

GRS 1200  
UNCLASSIFIED  
FRAME GENERAL  
FM UKDEL STRASBOURG 161529Z JAN 85  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 008 OF 16 JANUARY  
AND TO IMMEDIATE UKREP BRUSSELS  
INFO ~~ROUTING~~ <sup>Saving</sup> OTHER EC POSTS

FROM UKREP

ITALIAN PRESIDENCY'S OPENING STATEMENT TO THE EUROPEAN  
PARLIAMENT

SUMMARY

1. ON 16 JANUARY ANDREOTTI GAVE THE PRESIDENCY'S PROGRAMME  
SPEECH TO THE EUROPEAN PARLIAMENT WITH QUOTE GUIDELINES AND  
PRIORITY AREAS FOR ACTION UNQUOTE. SOME PROMINENCE GIVEN  
TO INSTITUTIONAL REFORM AND THE PROPOSED INTERGOVERNMENTAL  
CONFERENCE ON THIS. OTHERWISE A LONG, GENERALLY DOWN-TO-  
EARTH, SURVEY OF EC POLICY AREAS, WITHOUT SURPRISES, AND  
REFLECTING THE FACT THAT THERE WAS NOT ENOUGH MONEY FOR NEW  
EXPENDITURE PROGRAMMES DURING THE PRESIDENCY.

DETAIL

2. FULL TEXT BY BAG FROM UKREP TO ECD(1). FOLLOWING ARE  
EXTRACTS :

INSTITUTIONAL AND DOOGE COMMITTEE

ANDREOTTI LAUNCHED INTO THIS AT THE START. QUOTE WE ARE  
CONVINCED THAT THE COMMITMENT, WHICH SEEMS TO BE EMERGING  
CLEARLY FROM THE WORK OF THE COMMITTEE ON INSTITUTIONAL  
AFFAIRS TO ACHIEVE SIGNIFICANT PROGRESS TOWARDS THE  
REORGANIZATION OF THE COMMUNITY, WHICH OUGHT TO BE  
CHARACTERIZED BY CLEARER FORMS OF INTERGRATION, REPRESENTS  
A HISTORICAL OPPORTUNITY WHICH MUST NOT BE WASTED UNQUOTE..  
... QUOTE FOR OUR PART, NO EFFORT WILL BE SPARED IN SEEKING  
AGREEMENT BY JUNE ON A DATE FOR CONVENING AN INTER-GOVERNMENTAL  
CONFERENCE WITH THE TASK OF NEGOTIATING THE TREATY ON EUROPEAN  
UNION ON THE BASIS OF THE CONCLUSIVE SUGGESTIONS TO BE PROVIDED  
BY THE COMMITTEE ON INSTITUTIONAL AFFAIRS. WE SHALL WORK  
TOWARDS THE DEFINITION OF A MANDATE WHICH AVOIDS ANY  
MISUNDERSTANDINGS, AND WHICH IS THEREFORE WORDED IN SUFFICIENTLY  
CLEAR TERMS TO SUBSEQUENT WORK NOT TO BECOME BOGGED DOWN,  
AS HAS UNFORTUNATELY HAPPENED IN THE PAST UNQUOTE.

PEOPLES EUROPE

QUOTE WE INTEND TO GIVE THE GREATEST POSSIBLE IMPETUS TO ITS  
WORK IN THE NEXT SIX MONTHS, PRECISELY BECAUSE WE ARE CONVINCED  
THAT A HYPOTHESIS FOR RELAUNCHING THE COMMUNITY MUST BE  
ACCOMPANIED BY A STRENGTHENING OF ITS IDENTITY AND OF ITS  
CREDIBILITY FOR EUROPEAN AND INTERNATIONAL PUBLIC OPINION  
UNQUOTE.

1985

#### 1985 EC BUDGET

QUOTE WE MUST WORK AS QUICKLY AS POSSIBLE TOWARDS APPROVAL OF THE BUDGET FOR 1985 UNQUOTE. QUOTE FOR OUR PART, WE SHALL STRIVE TO ENSURE THAT THE PRINCIPLE OF AN ANNUAL BUDGET, AS DEMANDED BY THIS PARLIAMENT, IS OBSERVED, POSSIBLY BY ANTICIPATING BY A COUPLE OF MONTHS THE ENTRY INTO FORCE OF THE DECISION ON THE INCREASE IN THE REVENUE FROM VALUE-ADDED TAX. THIS WORKING HYPOTHESIS MAY COME UP AGAINST INSURMOUNTABLE DIFFICULTIES. IN THAT EVENT, WE SHALL CONSIDER ALTERNATIVE TEMPORARY MEASURES, COMMUNITY ONES, AS FAR AS POSSIBLE UNQUOTE.

#### BUDGET IMBALANCES

QUOTE AS TO THE ARRANGEMENTS FOR REIMBURSING THE UNITED KINGDOM, AND GIVEN THE VARIOUS POSITIONS EXPRESSED BY THE EUROPEAN PARLIAMENT AND THE GOVERNMENTS, I WOULD POINT OUT THAT WE ARE NOT DISCUSSING THE PRINCIPLE - AND I SHALL QUOTE HERE THE FINAL COMMUNIQUE AT FONTAINBLEAU - THAT " ULTIMATELY, THE CHIEF MEANS FOR RESOLVING THE PROBLEM OF BUDGET IMBALANCES IS EXPENDITURE POLICY", IN OTHER WORDS, THE DEVELOPMENT OF THE COMMON POLICIES. IT SEEMS TO ME, HOWEVER, THAT THE COMPROMISE FORMULA DRAWN UP AT FONTAINBLEAU (WHICH ALLOWS MEMBER STATES WITH AN EXCESSIVE BUDGET BURDEN RELATIVE TO THEIR PROSPERITY TO HAVE THEIR COMMUNITY BUDGET CONTRIBUTION ADJUSTED) SHOULD BE APPLIED FOR THE TIME BEING UNQUOTE.

#### BUDGET DISCIPLINE

QUOTE THE ITALIAN PRESIDENCY WILL ALSO TAKE STEPS TO ENSURE THAT THIS PARLIAMENT IS ASSOCIATED WITH THE COUNCIL IN THE TASK OF DETERMINING THE FRAME OF REFERENCE FOR THE EXPENDITURE TO BE ENTERED IN THE COMMUNITY BUDGET, TAKING ACCOUNT OF THE FINANCIAL RESOURCES AVAILABLE. I AM SURE THAT THE EUROPEAN PARLIAMENT AND THE COUNCIL - WHICH, AS ENVISAGED BY THE TREATY OF ROME, HAVE AUTHORITY IN BUDGETARY MATTERS - ARE PURSUING THE SAME OBJECTIVE, NAMELY RATIONALIZING EXPENDITURE AND AVOIDING ANY POSSIBLE WASTAGE, SO AS TO MAKE AVAILABLE, BY MEANS OF THE NECESSARY ADJUSTMENTS AS WELL, THE RESOURCES TO BE DEVOTED TO DEVELOPING THE NEW POLICIES UNQUOTE.

#### INTERNAL MARKET

THIS WAS ANOTHER PRIORITY AREA FOR THE PRESIDENCY. ANDREOTTI MENTIONED PARTICULARLY :

QUOTE THE REDUCTION OF FRONTIER CONTROLS, THE REMOVAL OF TECHNICAL OBSTACLES TO TRADE, STANDARDIZATION AT EUROPEAN LEVEL, THE ESTABLISHMENT OF A LEGAL FRAMEWORK FOR CO-OPERATION BETWEEN UNDERTAKINGS, AND THE FREE MOVEMENT OF SERVICES AND ECONOMIC OPERATORS UNQUOTE.

#### MONETARY COOPERATION AND EMS

THE PRESIDENCY WOULD GIVE PARTICULAR ATTENTION TO THE REVIVAL OF MONETARY AND FINANCIAL COOPERATION. PRIMARY TASK WAS TO STRENGTHEN CONVERGENCE OF NATIONAL ECONOMIC POLICIES. ALSO NECESSARY TO MOVE TOWARDS LIBERALISATION OF CAPITAL MOVEMENTS. PUBLIC AND PRIVATE USE OF THE ECU MUST BE ENCOURAGED. THE DEVELOPMENT OF THE EMS WOULD INVOLVE INCLUSION OF THE POUND AND LATER THE DRACHMA IN THE EXCHANGE RATE SYSTEM.

#### CAP

FIXING OF PRICES AND MARKET MEASURES FOR 85/86 WOULD BE CARRIED OUT AGAINST AN EXTREMELY DIFFICULT FINANCIAL BACKGROUND. PRESIDENCY WAS AWARE OF THE LIMITATIONS.

#### ENVIRONMENT

LEAD IN PETROL AND VEHICLE EXHAUST WERE OF PARTICULAR URGENCY.

#### OTHER INTERNAL POLICIES

TRANSPORT POLICY, EMPLOYMENT MEASURES AND ACTION AGAINST DRUG ABUSE WERE STRESSED.

#### ACCESSION OF SPAIN AND PORTUGAL, AND IMPS

QUOTE IT SEEMS TO BE THAT AS THE NEGOTIATIONS CONTINUE, PARTICULARLY IN THE AGRICULTURAL SECTOR, ACCOUNT MUST BE TAKEN, ON THE ONE HAND, OF THE ECONOMIC BENEFITS WHICH NORTHERN EUROPEAN PRODUCTS (OF WHICH THERE ARE DEFICITS IN SPAIN AND PORTUGAL) WILL DERIVE FROM THE OPENING OF NEW MARKETS AND, ON THE OTHER HAND, OF THE ECONOMIC DISADVANTAGES WHICH WILL INEVITABLY RESULT FOR MEDITERRANEAN PRODUCTS. TO ALLEVIATE SOME OF THESE DISADVANTAGES, AT LEAST PARTIALLY, IT WILL BE NECESSARY TO RESORT TO APPROPRIATE TEMPORARY MEASURES, SUCH AS THOSE CONTAINED IN THE INTEGRATED MEDITERRANEAN PROGRAMMES. IT IS CERTAINLY TO BE REGRETTED THAT NO DECISION HAS YET BEEN TAKEN ON THE COMMISSION'S PROPOSALS ON THE INTEGRATED MEDITERRANEAN PROGRAMMES, EVEN THOUGH THE ACCESSION NEGOTIATIONS ARE NOW IN THE FINAL STAGES. IT IS THEREFORE THE DUTY OF THE PRESIDENCY TO ENSURE THAT THIS PROBLEM, THE DIFFICULTY OF WHICH WE FULLY APPRECIATE, DOES NOT REMAIN OUTSTANDING MUCH LONGER. FOR ALL THESE REASONS, THE ITALIAN PRESIDENCY WILL MAKE EVERY POSSIBLE EFFORT TO PROVIDE THE RIGHT CONDITIONS FOR THE SUCCESSFUL CONCLUSION OF THE ACCESSION NEGOTIATIONS DURING THE EARLY MONTHS OF 1985 UNQUOTE.

EXTERNAL POLICIES

THE LONG CLOSING SECTION ON EXTERNAL POLICY HAS BEEN SENT BY BAG TO ECD(E). PARTICULAR ATTENTION GIVEN TO THE MIDDLE EAST AND LATIN AMERICA. AN UNDERTAKING TO WORK FOR MORE COMPLETE HARMONISATION BETWEEN EC WORK AND POLITICAL COOPERATION.

FCC PSE PASS IMMEDIATE TO UKREP BRUSSELS

FCO ADVANCE TO:

FCO - PS/RIFKIND, RENWICK, CROWE, FAIRWEATHER

CAB - WILLIAMSON

TSY - PS/SOS, UNWIN

FCO PSE PASS SAVING ALL OTHER EC POSTS

STODDART

REPEATED AS REQUESTED

FRAME GENERAL  
ECD (1)

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