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TO IMMEDIATE BELGRADE (FOR PS/PRIME MINISTER)

TELEGRAM NUMBER 230 OF 26 SEPTEMBER 1980

FOLLOWING TELEGRAM NOW REPEATED TO YOU AT REQUEST OF PRIVATE SECRETARY WAS RECEIVED FROM UKMIS NEW YORK TELEGRAM NUMBER 1369 OF 25 SEPTEMBER 1980

INFO IMMEDIATE MADRID

INFO PRIORITY UKREP BRUSSELS PARIS BONN UKDEL NATO MOSCOW

LUXEMBOURG

INFO SAVING TO EEC AND NATO POSTS

FOLLOWING FROM PRIVATE SECRETARY

SECRETARY OF STATE'S TALK WITH THE SPANISH FOREIGN MINISTER

1. LORD CARRINGTON CONGRATULATED SR PEREZ-LLORCA ON HIS APPOINTMENT AND ON THE SUCCESS OF THE NEW GOVERNMENT IN THE RECENT VOTE OF CONFIDENCE.

2. SR PEREZ-LLORCA STRESSED HIS GOVERNMENT'S DETERMINATION TO PURSUE SR SUAREZ' POLICY AIMED AT SPANISH MEMBERSHIP OF NATO, ANNOUNCED IN 1979. THEY WERE NOT COMMITTED TO ANY TIMETABLE. BUT THEY WERE COMMITTED TO CERTAIN EXTERNAL AND INTERNAL CONDITIONS (OR "CIRCUMSTANCES"). FIRSTLY, SOME REAL PROGRESS ON COMMUNITY MEMBERSHIP WAS NEEDED ("A LIGHT AT THE END OF THE TUNNEL") TO ENCOURAGE SPANISH PUBLIC OPINION TO SEE THE ADVANTAGES OF COMMUNITY AND NATO MEMBERSHIP IN THE SAME CONTEXT. ON NATO ITSELF, IT WOULD BE PREFERABLE FOR ALL CONCERNED TO ENSURE THAT THE SPANISH SOCIALIST PARTY TOOK A CALM VIEW OF THE ISSUE. IF THE SOCIALISTS MADE A FUSS, THIS MIGHT PROVOKE SECOND THOUGHTS ABOUT SPANISH MEMBERSHIP IN CERTAIN NATO COUNTRIES. HIS OWN IMPRESSION WAS THAT THE SPANISH SOCIALISTS WANTED TO BE RAPED: THERE WOULD INEVITABLY BE A CERTAIN AMOUNT OF THEATRE. UNFORTUNATELY THE PROSPECT OF MEMBERSHIP OF NATO DID NOT PROVOKE POPULAR ENTHUSIASM AT THE MOMENT. LORD CARRINGTON STRESSED THAT BRITAIN SAW SPANISH MEMBERSHIP AS LOGICAL, AND BENEFICIAL TO ALL. SR PEREZ-LLORCA SAID THAT THE BEST THEY COULD HOPE FOR FROM THE SOCIALISTS WAS OPPOSITION TO JOINING, TOGETHER WITH A REALISATION THAT ONCE SPAIN WAS IN THE SOCIALISTS WOULD NOT TAKE THE COUNTRY OUT AGAIN IF THEY CAME TO POWER.

3. ON GIBRALTAR, IT WAS AGREED THAT IT WAS PREMATURE TO GO INTO DETAIL. LORD CARRINGTON STRESSED HOWEVER THAT THE 10 APRIL AGREEMENT WAS AS SATISFACTORY AS IT WAS POSSIBLE TO SECURE IN THE CIRCUMSTANCES. HE DID NOT WISH TO APPORTION BLAME FOR THE DELAY IN IMPLEMENTATION. BUT THIS DELAY HAD LED TO SOME CYNICISM IN GIBRALTAR, WHICH WAS NOT TO SPANISH OR BRITISH ADVANTAGE. IT WAS OBVIOUS THAT THE AGREEMENT HAD BEEN GREETED WITH LESS THAN COMPLETE ENTHUSIASM BY THE GIBRALTARIANS, DESPITE OUR EXPLANATIONS ABOUT SAFEGUARDS. THE FACT THAT NOTHING HAD HAPPENED SINCE THEN HAD AROUSED SOME DOUBTS AMONGST GIBRALTARIANS ABOUT WHETHER SPAIN WAS SERIOUS ABOUT IMPLEMENTING THE AGREEMENT. THE KEY TO A SOLUTION LAY IN THE GOODWILL OF THE GIBRALTARIANS.

4. SR PEREZ-LLORCA SAID THAT THERE WERE SOME GOOD REASONS FOR THE DELAY. SPANISH CITIZENS IN GIBRALTAR MUST SOMEHOW ENJOY THE SAME RIGHTS AS OTHER EUROPEAN CITIZENS. HE REALISED THAT THIS WAS SOMETHING OF A VICIOUS CIRCLE, WHICH HAD TO BE BROKEN. LORD CARRINGTON SAID THAT THIS WAS WHAT OFFICIALS WERE FOR. HE HOPED THAT MINISTERS WOULD BE ABLE TO GIVE A PUSH TO IMPLEMENTATION.

5. SR PEREZ-LLORCA WAS NOT HAPPY ABOUT THE COMMUNITY ACCESSION NEGOTIATIONS. THE FRENCH POSITION WAS NOW CLEAR: THERE COULD BE NO PROGRESS ON THE NEGOTIATIONS ON AGRICULTURE, FINANCE OR FISHERIES UNTIL THESE ISSUES HAD BEEN SETTLED AMONGST THE NINE. HE QUITE UNDERSTOOD ABOUT THE PROBLEMS OF SOUTH-WESTERN FRANCE, BUT IT NOW SEEMED THAT THE FRENCH WERE CONCERNED NOT SO MUCH ABOUT THE PRESIDENTIAL ELECTIONS NEXT YEAR, AS ABOUT THE PARLIAMENTARY ELECTIONS IN 1983. THE SPANISH ACCEPTED THE POSTPONEMENT OF DISCUSSION OF THESE ISSUES UNTIL THE END OF THE NEGOTIATIONS. BUT HAD DONE SO RELUCTANTLY. THEY TOO HAD AN IMPORTANT ELECTORAL STAKE ON AGRICULTURE. THEY HOPED THAT FRANCE WOULD MOVE ON THE AGENDA. THE SPANISH DID NOT WANT TO APPEAR TOO ANXIOUS, BUT COULD NOT HIDE THE DIFFICULTIES RAISED BY THE FRENCH POSITION.

6. LORD CARRINGTON EXPLAINED THE CONNECTION WITH RECENT DEVELOPMENTS IN THE COMMUNITY, ESPECIALLY THOSE RELATED TO THE SETTLEMENT OF THE PROBLEM OF THE UK BUDGET CONTRIBUTION: THE NEED TO RESTRUCTURE THE BUDGET WITHIN THE 1 PERCENT VAT CEILING: AND TO SWITCH EXPENDITURE FROM AGRICULTURE SURPLUSES TO EG REGIONAL AND SOCIAL POLICIES. WE UNDERSTOOD SPANISH DIFFICULTIES, BUT THOUGHT THAT THE ACCESSION NEGOTIATIONS AND THE SEARCH FOR SOLUTIONS TO EXISTING COMMUNITY PROBLEMS COULD PROCEED IN PARALLEL. THERE HAD BEEN NO SIGNIFICANT DISCUSSION OF ACCESSION DURING THE PRIME MINISTER'S VISIT TO PARIS OR AT BORDEAUX.

7. SEE MIFT ON ANGLO-SOVIET RELATIONS.

8. IT WAS AGREED THAT BOTH SIDES SHOULD TAKE THE PRESS LINE IN UKMIS NEW YORK TELNO 1363.

FCO PLSE PASS SAVING TO ROME THE HAGUE BRUSSELS COPENHAGEN DUBLIN AND NATO POSTS

CARRINGTON

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