

Classification and Caveats
CONFIDENTIAL FRAME ECONOMIC

Precedence/Deskby
ROUTINE

ZCZC 1 ZCZC
GRS 2 GRS
CLASS 3 CONFIDENTIAL
CAVEATS 4 FRAME ECONOMIC
DESKBY 5
FM FCO 6 FM FCO 111100Z NOVEMBER 1983
PRE/ADD 7 TO ROUTINE DUBLIN
TEL NO 8 TELEGRAM NUMBER
9 RFI ROUTINE UKREP BRUSSELS, ATHENS
10 RFI INFO OTHER EC POSTS
11 YOUR TELNO 343: ANGLO/IRISH SUMMIT: COMMUNITY TOPICS
12 1 Following is a summary of Community points discussed in the
13 Prime Minister's meeting with Dr Fitzgerald and in separate talks
14 which I and Mr Prior held with the Irish Deputy Prime Minister
15 (Spring) and the Minister for Foreign Affairs (Barry).
16 (a) Milk
17 The Irish agreed that the Community could not go on producing
18 milk at present levels but agriculture employed 30% of the Irish
19 workforce and milk production was a major element in Irish GNP
20 and the super-levy was unacceptable. I pointed out that we too
21 disliked the super-levy but for different reasons. We were not
22 convinced that it would be fair or effective. Nor would it
23 adequately curb over production unless accompanied by rigorous
24 price controls. We agreed that the 1981 base line as proposed
25 by the Commission would have very harsh effects. Barry said that

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File number	Dept ECD(I)	Distribution Frame Economic
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Authorised for despatch <i>R. K. Kellett</i>		
Comcen reference	Time of despatch	

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 2 one way of dealing with surpluses would be to curb the import of
 3 dairy products into the Community. I replied that New Zealand
 4 exports had already been very substantially reduced and it was
 5 not possible to go further.
 6 (b) Future Financing
 7 The Irish were attracted by the German ideas as a possible basis
 8 for compromise. We made clear that the German ideas did not go
 9 far enough and that in the end the safety net would be needed.
 10 It ought to be possible between now and the Special Council at
 11 the end of November to work out a plan on which Heads of
 12 Government could take a decision.
 13 (c) New own Resources
 14 Dr Fitzgerald thought that additional costs arising from enlarge-
 15 ment, from new policies and from what he called the commitment to
 16 double the size of the regional fund would require an increase
 17 in new own resources to 1.2 or 1.25% as a starter, possibly ris-
 18 ing to 1.4% later. The Prime Minister pointed to the adverse
 19 impact on the UK (as a net contributor) of a rise to 1.4%.
 20 (d) EMS
 21 In response to a question from Dr Fitzgerald, the Prime Minister
 22 indicated that the time had not yet arrived for UK entry. One
 23 problem was that any change in the world energy position moved
 24 the rate for the pound up and down very sharply.
 25 (e) New Policies
 26 The Irish, while attaching no great intrinsic importance to new
 27 policies, thought that they were necessary to give general impe-
 28 tus to the Community. We argued in favour of the priorities
 29 suggested by the UK. The Irish agreed on the advantages of
 30 liberalisation of air transport. Barry asked if we were thinking
 31 of a combined European airline. I said that we were thinking
 32 more of the benefits of de-regulation which would, as the US
 33 example had shown, help the development of the airline indus-
 34 try.

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 2 (f) Enlargement
 3 We and the Irish agreed on the importance of giving a positive
 4 signal to Spain and Portugal at the Athens Summit.
 5 (g) Greek Presidency
 6 Dr Fitzgerald said that, following his talks with Papandreou and
 7 Varfis, he thought the Greeks had worked out a way of identifying
 8 the main problems and a framework for discussion. I agreed; but
 9 the question remained whether the framework which the Greeks had
 10 in mind was the right one. We pointed to the dangers of waiting
 11 until the Athens Summit in the hope that some grand compromise
 12 could emerge. The general lines of a solution were needed
 13 before then if, as we thought necessary, decisions were to be
 14 taken at Athens.
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