THE FINANCIAL BASIS OF THE COMMUNITY WAS NOT PROPERLY ESTABLISHED, THE COMMUNITY WOULD FACE A VERY UNCERTAIN FUTURE. PAPANDEOU COMMENTED THAT IF THERE WERE NOT A SOLUTION TO THE FINANCIAL PROBLEMS, THE COMMUNITY WOULD COLLAPSE VERY SOON.

7. PAPANDEOU CONCLUDED BY SAYING THAT HE WAS NOT WITHOUT HOPE FOR SUCCESS AT THE COUNCIL.

COMMENT

COMMENT

8. IT WAS CLEAR THAT, THOUGH PAPANDREOU WAS IMPRESSED BY THE FACT THAT WE HAD A CLEAR UNDERSTANDING OF THE IMPORTANCE OF THE ORDER OF THE AGENDA, HE WAS KEEPING HIS OPTIONS OPEN. ENTRY OF SPAIN WAS HIGH IN HIS PRIORITIES. PORTUGAL WAS ONLY MENTIONED ONCE.

9. PLEASE SEE M.I.P.T. ON CYPRUS.

R H O D E S

NNNN