

ADVANCE COPIES

PRIME MINISTERIAL

24 28
16 XEROX COPIES

FCO

~~RESIDENT CLERK~~

PLUS FCO

~~PS/MR BIRKING~~

ED/EC (I) (3)

ED/NEWS

ED/ED (C) (1)

ED/ERW

ED/

~~MR RENNICK~~

~~MR DOCK THOMAS~~

MR BRAITHWAITE

CSH

CABINET OFFICE

DOT

PLUS OGDs

~~MR D WILLIAMSON~~

~~MR G STAPLETON~~

~~MISS S J LAMBERT~~

~~MR M H JAY~~

~~MR D P HUNTER~~

~~MR J WILSON~~

MATT BURR

RV GENT

Ulowen, n°10) S

H M TREASURY

M A F F

~~MR J G THORP~~

~~MR J A WATSON~~

MR G W HOPKINSON

PERMANENT SECRETARY

R ANDERSON



CONFIDENTIAL

DESKEY 271800Z MAR 85

FM ROME 271630Z MAR 85

TO IMMEDIATE FCO DESKEY 271800Z MAR 85

TELNO 318 OF 27 MAR 85

INFO IMMEDIATE UKREP BRUSSELS, ATHENS

INFO ROUTINE OTHER EC POSTS

IMMEDIATE

MY TELNO 311: EUROPEAN COUNCIL

ADVANCE COPY

1. CRAXI'S DIPLOMATIC COUNSELLOR ASKED ME TO CALL THIS AFTERNOON TO CONVEY AN ORAL MESSAGE FROM CRAXI TO THE PRIME MINISTER ABOUT IMPS. ASSUMING THAT FRANCE COULD BE BROUGHT TO AGREE THE TERMS OF SPANISH ACCESSION AND THAT THERE WERE NO DIFFICULTIES OVER PORTUGAL, THE CRUX OF THIS MEETING WOULD BE AGREEMENT BETWEEN THE NINE AND GREECE OVER IMPS. CRAXI HAD BEEN LED TO BELIEVE THAT THE BRITISH WERE TAKING THE TOUGHEST LINE OVER THE AMOUNT TO BE MADE AVAILABLE AND GREATLY HOPED THAT WE WOULD BE ABLE TO CONTRIBUTE CONSTRUCTIVELY TO A SETTLEMENT. AT HIS LAST MEETING WITH PAPANDREOU SOME 3 WEEKS AGO, THE LETTER HAD REJECTED THE DELORS PROPOSAL. BUT CRAXI NOW BELIEVED THAT THERE WAS A REASONABLE CHANCE OF SECURING GREEK AGREEMENT TO THE CURRENT DELORS PROPOSAL, ALTHOUGH HE BELIEVED THAT PAPANDREOU WOULD NOT ACCEPT ANYTHING LESS.

HE THEREFORE WANTED MRS THATCHER TO KNOW THAT THIS WAS HIS OPINION, AND THAT HE HOPED A BIG EFFORT COULD BE MADE ON THE BRITISH SIDE.

2. MEANWHILE, CRAXI HAS SEEN THE PRIME MINISTER'S DRAFT CONCLUSIONS ON WEALTH AND EMPLOYMENT. HE FULLY SHARES HER VIEW THAT FIRM ACTION IS NEEDED TO INCREASE EMPLOYMENT THROUGHOUT THE EC AND THAT THE COUNCIL SHOULD MAKE A POSITIVE STATEMENT ABOUT IT. HE HAS FOUND HER DOCUMENT RELEVANT AND HELPFUL (BADM1 DID NOT HOWEVER REFER TO THE PASSAGE ON ENTERPRISE AND COMPETITION).

3. I TOLD BADM1 THAT I WOULD TRANSMIT THE MESSAGE. WE TO...

3. I TOLD BADINI THAT I WOULD TRANSMIT THE MESSAGE. WE TOO BELIEVE AN AGREEMENT AT THIS COUNCIL ON IMPS FAILING WHICH THERE WOULD BE SERIOUS CONSEQUENCES FOR ALL. BUT I DID NOT THINK THAT BRITAIN WAS THE ONLY MEMBER STATE TO HAVE DIFFICULTY WITH THE AMOUNT SUGGESTED BY THE COMMISSION. INDEED, OUR VIEWS WERE SHARED BY A NUMBER OF OTHER NORTHERN MEMBER STATES. WAS THIS MESSAGE BEING DELIVERED TO OTHERS? BADINI SAID IT WAS NOT, AS THE PRESIDENCY BELIEVED THAT THE GERMANS WERE ALREADY RECONSIDERING THEIR POSITION. I THEN SAID THAT I HOPED AN EFFORT COULD BE MADE TO PERSUADE PAPANDREOU TO BE FLEXIBLE ALSO. IF THE OTHER ASPECTS OF THE ENLARGEMENT NEGOTIATIONS HAD BEEN SETTLED IT WOULD BE ILLOGICAL FOR GREECE TO BLOCK THE ENTRY OF SPAIN AND PORTUGAL WHOSE GOVERNING PARTIES SHARED THE SAME COMMON SOCIALIST ATTITUDES. BADINI REFERRED TO WELL KNOWN GREEK POSITIONS ABOUT THE WEAKNESS OF THE GREEK ECONOMY, NEED FOR FINANCIAL COMPENSATION ETC.

4. BADINI HAD NOTHING FRESH TO SAY ON THE OTHER ITEMS IN MY TUR.

5. FCO PLEASE ADVANCE TO:-

RENWICK - AUSS
SHEPHERD - ECD(E)
WALL - ECD(II)
UNWIN - TSY
WILLIAMSON - CAB OFF.
ANDREWS - MAFF
POWELL - NO 10 D/ST.

BRIDGES

NNNN