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TO IMMEDIATE FCO

TELEGRAM NUMBER 824 OF 2 JULY

INFO IMMEDIATE CABINET OFFICE (WILLIAMSON)

INFO SAVING UKREP BRUSSELS

TELECON RENWICK/TIMMS: POST-FONTAINEBLEAU ISSUES AND ENLARGEMENT

1. MISS TIMMS RAISED WITH LEGRAS TODAY VARIOUS POINTS ON EC ENLARGEMENT. LEGRAS ALSO VOLUNTEERED SOME THOUGHTS ON THE FOUNTAINEBLEAU AGREEMENT AND THE PROBLEM OF FINANCING THE COMMUNITY BUDGET DURING 1984/85.

2. ON THE BUDGET SETTLEMENT, LEGRAS WAS CONVINCED THAT THE OUTCOME WAS THE MOST SATISFACTORY DEAL AVAILABLE. BUT HE FORESAW THE NEED TO RE-START NEGOTIATIONS IN 1986, POSSIBLY SOONER, SINCE THE NEW OWN RESOURCES WOULD LAST THREE YEARS AT THE MOST. THE BRITISH WERE WELL PLACED TO CONCLUDE A SATISFACTORY DEAL FROM THEN ON. MORE IMMEDIATELY, THE QUESTION OF FINANCING THE 1984/85 SHORTFALL AROSE. LEGRAS WAS CONVINCED THAT THE SOLUTION LAY IN BRINGING FORWARD THE INTRODUCTION OF NEW OWN RESOURCES BY TWO OR THREE MONTHS.

3. ON ENLARGEMENT ISSUES, LEGRAS FELT THAT GOOD PROGRESS HAD BEEN MADE IN ADVANCING THE SPANISH DOSSIER AT THE LAST NEGOTIATING CONFERENCE UNDER DUMAS, ALTHOUGH THE REALLY DIFFICULT ISSUES (OLIVE OIL, FISHERIES) REMAINED. ON OLIVE OIL, MISS TIMMS SAID THAT WE COULD NOT ACCEPT AN EXTENSION OF THE EXISTING ACQUIS TO SPAIN AND PORTUGAL BECAUSE OF THE BUDGETARY IMPLICATIONS. LEGRAS REPLIED THAT THE PROBLEM HAD TO BE TACKLED AS A MATTER OF URGENCY. THE FRENCH TOO WERE OPPOSED TO AN EXTENSION OF THE ACQUIS. HE PERSONALLY WAS STRONGLY IN FAVOUR OF QUOTAS ON OLIVE OIL PRODUCTION ACROSS THE ENLARGED COMMUNITY: INDEED THERE WAS LITTLE PRACTICABLE ALTERNATIVE IN VIEW OF BUDGET CONSTRAINTS. BUT TOO LITTLE TIME REMAINED TO NEGOTIATE PRODUCTION QUOTAS BEFORE THE DATE OF ENLARGEMENT AND IN ANY CASE THE ITALIANS WOULD PUT UP VERY STRONG RESISTANCE. THE WAY FORWARD SHOULD THEREFORE BE TO INTRODUCE STANDSTILL ARRANGEMENTS ON THE ACCESSION OF SPAIN AND PORTUGAL, IN ORDER TO BUY TIME TO NEGOTIATE AN ACCEPTABLE QUOTA DEAL. ON WINE, LEGRAS SAID THE LONG-TERM SOLUTION ALSO LAY IN PRODUCTION QUOTAS, HOWEVER DIFFICULT THOSE WOULD BE TO APPLY TO FRENCH PRODUCERS IN THE MIDI. MEANWHILE, THE FRENCH PRESIDENCY HAD INITIATED AN URGENT DEBATE IN THE HIGH LEVEL GROUP ON WAYS OF CONTROLLING EC WINE PRODUCTION.

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4. ON INSTITUTIONAL ISSUES RELATED TO ENLARGEMENT, MISS TIMMS RAISED THE QUESTION OF THE QUALIFIED MAJORITY VOTE: IN THE UK VIEW THE SYSTEM MUST PERMIT TWO LARGE MEMBER STATES ACTING TOGETHER NEVER TO BE OUT-VOTED BY THE REST. THUS IF SPAIN OBTAINED 8 VOTES, THE QUALIFYING MAJORITY WOULD HAVE TO BE 57. LEGRAS THOUGHT THE SPANISH WOULD PRESS FOR TEN VOTES, IN ACCORDANCE WITH THEIR VIEW THAT THEY MERITED LARGE MEMBER STATUS. BUT THE UK IDEA WAS AN ATTRACTIVE ONE, WHICH HE WOULD BE VERY INTERESTED IN PURSUING. THE GERMANS OUGHT IN PRINCIPLE TO BE ATTRACTED TO IT ALSO, BUT LEGRAS THOUGHT THEY COULD NOT BE COUNTED ON.

5. ON THE SIZE OF THE COMMISSION, LEGRAS REVEALED HIS PERSONAL PREFERENCE FOR A COMMISSION SLIGHTLY SMALLER THAN THE TOTAL NUMBER OF MEMBER STATES, CONSISTENT WITH THE NUMBER OF MEANINGFUL DOSSIERS (ABOUT NINE). BUT HE RECOGNISED THAT THIS WAS UNNEGOTIABLE. ALTHOUGH THERE WERE ATTRACTIONS IN THE UK PROPOSAL TO REDUCE THE NUMBER TO TWELVE, HE FEARED THAT THE COMMUNITY WOULD BE SADDLED WITH 17, COME WHAT MAY. AS TO THE NEXT PRESIDENT OF THE COMMISSION, LEGRAS SAID THE SUBJECT HAD HARDLY BEEN TACKLED AT FONTAINEBLEAU: SO FAR AS HE KNEW, ANDRIESEN, DAYIGNON, AND A DANISH CANDIDATE WERE IN THE FIELD. HE HAD BEEN SURPRISED THAT THE GERMANS HAD NOT SO FAR FORMALLY SUBMITTED A NAME. HE UNDERSTOOD THAT CHEYSSON REMAINED INTERESTED IN THE POST AND THAT HIS CANDIDATURE WAS BEING CONSIDERED AT A HIGH LEVEL.

6. PROGRESS ON THE LOME RE-NEGOTIATION WAS BRIEFLY RAISED. LEGRAS THOUGHT THE UK POSITION ON THE SIZE OF THE EDF HAD BEEN UNHELPFUL. IN HIS VIEW, THE BRITISH WOULD HAVE TO TAKE A MORE FLEXIBLE POSITION BY THE TIME NEGOTIATIONS RESUMED IN EARNEST IN SEPTEMBER.

FCO PASS SAVING UKREP BRUSSELS

(REPEATED AS REQUESTED)

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