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DW

COREPER (DEPUTIES) 28 FEBRUARY : TIN.

SUMMARY.
1. THE MAIN STUMBLING BLOCKS REMAIN. UK EMPHASISED FIRMNESS OF DECISION NOT TO GO BEYOND POUNDS 50 M. NO REAL CONCLUSIONS DRAWN, ALTHOUGH VAN OVERBEKE HAS RETURNED TO LONDON WITH A LIST OF POINTS TO NEGOTIATE WITH THE BANKS AND BROKERS IN A FINAL NEGOTIATION ON THE MOU THIS EVENING.

2. INFORMAL COREPER TO MEET AGAIN IN THE MARGINS OF THE INDUSTRY COUNCIL ON MONDAY (3 MARCH). THE PRESIDENCY APPEAR TO HOPE THAT CONCLUSIONS CAN BE ADOPTED BY THE INDUSTRY COUNCIL.

DETAIL.
3. VAN OVERBEKE (PRESIDENCY) REPORTED THAT SINCE THE PREVIOUS DAY'S MEETING HE HAD PUT IT TO THE BANKS AND BROKERS THAT THE COMMUNITY REJECTED THE MOU. HE HAD LISTED THE POINTS OF DIFFICULTY. THE RESPONSE HAD BEEN FIRM ON 2 POINTS : NO DELAY WAS POSSIBLE AND THE FINANCIAL AMOUNTS WERE NOT NEGOTIABLE. BUT THEY HAD SUGGESTED THAT THE ITC SHOULD DRAW UP A LIST OF DIFFICULT POINTS AT ITS SESSION TODAY AND THAT THERE WOULD BE A FINAL NEGOTIATING ROUND ON THE TEXT OF THE MOU TONIGHT.

4. ASKED BY THE CHAIR WHETHER THERE WAS ANY CHANGE IN POSITIONS ON THE FINANCIAL AMOUNT, ELLIOTT (UK) SAID, EMPHATICALLY, THAT HMG'S DECISION TO OFFER NO MORE THAN POUNDS 50 M WAS FIRM. THERE WAS NO CHANCE OF A CHANGE OF DECISION. LYMBEROPOLOUS (GREECE) SAID THAT GREECE WOULD NOT PAY MORE THAN HER SHARE OF A CONSUMER CONTRIBUTION OF POUNDS 40 M, THOUGH OTHERS COULD PAY MORE.

5. HERTZ SAID THAT GERMANY HAVE 3 DIFFICULT POINTS: THE DELETION OF 12(D) AND (E) (DISPOSALS STRATEGY), NO INTERST ON BRIDGING FINANCE AND AN EXTENSION OF THE SIX-MONTH BRIDGING PERIOD TO 10 MONTHS (TO ENABLE THEM TO PAY FROM THE 1987 BUDGET).

6. MARTIN SAID THAT THE FUNDAMENTAL POINT FOR FRANCE WAS THAT THE BRITISH GOVERNMENT SHOULD BE A SCREEN BETWEEN THE ITC CONTRIBUTION AND TINCO. THE FUNDAMENTAL AMENDMENTS FOR THEM WERE TO ARTICLES 2, 3, 5, 6 AND 7 OF THE MOU, WHICH THEY SAW AS A LEGAL BASE, WHETHER OR NOT IT WAS A LEGAL DOCUMENT.

7. ELLIOTT HAD ALREADY ARGUED THAT THE LEGAL GUARANTEES THE FRENCH SOUGHT WOULD BE SECURED BY OTHER MEANS AND THAT IT WAS NOT APPROPRIATE TO CHANGE THE MOU, SINCE IT WAS NOT A LEGAL DOCUMENT. UK /WAS

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WAS NOT KEEN ON BEING A CHANNEL FOR THE ITC CONTRIBUTION: NO OTHER ITC MEMBER SHARED THE FRENCH VIEW AND SOME PRODUCERS WERE OPPOSED. VAN OVERBEKE AGREED: SOME OF THE PRODUCERS HAD POLITICAL REASONS FOR NOT WANTING IT TO APPEAR THAT WHAT THEY WERE DOING WAS FOR THE BRITISH GOVERNMENT. BUT HE ADDED THAT WHEN THE QUESTION OF THE UK ACTING AS AN INTERMEDIARY HAD COME UP DURING THE NEGOTIATIONS, THE ROLE ENVISAGED HAD BEEN MORE SUBSTANTIAL. NOW THE FRENCH SEEMED TO BE THINKING OF NO MORE THAN A SIMPLE TECHNICAL TRANSFER: THE ITC WOULD PASS THEIR CONTRIBUTION TO THE BRITISH GOVERNMENT WHO WOULD PROMPTLY PASS IT ON TO TINCO.

8. ELLIOTT REPEATED THAT THERE WAS NO SUPPORT FOR FRANCE, AND INDEED OPPOSITION WITHIN THE ITC. BUT UK WANTED TO HELP. WE COULD NOT ACCEPT A ROLE WHICH INCREASED OUR LIABILITY OR SUBSTITUTED US FOR OTHER ITC MEMBERS. BUT IF THERE WAS A GENERAL DESIRE FOR THE UK TO PLAY A ROLE, WE WOULD BE PREPARED TO CONSIDER ACTING AS A SIMPLE CHANNEL. WE WOULD NOT ACCEPT ANY OBLIGATION TO PAY UNTIL WE HAD RECEIVED A CONTRIBUTION.

9. GALLI (ITALY) SAID THAT IT WAS ESSENTIAL THAT CONTRIBUTIONS MUST NOT BE VOLUNTARY, AS THE FRENCH POSITION IMPLIED. ON BRIDGING FINANCE HE CIRCULATED AN ADDITION TO THE COMMUNITY CONCLUSIONS, WHICH, AFTER BRIEF DISCUSSION, READ ''THE MEMBER STATES OF THE COMMUNITY RECOGNISE THE POSSIBLE NEED FOR BRIDGING FINANCE, AND AGREE THAT SHOULD THIS NECESSITY ARISE THEY WILL HAVE RECOURSE TO THE MECHANISMS MENTIONED IN THE MEMORANDUM OF UNDERSTANDING.'' THIS WAS ACCEPTED SUBJECT TO A FRENCH STUDY RESERVE.

10. AT THIS POINT VAN BEUGE (CHAIRMAN) ANNOUNCED THAT VAN OVERBEKE HAD TO LEAVE TO FLY TO LONDON FOR THE TIN COUNCIL AND READ OUT FROM A PIECE OF PAPER WRITTEN BEFORE THE MEETING WHAT HE DESCRIBED AS CONCLUSIONS OF THE MEETING WHICH WOULD GUIDE VAN OVERBEKE AT THE ITC AND IN NEGOTIATION WITH THE BANKS AND BROKERS:
''SINCE IT IS POSSIBLE TO DISCUSS THE MOU, WE SHOULD TRY TO IMPROVE IT ON THE BASIS OF THE FOLLOWING GUIDELINES''

(1) IT SHOULD BE CLEAR THAT THE ITC CONTRIBUTION MUST BE SOLE AND FINAL.
(2) THE TEXT OF THE MOU AND THE LEGAL DOCUMENTS SHOULD BE DRAFTED IN SUCH A WAY THAT THERE IS NO RISK WHATSOEVER OF OTHER PARTIES TO THE MOU TAKING LEGAL ACTION AGAINST THE ITC OR ITS MEMBERS.
(3) IT MUST BE CLEAR IN THE MOU AND THE LEGAL DOCUMENTS THAT THE ITC AND ITS MEMBERS CANNOT BE HELD LIABLE FOR TINCO. IN THIS CONTEXT, PARAGRAPHS CONCERNING THE ADMINISTRATIVE SETUP OF TINCO SHOULD BE DELETED FROM THE MOU.
(4) THE TEXT OF THE MOU ON DISPOSAL POLICY SHALL BE MODIFIED TO REFLECT THE FOLLOWING CONCERNS:
    (A) THE DISPOSAL PERIOD WOULD IN NO CIRCUMSTANCES BE LONGER THAN FOUR YEARS:
    (B) THE DISPOSAL POLICY MUST BE CARRIED OUT IN FULL RESPECT OF RELEVANT LEGISLATION CONCERNING ABUSE OF DOMINANT POSITION.''

/11.

11. VAN BEUGE ADDED THAT VAN OVERBEKE WOULD ALSO TAKE UP THE POSSIBILITY OF INTEREST-FREE BRIDGING FINANCE AND AN EXTENTION OF THE BRIDGING PERIOD FROM SIX TO TEN MONTHS. THE MESSAGE WOULD NOT BE THAT THE MOU AND LEGAL DOCUMENTS WOULD BE ACCEPTED IF THESE POINTS WERE MET, BUT THAT THERE WOULD BE NO AGREEMENT IF THEY WERE NOT.

12. ELLIOTT SAID THAT GIVEN THE BRITISH POSITION ON THE POUNDS 50 M IT WAS NOT POSSIBLE TO SUBSCRIBE TO A FIXED ITC CONTRIBUTION OF POUNDS 115 M. IT MIGHT HAVE TO GO UP. THE BRITISH POSITION REMAINED THAT WE OFFERED POUNDS 50 M IF THE ITC ACCEPTED POUNDS 120 M. IF IT PROVED POSSIBLE TO REACH AGREEMENT ON 115 PLUS 50, SO MUCH THE BETTER. WHATEVER HAPPENED, WE WOULD NOT (NOT) ACCEPT POUNDS 55 M. LYMBEROPOLOUS CHIPPED IN TO REPEAT THAT THE GREEKS WOULD NOT ACCEPT A HIGHER SUM THAN THE ONE HE HAD STATED. FRANCE RECALLED THE FUNDAMENTAL IMPORTANCE TO THEM OF HAVING A SCREEN BETWEEN THE ITC AND TINCO.

13. IN CONCLUSION VAN BEUGE SAID THAT COREPER WOULD MEET AGAIN IN THE SAME INFORMAL FORMAT IN THE MARGINS OF THE INDUSTRY COUNCIL. HE CONFIRMED, AT ELLIOTT'S REQUEST, THAT THE POINTS HE HAD OUTLINED WERE A COLLECTION OF CONCERNS EXPRESSED, NOT A COMMON POSITION. THE FINANCIAL DIFFICULTIES REMAINED AND WOULD BE HANDLED IN LONDON.

14. BEFORE HE RUSHED OFF FOR HIS 'PLANE', WE REPEATED TO VAN OVERBEKE THAT HMG'S DECISION ON THE POUNDS 50 M WAS FIRM AND FINAL.

HANNAY

YYYY
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