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Mr. Sawley?

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Subject

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PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T163E184

FM FCO 211826Z SEPT 84
TO PRIORITY ATHENS
TELEGRAM NUMBER 314 OF 25 SEP
REPEATED FOR INFO TO PRIORITY BONN, THE HAGUE, COPENHAGEN, PARIS
AND ROUTINE TO UKREP BRUSSELS
SAVING TO LUXEMBOURG, BRUSSELS, DUBLIN, ROME
MIPT: MR PAPANDEOU'S MESSAGE TO PRIME MINISTER
FOLLOWING IS TEXT OF PRIME MINISTER'S REPLY TO HIS EXCELLENCY, MR
ANDREAS PAPANDEOU PRIME MINISTER OF GREECE.
BEGINS

116

THANK YOU FOR YOUR LETTER OF 13 SEPTEMBER.

116

WE LAST DISCUSSED THE QUESTION OF INTEGRATED MEDITERRANEAN PROGRAMMES AT THE BRUSSELS EUROPEAN COUNCIL IN MARCH. THE DECISION WE MADE, AS YOU SAY, CONSTITUTES A FIRM UNDERTAKING WHICH REFLECTS THE RECOGNITION AMONG COMMUNITY HEADS OF GOVERNMENT OF THE IMPORTANCE OF THESE PROGRAMMES TO BOTH GREECE AND THE COMMUNITY IN GENERAL. I STAND BY THE DECISION WE MADE THEN.

WE AGREED THAT INTEGRATED MEDITERRANEAN PROGRAMMES SHOULD BE LAUNCHED DURING 1985 TO ENABLE THE SOUTHERN REGIONS OF THE PRESENT COMMUNITY TO ADJUST THEIR ECONOMIES TO COPE WITH THE ACCESSION OF SPAIN AND PORTUGAL. WE FURTHER AGREED THAT THEY SHOULD BE FINANCED WITHIN THE FRAMEWORK OF THE EXISTING STRUCTURAL FUNDS. THE NEW SOCIAL FUND AND REGIONAL DEVELOPMENT FUND REGULATIONS WHICH CONTAIN PROVISION FOR INTEGRATED PROGRAMMES, TOGETHER WITH THE PACKAGE OF AGRICULTURAL STRUCTURES MEASURES NOW UNDER DISCUSSION, WILL PROVIDE THE FRAMEWORK WITHIN WHICH THE EUROPEAN COUNCIL'S DECISION CAN BE IMPLEMENTED. WE ALSO AGREED THAT THE FINANCIAL RESOURCES ALLOCATED TO AID FROM THE FUNDS, HAVING REGARD TO IMPS WOULD BE SIGNIFICANTLY INCREASED IN REAL TERMS WITHIN THE LIMITS OF FINANCING POSSIBILITIES.

THE BUDGETARY PROBLEMS FACING THE COMMUNITY ARE SEVERE.

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THERE IS LITTLE ROOM TO INCREASE THE AMOUNTS GOING TO THE STRUCTURAL FUND IN 1985 BEYOND WHAT WAS PROVISIONALLY AGREED AT THE JULY BUDGET COUNCIL. NONETHELESS IT SHOULD BE POSSIBLE FOR A START TO BE MADE ON INTEGRATED MEDITERRANEAN PROGRAMMES IN 1985 THROUGH THE EXISTING STRUCTURAL FUNDS. ENDS.

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WJ

cc: P.C.

10 DOWNING STREET

NB ENCLOSURE

From the Private Secretary

25 September, 1984

LETTER FROM THE GREEK PRIME MINISTER CONCERNING INTEGRATED
MEDITERRANEAN PROGRAMMES

Thank you for your letter of 24 September enclosing a draft reply from the Prime Minister to Mr. Papandreou's message about integrated Mediterranean programmes.

The Prime Minister is content with the reply with two small amendments marked on the enclosed copy. I should be grateful if you could arrange for its despatch.

I am sending a copy of this letter to David Peretz (HM Treasury), Callum McCarthy (Department of Trade and Industry), David Normington (Department of Employment), John Ballard (Department of the Environment), Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food) and to Richard Hatfield (Cabinet Office).

(C.D. Powell)

C. Budd, Esq.,
Foreign and Commonwealth Office.

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Classification and Caveats

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TO PRIORITY ATHENS
TELEGRAM NUMBER
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Andreas Papandreou Prime Minister of Greece.
BEGINS
Thank you for your letter of 13 September.
We last discussed the question of Integrated Mediterranean
Programmes at the Brussels European Council in March. The
decision we made, as you say, constitutes a firm undertaking
which reflects the recognition among Community Heads of
Government of the importance of these programmes to both Greece
and the Community in general. I stand by the decision we made
then. ~~and look forward to their implementation.~~
We agreed that Integrated Mediterranean Programmes should
be launched during 1985 to enable the southern regions of the

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| Drafted by (Block capitals) P S FAIRWEATHER | | | | | |
| Telephone number 233 5612 | | | | | |
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present Community to adjust their economies to cope with the accession of Spain and Portugal. We further agreed that they should be financed within the framework of the existing structural funds. The new Social Fund and Regional Development Fund Regulations which contain provision for integrated programmes, together with the package of agricultural structures measures now under discussion, will provide the framework within which the European Council's decision can be implemented. We also agreed that the financial resources allocated to aid from the Funds, having regard to IMPs, would be significantly increased in real terms within the limits of financing possibilities.

The budgetary problems facing the Community are severe. There is little room to increase the amounts going to the structural funds in 1985 beyond what was provisionally agreed at the July Budget Council. Nonetheless it should be possible for a start to be made on integrated mediterranean programmes in 1985 through the existing structural funds. ENDS.

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Prime Minister

Foreign and Commonwealth Office

London SW1A 2AH

The draft reply is a bit stilted in language - but that is because it sticks verbatim to the conclusions of the Brussels European Council. I think this is wise if not elegant: it is better not to get into interpretations of that text.

Dear Charles, which already represents a major gain for us. Agree draft reply?

Yes
not

Letter from the Greek Prime Minister concerning Integrated Mediterranean Programmes

CJP
24/9

Mr Papandreou has written to the Prime Minister and other EC Heads of Government (Athens telnos 424 and 425 enclosed) about the delay in implementation of the Integrated Mediterranean Programmes (IMPs). I enclose a draft reply for the Prime Minister which has been agreed with other interested Departments.

In March 1983 the Commission put forward proposals for IMPs to assist the economic development of certain Mediterranean areas of the Community. So far as Greece is concerned, the Commission proposed that IMPs should constitute a major element in the Community's response to the memorandum on Greek relations with the European Community which the Greek Government put forward a few months after Mr Papandreou came to office in 1981.

The Community has to respond to the Greek memorandum. But Greece is already a very substantial beneficiary from the Community budget (nearly one billion ecus in 1983). If the Commission's proposals were approved in their present form, they would add a totally unacceptable extra burden to the Community's budget. The cost to the UK, even with the Fontainebleau mechanism operating, would be more than £250m over the next six years. Spain and Portugal, when they join the Community, would expect to benefit from similar programmes. It is clearly right that the structural funds should operate on a Community wide basis and that there should not be a special Mediterranean fund to top up those countries' receipts. At the Brussels European Council the Prime Minister succeeded in having written into the Conclusions that IMPs should be accommodated within the existing structural funds. We have had strong German and Dutch support for our views.

There have been signs of increasing Greek concern about these developments. Mr Papandreou's approach does not come therefore as a surprise. At the Foreign Affairs Council on 17-18 September, the Greek Minister said that Greek agreement to the budget package was conditional on IMPs being launched. We can expect to hear more about IMPs at the Dublin European Council and, if the issue is not resolved by then, during the Italian Presidency (they also stand to benefit substantially under IMPs).



The draft reply sets out our view on the manner in which IMPs should be incorporated in the existing structural funds and emphasises the constraints imposed by the budgetary situation in the Community. We would propose to instruct our Embassies in Bonn, The Hague, Copenhagen and Brussels to inform their governments of the tenor of the Prime Minister's reply. We have a common interest with the other northern Member States in limiting Greek claims and should concert with them to do so.

I am copying this letter and its enclosures to the Private Secretaries to the Chancellor of the Exchequer, the Secretary of State for Trade and Industry, Employment, the Environment, the Minister of Agriculture and Sir Robert Armstrong.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

OUT TELEGRAM

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7 TO PRIORITY ATHENS
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21 Government of the importance of these programmes to both Greece
22 and the Community in general. I stand by the decision we made
23 then. ~~and look forward to their implementation.~~
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FM ATHENS 131115Z SEPT 84

TO IMMEDIATE FCO

TELNO 424 OF 13 SEPTEMBER 1984

AND TO IMMEDIATE UKREP BRUSSELS

INFO ROUTINE TO ALL OTHER EC POSTS

~~FRAME EXTERNAL / ECONOMIC~~

INTEGRATED MEDITERRANEAN PROGRAMMES

1. PANGALOS, DEPUTY MINISTER FOR FOREIGN AFFAIRS RESPONSIBLE FOR COMMUNITY QUESTIONS, ASKED ME TO CALL THIS MORNING. HE HANDED OVER A LETTER FROM PAPANDEOU TO THE PRIME MINISTER (TEXT IN HIFT).

2. PANGALOS, WHO WAS ACCOMPANIED BY PAPANDEOU'S NEWLY APPOINTED ADVISER ON EUROPEAN QUESTIONS, PAPANTONIOU, A FORMER MEMBER OF THE EUROPEAN PARLIAMENT, SAID THAT HE WAS INSTRUCTED TO EMPHASISE THE IMPORTANCE OF IMPS FOR GREECE ON THREE MAIN GROUNDS:-

(A) GREECE WAS FACING THE IMPACT OF ACCESSION TO THE COMMUNITY. THE COMMISSION'S RESPONSE TO THE GREEK MEMORANDUM ON THIS TOPIC HAD RELIED HEAVILY ON THE IMPLEMENTATION OF IMPS, WHICH WAS NOW HELD UP (SEMI COLON)

(B) GREECE WOULD BE FACING THE IMPACT OF ENLARGEMENT. IN THAT CONTEXT IMPS WERE PARTICULARLY IMPORTANT FOR GREECE AND OTHER COUNTRIES CONCERNED (SEMI COLON)

(C) IMPS WERE OF PARTICULAR IMPORTANCE TO PAPANDEOU AND THE GREEK GOVERNMENT BECAUSE OF THE EXPECTATIONS WHICH HAD BEEN AROUSED AMONG THE GREEK PEOPLE OF THE BENEFITS WHICH WOULD FLOW FROM IMPLEMENTATION IN 1985 OF IMPS TO WHICH THE BRUSSELS EUROPEAN COUNCIL HAD AGREED. (PAPANTONIOU EMPHASISED THIS POINT).

3. PAPANTONIOU STRESSED THAT THERE SHOULD BE, IN ACCORDANCE WITH DECISIONS OF THE COMMUNITY, ADDITIONAL FINANCE FOR IMPS.

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4. I SAID THAT I WOULD FORWARD PAPANDEOU'S LETTER. PANGALOS WOULD KNOW OUR POSITION WHICH WAS BASED ON A CORRECT INTERPRETATION OF THE BRUSSELS DECISION, I.E. THAT IMPS SHOULD BE FINANCED WITHIN THE EXISTING COMMUNITY STRUCTURAL FUNDS. PAPANTONIOU'S RESPONSE WAS THAT THE DESCRIPTION WAS UNIMPORTANT. WHAT MATTERED WAS THAT THERE SHOULD BE SPECIAL MONEY FOR IMPS. I SAID THAT I DID NOT THINK THAT THIS WAS IN ACCORDANCE WITH THE BRUSSELS DECISION FROM WHICH IT WAS CLEAR THAT IMPS WERE TO BE SEEN IN THE CONTEXT OF THE STRUCTURAL FUNDS. THE QUESTION OF EXTRA MONEY WAS NO DOUBT THE MOST DIFFICULT ASPECT OF THE GREEK DEMAND. PAPANTONIOU REITERATED THAT THIS WAS FOR THE GREEKS THE MOST IMPORTANT ASPECT.

5. PLEASE SEE MIFT.

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| AS PS/LADY YOUNG PS/MR KIND MR JOHN THOMAS SIR G THOMAS MR BENWILL | RESIDENT CLERK ED/ECG(S) (3) ED/NEWS DEPT ED/ERD HD/ ECG (17) HD/ SED | PLUS FCO |
| CABINET OFFICE MR A WILLIAMSON MR G STAPLETON MISS S J LAMBERT MR T J BURR | DTI (VICTORIA STREET) MR R WILLIAMS MR A C HUTTON OT2 | ODA MR D L STANTON |
| H.M. TREASURY MR J F DITTLER MR P W HOPKINSON MR UNWIN MR JE MORTIMER | MAPF PERMANENT SECRETARY | PLUS OGDS |

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 FM ATHENS 131130Z SEP 84
 TO IMMEDIATE FCO.,
 TELNO 425 OF 13 SEPTEMBER 1984.,
 REPEATED AS IMMEDIATE INFO TO UKREP BRUSSELS.,
 REPEATED AS ROUTINE INFO TO OTHER EC POSTS.

M.I.P.T: INTEGRATED MEDITERRANEAN PROGRAMMES

FOLLOWING IS TEXT OF PAPANDREOU'S LETTER.

DEAR MADAME PRIME MINISTER,

THE DRAFT GENERAL BUDGET OF THE COMMUNITY FOR THE YEAR 1985, AS AGREED BY THE COUNCIL, HAS, INSTEAD OF CREDITS, A SIMPLE MENTION "POUR MEMOIRE" IN THE LINE CONCERNING THE INTEGRATED MEDITERRANEAN PROGRAMMES. I WOULD LIKE TO POINT OUT THAT THE COUNCIL REJECTED A COMMISSION PROPOSAL FOR THE ALLOCATION OF COMMITMENT APPROPRIATIONS OF 140 MECU, IN SPITE OF THE FACT THAT THERE IS A DRAFT REGULATION UNDER EXAMINATION AT THE COUNCIL, A POSITIVE OPINION OF THE EUROPEAN PARLIAMENT AS WELL AS A FIRM POLITICAL ENGAGEMENT OF THE EUROPEAN COUNCIL FOR THE IMPLEMENTATION OF THESE PROGRAMMES AS FROM 1985. THIS POSITION OF THE COUNCIL, IF NOT REVERSED AT A LATER STAGE, JUSTIFIES A CONCERN ABOUT POSSIBLE DELAYS IN THE IMPLEMENTION OF THE INTEGRATED MEDITERRANEAN PROGRAMMES WHICH WOULD CREATE SERIOUS PROBLEMS FOR MY COUNTRY.

ALLOW ME, MADAME PRIME MINISTER, TO BRING TO YOUR ATTENTION, ONCE AGAIN, THE NEED TO CREATE APPROPRIATE CONDITIONS FOR THE SMOOTH INTEGRATION OF GREECE INTO THE COMMUNITY WITHIN THE FRAMEWORK OF THE MORE GENERAL EFFORT THAT SHOULD BE UNDERTAKEN IN ORDER TO ACHIEVE ECONOMIC CONVERGENCE AND REDUCE REGIONAL DISPARITIES. PARTICULARLY IS CONCERNED THE AREA OF THE SOUTHERN

THE FRAMEWORK OF THE MORE GENERAL EFFORT THAT SHOULD BE UNDERTAKEN IN ORDER TO ACHIEVE ECONOMIC CONVERGENCE AND REDUCE REGIONAL DISPARITIES, PARTICULARLY AS CONCERNS THE AREAS OF THE SOUTHERN MEDITERRANEAN THAT WILL BE MOST AFFECTED BY THE ACCESSION OF SPAIN AND PORTUGAL. THE GREEK MEMORANDUM ANALYZED - AS YOU WELL KNOW - THE ADJUSTMENT PROBLEMS OF THE GREEK ECONOMY AND PROPOSED A SERIES OF ARRANGEMENTS AIMING AT CREATING AN ACCESSION REGIME THAT WOULD NOT BE OPPOSED TO BASIC NATIONAL INTERESTS. THE COMMISSION AS WELL AS THE EUROPEAN COUNCIL LINKED THE INTEGRATED MEDITERRANEAN PROGRAMMES TO THE MEMORANDUM AND PRESENTED THEM AS THE MAIN LINE OF "PARALLEL" COMMUNITY ACTION BESIDES THAT UNDERTAKEN WITHIN THE CONVENTIONAL FRAMEWORK OF THE STRUCTURAL FUNDS AND OTHER RELATED MEASURES. THEIR IMPLEMENTATION WITHIN THE AGREED PERIOD OF TIME WOULD BE A MINIMUM STEP IN THE DIRECTION OF MEETING THE REQUESTS OF THE MEMORANDUM AND, AS SUCH, IT CONSTITUTES A VITAL GREEK INTEREST WHOSE NEGLECT WOULD RESTRICT THE POSSIBILITIES OF GREEK CO-OPERATION IN THE PURSUIT OF THE WIDER COMMUNITY OBJECTIVES.

DURING THE IRISH PRESIDENCY PRIORITY SHOULD, THEREFORE, BE ACCORDED TO THE ADOPTION BY THE COUNCIL OF THE REGULATION FOR THE INTEGRATED MEDITERRANEAN PROGRAMMES IN A FORM THAT WILL NOT DIFFER FROM THE COMMISSION'S PROPOSAL, AT LEAST AS REGARDS THE EXPENDITURES THAT WILL BE REALIZED IN GREECE.

I SHOULD LIKE TO HOPE, MADAME PRIME MINISTER, THAT THE VIEWS I AM PRESENTING TO YOU WILL CONTRIBUTE TO A POSITIVE RESPONSE TO THIS QUESTION FROM YOUR GOVERNMENT.

I AM SENDING A LETTER OF THE SAME NATURE TO THE HEADS OF STATE AND GOVERNMENT OF THE OTHER MEMBER STATES, AND A COPY TO THE PRESIDENT OF THE EUROPEAN COMMISSION.

PLEASE ACCEPT, MADAME PRIME MINISTER, THE ASSURANCES OF MY HIGHEST CONSIDERATION.

ANDREAS PAPANDREOU

PRIME MINISTER OF GREECE.

R H O D E S

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