

SUBJECT
cc Master

NOTE OF THE MEETING BETWEEN THE PRIME MINISTER AND
SENOR FRAGA ON THURSDAY, 4th JULY AT 4.00 pm

Other present were:- Marques de Perinet
Senor Navarro
James Spicer MP
The Rt. Hon. Michael Alison MP
Stephen Sherbourne

The following points were raised:-

1. The European Democratic Group (EDG). Both the Prime Minister and Senor Fraga expressed their pleasure that the Allianza Popular had decided to join the EDG in the European Assembly. Senor Fraga said that this would strengthen further the co-operation between non-socialist parties. He went on to explain that for a short time the members of the European Assembly from Spain would be appointed and not elected.
2. The European Council in Milan. The Prime Minister explained that it had been a difficult council meeting. In particular she commented that "European union" was the wrong phrase and that we should instead use "increased co-operation between partners". The Prime Minister went on to explain the present arrangements concerning majority voting and the exercise by member states of the veto.

The Prime Minister gave examples of existing barriers to trade and commerce within the Community which still had to be dismantled. Senor Fraga said that you had to use fully the provisions of the existing treaty before you started thinking about a new treaty.

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3. NATO. The Prime Minister raised the question of Spanish membership of NATO. Senor Fraga explained that although the Spanish Government were committed to a referendum on Spanish membership of NATO (a referendum had been promised in 1982) they were trying to back away from it in a way that would save face. However, there was still a likelihood that a referendum would take place in April or May 1986. The Prime Minister referred to the UK referendum in 1975 on British membership of the European Community and noted how the opposition party which she then led had campaigned vigorously for membership. She hoped that those parties in Spain who were in favour of membership of NATO would campaign for it.

4. International Terrorism. Senor Fraga raised the question of international terrorism and expressed the view that the West should react to such incidents. The Prime Minister in reply said that nobody should underestimate the difficulty of winning sufficient support for economic sanctions and of making them effective; nor should they underestimate the difficulty of military reprisals.

The meeting ended at 4.40 pm.

Stephen Sherbourne

5.7.85



10 DOWNING STREET

MR. POWELL

Herewith a note of the Fraga meeting. I leave it to you to circulate this to the appropriate officials.

Stephen Sherbourne

5.7.85

Thank you.
Duty Clerk
Please send a
copy to Colin
and in to F.O.
C.D.