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Foreign &  
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Office

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London SW1A 2AH

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*Dear Stephen,*

**Enlargement Negotiations**

The Prime Minister may like a note on the conduct of accession negotiations, and an assessment of how quickly we may be able to make progress.

The aims for Edinburgh, if the French vote "yes"

The Lisbon European Council agreed on the principle of accession negotiations with the EFTA applicants, on the preparation before Edinburgh of the Union's "general negotiation framework", and that official negotiations would start once future financing was settled and Maastricht ratified. Our aim is to have all the necessary preparatory work completed before Edinburgh so that the European Council can take a decision to launch formal negotiations. The key elements are agreement on:

- the Community's opening negotiating position (traditionally that the applicants must accept all the *acquis* on accession, with transitional periods where necessary)
- the procedure for negotiations (essentially that negotiations are conducted as an intergovernmental conference between the member states and the applicant, with the Presidency speaking for the Community side)

We are also working for progress on the substance, by encouraging the Community to identify the main difficulties which may arise in negotiation, the nature of the problem, and the EFTAs' likely approach. We are advising the EFTAs to maintain informal contacts with us and the Commission to facilitate this.

This preparatory work is essentially technical and ought to be straightforward. Most other member states are, however, in no rush. Some are trying to delay the process to put pressure on us over future financing. Nevertheless, the Commission are being helpful, and - assuming a French "yes" on 20 September - we believe we will be able to complete all the necessary preparations by Edinburgh.

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The way would then be clear for Edinburgh to decide when to launch formal negotiations. We will want agreement that they should begin immediately. The chances of this will depend on circumstances nearer the time, particularly on progress in meeting the two Lisbon conditions. We hope to settle future financing at Edinburgh. But with the Danes now talking of another referendum in the first half of next year, the second Lisbon condition - Maastricht ratification - will not be fulfilled by the end of our Presidency. Some member states will try to hold hard to the condition that official accession negotiations should not start until ratification is complete. This will be a matter for Edinburgh.

#### If the French vote "no"

If the French vote "no", things will look different. What to do about enlargement would be one of the issues for decision at the early European Council which we plan to call. We would argue for preparations for enlargement to continue, and for an early start to the negotiations. Many other member states may, however, be reluctant to agree to this. The "deepeners" would perceive a threat to their own vision: we would need to argue that, if the Community is not to falter, it must continue to go forward; and that enlargement will be a sign of its continued vitality. The Southerners would try to recapture their Maastricht cohesion gains before agreeing to proceed with enlargement: we would need to invert that linkage, and insist that there would be no additional cohesion funding without enlargement.

#### The negotiations themselves

The formal negotiations will run separately with each EFTA country but in parallel. We envisage negotiations with the first three EFTA applicants (Austria, Sweden and Finland) starting together. The Swedes are keen to make an early start, since their own constitutional arrangements dictate that their negotiations must finish by the end of 1993 if they are not to risk delaying their entry until 1998. Negotiations with the Swiss and (assuming they apply) the Norwegians could begin later, but aiming to conclude at around the same time as the others. If negotiations with one particular applicant failed to make progress and looked likely to slow down accession for the others, the Community would probably invite the backmarker to conclude negotiations quickly or be omitted from the first wave of new entrants. Although it would be better for all five main EFTAs to join together, we would not want to hold up the first three by waiting for the last two.

Once negotiations are underway the Twelve will need to adopt a common position on each specific issue as it arises, and react to the evolving position of the applicants. Member states will need to agree when to offer transitional



arrangements, what type, what concessions to seek in exchange, and how these should be shared out among member states. In previous accession negotiations relatively little time was spent in face to face negotiation with the applicant country. The biggest difficulties, and the longest delays, came in agreeing a common position among the member states.

Such delays are partly to be expected, since the issues at stake often touch on important national interests (eg agricultural/fishing quotas). When necessary, a competent Presidency can always find opportunities to put pressure on recalcitrant member states. But the consensus rule gives any member state wishing to exploit it the opportunity to slow down the whole negotiating process. The French did so during our own efforts to join the Community. There was a repeat performance during the Spanish accession negotiations, when fears for French agriculture and the shadow of the French electoral timetable caused President Giscard's government to drag their heels. Those negotiations took some six years.

Accession negotiations with the EFTAs should be easier. They have already accepted a large part of the acquis under the European Economic Area. But there will still be some difficult issues. Agriculture (not covered by the EEA) is always sensitive. Some EFTA farmers enjoy up to three or four times the level of support their EC counterparts receive. Their governments will want long transitional periods before taking on the Common Agricultural Policy in full, and the Community will resist. The Austrians will oppose applying the acquis on EC truck transit (which will force them to abolish quotas on vehicles going through Austria), at least until their bilateral agreement with the Community expires in 2002. There will be strong resistance from several member states. Assuming Norway applies, she will resist giving other member states access to her fishing grounds: Spain and we will want a share of any new opportunities. On all these issues (and others) we can expect prolonged wrangling inside the Community and with the applicants. On the most optimistic scenario, formal negotiations will take at least a year.

Once negotiations conclude, the European Parliament must give its assent to the accession of the applicants. This requires 260 votes. Present signs are that the majority of MEPs support EFTA accession. The Parliament has said, however, that it wants further institutional change, beyond Maastricht, before it will agree to enlargement. How the loss of Maastricht would affect this is impossible to judge.

The accession treaty must also be ratified by the member states and the applicants. This could take up to a year. There are unlikely to be difficulties in member states. But each of the applicants is committed to a referendum on the outcome of negotiations, and a "no" vote is not to be excluded, at least for some (it happened to Norway in 1972).

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In this case the entry of the other applicants would not be affected.

Assuming we cross each of these hurdles safely, the earliest that new entrants might enter the Community is 1995. The speed at which negotiations unfold is largely out of our hands. But the Presidency offers an opportunity to complete the first stage of the process. We need to move with some care, since haste could provoke resistance from partners and be counter-productive. We should continue to argue the case for enlargement on its own merits, and to move the preparations forward efficiently, without fuss. We should still aim for a decision at the next European Council permitting us to launch immediate negotiations with the first three EFTA applicants, in terms which do not exclude adding the Swiss or Norwegians to the train later.

I am copying this letter to members of OPD(E).

*Yours ever,  
Christopher Prentice*

(C N R Prentice)  
Private Secretary

J S Wall Esq CMG LVO  
10 Downing Street

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