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FM BRUSSELS 071843Z JAN 82

TO IMMEDIATE FCO TELNO 007 OF 07 JANUARY

INFO PRIORITY MADRID

INFO SAVING EC POSTS

1. JANSSEN, THE HEAD OF EUROPEAN ORGANISATIONS DEPARTMENT AT THE MFA, GAVE ME THE FOLLOWING ACCOUNT THIS EVENING OF PEREZ LLORCA'S TALKS EARLIER TODAY WITH TINDEMANS. PEREZ LLORCA ALSO ACCOMPANIED CALVO SOTELO FOR HIS CALL ON THE PRIME MINISTER BEFORE LUNCH, AT WHICH TINDEMANS PARTICIPATED, BUT NO OFFICIALS WERE PRESENT AND MARTENS'S CABINET HAVE NOT YET HAD AN OPPORTUNITY TO BE BRIEF HIM.

2. MOST OF THE CONVERSATION, WHICH LASTED TWO HOURS, WAS DEVOTED TO EUROPEAN COMMUNITY TOPICS. PEREZ LLORCA OPENED BY ANNOUNCING THAT THE SPANISH HAD DECIDED THAT THEY SHOULD SUBMIT DOCUMENTS ON THE MAJOR DOSSIERS (AGRICULTURE AND CUSTOMS UNION) SO THAT SUBSTANTIVE NEGOTIATIONS COULD START EITHER LATER THIS MONTH OR IN FEBRUARY. TINDEMANS HAD WELCOMED THIS NEWS BUT URGED THE SPANISH TO BE EXPLICIT PARTICULARLY OVER VAT. THE SPANISH ACKNOWLEDGED THAT THIS POINT WAS A PARTICULAR DIFFICULTY FOR THEM. THEY HAD AGREED IN PRINCIPLE TO INTRODUCE VAT BUT PRESENTATION WAS ALL IMPORTANT. IF IT COULD BE INCLUDED IN A PACKAGE OF OTHER DECISIONS THIS WOULD MAKE IT EASIER TO GAIN ACCEPTABILITY; IT WOULD BE VERY DIFFICULT FOR THEM IF IT WERE PRESENTED AS A SINE QUA NON FOR ENTRY. IN ANY CASE, PEREZ LLORCA SAID, THE SPANISH WERE VERY ANXIOUS TO SEE REAL PROGRESS BEFORE THE MARCH MINISTERIAL MEETING.

3. TINDEMANS REACTED CAUTIOUSLY. HE ARGUED THAT IT WOULD BE EASIER TO CONCENTRATE FIRST ON THE LESS DIFFICULT DOSSIERS: IE FREE MOVEMENT OF CAPITAL, RIGHTS OF ESTABLISHMENT, TRANSPORT AND REGIONAL POLICY. EVEN THESE REQUIRED CAREFUL EXAMINATION, BUT ALTHOUGH IT WAS UNLIKELY THAT THEY COULD BE FINALISED IN THE SUGGESTED TIME SCALE THEY MIGHT BE RENDERED 'RIPE' FOR USEFUL DISCUSSION BY THEN. BUT WITH AGRICULTURE, EVEN IF THE SPANISH WERE TO PRESENT THEIR DOCUMENTS AS QUICKLY AS THEY PROPOSED, THERE WOULD HAVE TO BE A LONG PROCESS OF EXAMINATION BY THE COMMISSION WHO IN TURN WOULD HAVE TO MAKE PROPOSALS TO THE COUNCIL. IT WOULD BE DIFFICULT TO DO MORE THAN HAVE AN EXCHANGE OF VIEWS BY MARCH AND CERTAINLY VERY DIFFICULT INDEED TO ENVISAGE A DECISION BY JUNE WHICH IS WHAT THE SPANIARDS APPEARED TO WANT. SIMILAR HANDLING WOULD BE NEEDED FOR CUSTOMS UNION AND OTHER MAJOR VOLETS SUCH AS STEEL. A MORE REALISTIC TIME SCALE, TINDEMANS SUGGESTED, WOULD BE TO PUT TOGETHER A PRELIMINARY PACKAGE BY MARCH AND TO GO ON TO PREPARE THE GROUND FOR THE MAJOR SUBJECTS FOR INITIAL DISCUSSION AT THE MINISTERIAL MEETING IN JUNE. PEREZ LLORCA AGREED TO REFLECT ON THIS.

4. PEREZ LLORCA SAID THE SPANISH WERE PARTICULARLY CONCERNED ABOUT FISH. SINCE THERE WAS NO EC POLICY IN EXISTENCE THEY CLAIMED THAT IT WOULD NOT BE POSSIBLE TO NEGOTIATE ON THE SUBJECT. WHAT THEY WANTED WAS AN INTERIM AGREEMENT, NOT AN ANNUAL ONE, WHICH SHOULD LAST UNTIL THEY JOINED. THIS WAS NECESSARY IN ORDER TO ALLOW THEM TO WORK OUT THEIR OWN FISHING POLICY AND DECIDE ON QUOTAS ETC. TINDEMANS'S REACTION HAD BEEN VERY RESERVED. HE POINTED OUT THAT THE DOSSIER WAS ON THE TABLE AND ONE OF GREAT IMPORTANCE.

5. ON POLITICAL COOPERATION, PEREZ LLORCA REPEATED THE SPANISH DESIRE TO BE ASSOCIATED MORE CLOSELY IN THE PROCESS ITSELF, RATHER THAN BEING INFORMED A POSTERIORI. THEY FELT THEIR STATUS AS A CANDIDATE MEMBER SHOULD BE RECOGNISED AND THEIR TREATMENT DIFFERENT TO THAT ACCORDED TO THIRD COUNTRIES. THE BELGIAN REPLY WAS NON-COMMITTAL. TINDEMANS REMINDED HIM THAT THEY HAD ALREADY PROPOSED TO THE SPANISH A SPECIAL LUNCH TIME BRIEFING FOR THE SPANISH MINISTER BY THE PRESIDENCY: BUT THEY WOULD DO WHAT THEY COULD TO TRY TO HELP.

6. THIDEMANS IN TURN GAVE PEREZ LLORCA AN ACCOUNT OF THE 4 JANUARY MEETING OF EC FOREIGN MINISTERS. PEREZ LLORCA SAID THAT THE SPANISH WOULD HAVE NO DIFFICULTY IN ASSOCIATING THEMSELVES WITH THE EC ECONOMIC MEASURES. THEY HAD ALREADY TAKEN A FIRM LINE OVER POLAND IN GOVERNMENT PUBLIC STATEMENTS.

7. ON THE MIDDLE EAST, PEREZ LLORCA EXPRESSED HIMSELF PESSIMISTIC BUT DID NOT GO INTO DETAILS. HE THOUGHT, HOWEVER, THAT THE COMMUNITY OUGHT TO PLAY A MORE IMPORTANT ROLE, PARTICULARLY SINCE THE SITUATION HAD NOW CHANGED SINCE THE VENICE DECLARATION HAD BEEN MADE.

8. THE ONLY NON-EC TOPIC OF NOTE WAS NORTH AFRICA. PEREZ LLORCA SAID HE WAS ANXIOUS ABOUT THE SITUATION IN WESTERN SAHARA AND RELATIONS BETWEEN ALGERIA AND MOROCCO. THESE WERE GETTING WORSE AND COULD HAVE IMPLICATIONS FOR THE LONG TERM INTERNAL STABILITY OF MOROCCO. CONTACTS WERE PLANNED BETWEEN THE ALGERIANS AND MOROCCANS SHORTLY, BUT HE DID NOT EXPECT MUCH TO COME FROM THEM.

FCO PLEASE PASS TO SAVING ADDRESSEES EXCEPT UKREP - WE WILL PASS.

HARTLAND-SWANN

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PLS AMEND DESKBY DTG TO 071900Z K