

G. Discussion of Presidency's Final Compromise Proposal

1. The start of the final session was delayed by 20 minutes while the new Presidency compromise text was being translated. When it was tabled, there was a further pause for study. Then Papandreou asked simply: was the new Presidency text rejected?

2. Orsini said that it was a useful and interesting basis. His first reaction was favourable. Mitterrand said that Papandreou's question had been simple but was very difficult because while the general framework and layout ought to be accepted he had to make a number of points of detail. On commercial policy he did not see the UK's amendment. He had always said that he would not accept that export credit rates were not subject to Community decision. He had made this point every time. Papandreou said that that had gone from the text. Mitterrand continued that on milk a number of matters of importance to France had not been taken on board, while a lot which others had requested had been. He had always asked that there should be no individual guarantee thresholds but the original text had said that these would be imposed by holding. The text was confused. France had always said that the threshold should be by Member State until the Community had set up a mechanism to administer it. With 430,000 producers an individual quota system was not possible. Choosing a reference base of 1982 minus 5% without a tax on intensive holdings meant that the main cause of the milk surplus problem would not be solved. It would mean that those with intensive holdings would be rewarded, while small farms were penalised. He could agree to exemptions for Ireland and Italy but to ask France to accept a cut of 7 million tonnes was not on. He could accept a reduction of 0.6 million tonnes. He could agree to the proposal of cereals and other products. As for MOAs France had had talks with the Germans. He wanted to make two points:

- (a) there could be no drift from positive to negative MOAs for existing MOAs which had to be abolished;
- (b) France could accept German ideas on a green ecu for new MOAs.

He could accept the text on structural funds and enlargement, the latter representing a major sacrifice to France. He thought that the date 30 September 1984 for the end of the negotiations was even too distant. He was prepared to shoulder his responsibility. If he had to do that (and this was not a Volvo face), the sooner it occurred the better. He could accept the text on budget discipline. As for budgetary imbalances it looked as if all that was needed was to agree figures for the UK and Germany. But in his talks with the Germans another more European system had seemed a better bet. But he had to know what was being discussed. Were the figures to be 500 or 1,000 ecus? France would have to bear 45% of the burden. Reverting to agriculture he said that the Presidency text chose the wrong reference base date for the milk quota, included individual quotas, had no tax on intensive farms, had dropped the proposal to abolish butter subsidies. He could not go below a production in France of 26 million tonnes. The text on MOAs had been overtaken by events.

3. When no-one else asked for the floor, Papandreou asked whether silence meant consent. Hohl reluctantly responded. Beginning with enlargement, he thought that Mitterrand had been reasonable to say

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Agricultural Ministers. A timetable and procedure should be agreed. And they should try to agree on a financial guide. Braxi thought that if one problem could be solved, that might open the way to others. If not, it would simply be a case of finding the best way out. Martens thought the documents had been too complex and too many points had been left for Heads of Government to resolve. There was no hope of agreement. No result could be achieved without a common will. FitzGerald thought Mitterrand's intervention had offered hope. He hoped that it would be possible to agree on one or two concrete things and identify general lines for the rest.

6. Schlueter said that much work had been done, but failure was inevitable. Negotiators had not been given enough margin for manoeuvre. He was not sure that it was wise to leave matters to be solved in March. It might be easier on the morrow than then. Lubbers could accept that it was not possible to reach agreement the next day. There was no mood of compromise. There might be a better atmosphere after a few months, though he was sceptical. He thought that a package could be constructed. This might comprise new policies, which were easy; own resources; rationalisation of agriculture; and enlargement. It would be possible to say that own resources needed to be increased for enlargement. Rationalisation of agriculture was a pre-condition for the UK and the FRG. The milk deal should be accepted (he did not say which). He thought a one-year price freeze should be combined with special arrangements in sectors other than milk. There could perhaps even be an increase in co-responsibility levy. There was no need to fix special rules for other products if there was a one-year freeze. The Federal Republic could be let off its share of the burden of compensating the United Kingdom, but only if the UK accepted a relatively limited amount. If some such broad approach were not possible then another meeting would be needed. Everyone should be prepared to contribute to the solution. Failure would be a moral blow for the European Community. He thought a line of conduct could be sketched out. An effort should be made. In other words decisions should be taken for the next year or two and then in the longer term looked at again.

7. Varfis said that Stuttgart had produced a balanced basis for agreement on the need for serious economics, the re-launching of the Community, and dealing with the budget problem. He could put together a text on new policies, and the budget problem could be isolated: it need not obstruct other questions. A pragmatic solution could be found for 1984. Espartero, commenting on Lubbers' package, said that for him and for Italy decisions on EMUs would form an essential part. Lubbers responded that he had many reserves on the package himself.

8. The Prime Minister said that she was horrified by what had been said. The re-launch had been under discussion for two years. Any such compromise package would be another botch. The real issues could not be avoided. Espartero thought that the discussion was exhausted. He suggested that the Council resume at 9.30 in the morning and try for a further hour or so to see if a solution could be reached. If not, then the final one and a half hours should be used to decide what to do next. The session closed at 11.30 pm.

new bid for growth in Ireland. The exception had gone up five-fold. It was understandable that Mitterrand now had comments to make on behalf of France. These were not just small changes; the Commission proposal had been completely undermined. The Commission's proposal had been tough for the Netherlands but he had been ready to accept it. They could not accept what was now on the table.

7. Thorn said that he had waited to speak until hearing the previous speakers. He thought that it was still worth trying to reach an agreement. On milk there needed to be a basic threshold. The Prime Minister had been quite right to say that production was at 120% of self-sufficiency and demand falling. The surpluses would grow. The Commission's calculations had been done on the basis of 97.2 million tonnes. The Presidency's proposals would amount to 99.2 million tonnes. The cost of this would be 300 mecus more. Other elements in the package would cost a further 600 mecus. The total could be around 1100 mecus. The savings achieved would therefore be not more than half of what was necessary. He warned against publishing the text on budget discipline as it stood, since it would cause a clash with the European Parliament. An increase of the VAT ceiling to 1.4% would yield a further 6,000 mecus which would all go on the costs of enlargement. ESPRIT would need 700 mecus, and the structural funds would need more resources. An increase to 1.4% would not therefore carry the Community through to 1990.

8. Schluter said that in spite of the vagueness of the discussion the previous evening the Presidency's proposals were very close to what should be an acceptable basis for agreement. If that was correct then it would be easier to reach agreement now than in March. All countries had their reservations. The proposal on milk was close to a good and very necessary result, but he was concerned at Ireland being exempted from the quotas system. He was unclear what the text meant: was it degressive or cumulative for Ireland? It was quite unthinkable that it should be cumulative. He was concerned at all the various derogations in the text. He also wanted quotas for dairies and not for individual farmers. On this he agreed with Mitterrand. Then there was the central issue: the total of 99 million tonnes. Although a high figure would suit Denmark, he would still prefer to go for 97.2 million tonnes and thus avoid the co-responsibility levy and save more money. The Council was close to agreement. It could not be allowed to fail on other products. If balance was to be achieved the figure of 350 mecus was too low and too vague. But it should be possible to achieve some sort of result. As for MCAs he would prefer a more binding system for dismantling them without new national aids. On new policies he thought the text was broadly speaking workable but the 14th VAT directive hit Denmark hard and he was also concerned about the new trade policy instrument because it was so vague. If there was a genuine will it should be possible to fill in the details in the document. The question of working time should remain a national question. The Presidency proposal provided a workable basis on budgetary discipline. On budgetary imbalances if a solution was going to be forced through then it had to be based on the normal VAT system. As for own resources there could be no doubt that agriculture would also enjoy its share of any increased VAT ceiling.

9. FitzGerald said that on matters other than milk he would try not to raise difficulties. On milk he was grateful to everyone. Assuming that the proposal was meant to be cumulative it would reduce the impact of the proposed market distortion against Ireland. But it would still be unacceptable. Ireland wanted to be able to achieve its normal share of the market as it could have done before 1975.

10. Varfis said that the text was intended to be the basis of the communique. He thought that the number of real difficulties left

was very small. He claimed that the package yielded savings in agriculture of 2 billion ecu. The increase of the VAT ceiling 1.4% was less than the Presidency had originally proposed.

## H Conclusion

1. Papandreou then claimed that for most Heads of Government the Presidency compromise could be an acceptable basis provided that certain changes were made. But he had the impression that while everybody else had merely qualified their acceptance, the United Kingdom was unable to regard the text as a basis for compromise.
2. The Prime Minister replied that the document was only a basis provided radical changes were made. But she was not alone in feeling that. Milk was the best example of where fundamental differences lay. Lubbers added that he hoped he had made it clear that the document was not a basis on which his country could agree. The Commission's proposal had been. Kohl thought that the European Council had reached a psychologically difficult point. It would be wrong to think that all but one or two countries could accept the document. He had not detected anybody saying that they could accept the document as the basis for decisions. He did not understand the Presidency's intentions. The Presidency paper was only a basis on which an interim assessment could be made. He could not accept it as it stood. Members of the European Council should be fair with each other. They could not pass the ball around the table and let the blame rest where it fell. They must act in a European spirit. They should draw breath and think about where they stood and meet again very quickly. Europe was very important for him and always had been. A new resolution was required. There was more at stake than milk. He was of farming origin, yet he was prepared to cut production. The Council was failing the founding fathers. No-one should be blamed for the failure. Nor should anyone try to score 24 hour victories in their national press. All should think very carefully about the consequences, since they had to face the world together.
3. Papandreou welcomed the positive comments on the work that had been done. He agreed that one should not pick on any one, two or three Member States to blame for the failure. Some had called for an early further meeting, before the March European Council. His reaction to that was negative: there had been a huge number of special sessions. Many man hours had been devoted to the problems. He doubted whether in another month or two it would be possible to reach agreement. If the next meeting was a failure, then the Community was finished. The problems should be resolved during the French Presidency, in the course of normal meetings. The Presidency's compromise document could not resolve the basic differences, the basic conflicts of interest.
4. Spaxi said that against the background of this negative conference and the negative negotiations he wished to pick no quarrels, but he thought it would be necessary to reflect on the rules and nature of the Community. The outcome of the European Council was not just a mishap. It had deeper causes. He was not sure that all regretted this. The Presidency had been given discretion and Italy would have accepted the Presidency document which did involve some sacrifices for Italy. He could have approved it in contrast with most other delegations.
5. Thorn said that the failure was not the fault of any single delegation. Many delegations were unhappy about many points. But the members of the Community needed each other. There was no alternative to the European Community. It was better to be tough on the problems than on the people. Where should the Community go next?

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Normally the Commission would be putting the agricultural prices to the Council during the next few weeks, and these would be fixed in March. How could that be done without guidelines? What should be done about the commercial negotiations with the United States and Japan? It was not just milk that was at issue. The Commission needed guidelines. The Community had undertaken major negotiations for its own relaunch, and matters could not be allowed to rest there. But there should be no more special groups. He had always felt that they would need to hand the issues back to the European Council. In the future there must be real negotiations by people empowered to negotiate.

6. Papandreu agreed that a further failure could not be allowed. An effort should be made to conclude by the March European Council. One possibility he suggested was that the Members of the European Council should meet together somewhere without papers and without an agenda. They needed to search for new institutions, new methods. Of course any such meeting would have to be prepared.

7. Mitterrand thought it could be difficult for him to give as much time and effort to this negotiation as the Greek Presidency had. The grinding work of the last two days should cause all to thank the Greek Presidency. A small country had been able to rise to the occasion and try to achieve something for the Community. Success would not depend on France but on all members of the Community. He would try to take things forward during the French Presidency on the basis of the Greek Presidency's work. All the members of the European Council had had their demands, and none had been fulfilled. He would keep the present text as the basis for further discussion. He warned against being overhasty to meet again in an attempt to reduce the crisis. The dust should be allowed to settle before any effort was made to clean up the Greek text. The Presidency should be left to decide about the next meeting. He hoped that it might be brought forward but that would depend on the work done in the meantime. It would clearly not be possible to meet in February on the basis of the present state of affairs. The basis of future work must be the Treaty of Rome. The more he heard demands for change, particularly from the UK (this was not a Franco-British duel), the more he realised that careful thought was needed. Thirty years on the Community needed to reconsider. The squabbling and waste of the past had to be brought to an end. France was much involved in that. He was quite prepared to put all that behind him in the search for a solution. A great effort had been made. It was sad that success had eluded them. He had thought it might be possible. A further attempt must now be made at a relaunch. (He listed the usual French points about Japan, research, loss of markets etc.) As for enlargement, he did not wish to rebuff Spain and Portugal. The Community must try to solve its own internal problems and press ahead with those negotiations. It would of course be difficult. He was not sure that he looked forward to the end of those negotiations. He thought that something needed to be done to give the people of Europe hope. The Community was a great force for the world, or at least it should be. The countries of the Community should do more together in a world full of war to secure rapprochement between the Super Powers.

8. Papandreu welcomed Mitterrand's words and thanked him for the compliments. He hoped that during the French Presidency the problems would be overcome. Werner said that the set-back was not a failure of the Greek Presidency but of the Community's procedures. The European Council had not set the major options and let the other Councils get on with the detail as it should have done. He then referred to the Luxembourg memorandum on the seat of the institutions of the Community which had by then been distributed.

9. Papandreu said that beyond the fundamental issues there were others before the European Council. One was the Greek Memorandum.

But it was difficult to take this up without knowing what would happen on IMPs. On political cooperation matters (on which proposals had submitted five draft texts) he thought it would look a bit thin if the European Council was only able to reach agreement on, for example, Cyprus. Andreotti said that he could understand why Spandreaou should adopt that position. But he did think that it was a very serious state of affairs. The fact that the European Council could not even come out with a reaffirmation of the Venice Declaration would look very bad, the more so when everyone knew that despite US efforts, the search for peace in the Middle East was not moving forward. To disappoint the outside world in this was would still further diminish the prestige of the Community, if that was possible.

10. Spandreaou said that he fully took Andreotti's point but, without wishing to name countries, he knew that there was objection to a text which did not endorse the UN Resolution for withdrawal of all foreign forces. There would be no statements of any sort from the European Council. He brought the meeting to a close at 12.15 pm.

UK AMENDMENTS TO FRENCH TEXT ON BUDGETARY DISCIPLINE

A. Amend second paragraph to read;

"To this end the European Council adopts the following guidelines, and instructs the Council (ECOFIN) to prepare detailed proposals for their embodiment in a legal form as part of the Community's budgetary procedures;"

B Amend first sentence of paragraph 2 to read;

"..... the other to do with agricultural expenditure. For the latter, the rate of increase should be markedly less than the increase in the own resources base over a period of years. To take account of conjunctural fluctuations, the agricultural guideline is calculated on a three year average. If in any year, for exceptional circumstances, agricultural expenditure has to exceed budgetary provision for that year consistent with the guideline calculated for that year, the excess shall be recovered over the two succeeding years"

and delete the second and third sentences of that paragraph.

Budget imbalances

1. Criterion for the financial burden on Member States:  
Difference between the share of the value-added tax revenue to be paid over to the Community, on the one hand, and the share of the total return flows from the Community budget, on the other hand.
2. System for fixing the upper limit: this upper limit should be expressed as a percentage of the national gross domestic product, whereby the percentage increases with the country's relative prosperity (per capita GDP in relation to the Community average).
3. The part of the financial burden which exceeds the upper limit is partly compensated for, whereby the compensation share decreases with the level of the country's prosperity.
4. The compensation payments are deducted from the value-added tax payments in the following year. They should be financed by those Member States which are not entitled to compensation payments. In any event Member States whose difference between value-added tax share and return flow share is higher than that of the country which receives a compensation payment should not be obliged to contribute to the compensation payment.



Haushaltsungleichgewichte

1. Maßstab für die finanzielle Belastung des Mitgliedstaates: Differenz zwischen dem Anteil der an die Gemeinschaft abzuführenden Mehrwertsteuereinnahmen einerseits und dem Anteil an den Gesamtrückflüssen aus dem Gemeinschaftshaushalt andererseits.
2. System zur Fixierung der Obergrenze: Diese Obergrenze sollte als Prozentsatz des nationalen Bruttoinlandsprodukts ausgedrückt werden, wobei der Prozentsatz mit dem relativen Wohlstand des Landes (BIP pro Kopf in Relation zum Gemeinschaftsdurchschnitt) ansteigt.
3. Die über die Obergrenze hinausgehende finanzielle Belastung wird teilweise ausgeglichen, wobei der Ausgleichsanteil mit der Höhe des Wohlstandes des Landes geringer wird.
4. Die Ausgleichszahlungen werden im folgenden Jahr von den Mehrwertsteuerzahlungen abgezogen. Sie sollten finanziert werden von denjenigen Mitgliedstaaten, die keinen Anspruch auf Ausgleichszahlungen haben. In jedem Falle sollten Mitgliedstaaten, deren Differenz zwischen dem Mehrwertsteueranteil und dem Rückflußanteil höher ist als die Differenz des Landes, das eine Ausgleichszahlung erhält, nicht verpflichtet sein, zu der Ausgleichszahlung beizutragen.

COMMON AGRICULTURAL POLICY

1. General policy on prices and guarantee thresholds

(Text unchanged. It is recalled that the 2nd paragraph on guarantee thresholds only concerns surplus products. This paragraph must be seen in conjunction with paragraph 5 concerning all other products).

2. Commercial policy

(Text unchanged. Revised version in the light of the discussions will be presented later.)

3. Milk

The serious and persistent imbalance between supply and market outlets calls for rapid and effective measures to control future production and budgetary costs for as long as is necessary.

Accordingly, the following measures will be implemented for four years starting in the 1984-1985 marketing year, with a review after three years:

a) Fixing of a Community guarantee threshold of 99,2 million tonnes with limited guaranteed quantities corresponding to deliveries in either 1981 + 2% or 1983 - 5%, the choice depending on the Member State in question. Because of the special role of the dairy sector in the Irish economy as a whole and the developments of recent years, guaranteed quantities for Ireland and Northern Ireland will correspond to 1983 deliveries + 2%. (\*)

(b) Charging of a levy equivalent to 75% of the target price on quantities of milk collected in excess of the guaranteed quantity.

The European Council instructs the Council (AGRI) to establish before the start of the marketing year 1984-1985 the necessary modalities on the basis of the Commission's proposals, bearing in mind the need to establish Community criteria. Special attention should be given to young farmers, farmers with development plans and those affected by outbreak of communicable diseases during the reference period.

(c) During the period of application of the above measures public investment aid leading to an increase in milk production will be suspended.

(d) Application of a prices policy efficient enough to ensure that the above measures achieve the desired effect.

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(\*) The Presidency envisages presenting tomorrow morning suggestions for solutions to the specific problems of Greece and Italy.

(e) The rate of the present co-responsibility levy will be increased to 3% except for the regions which presently benefit from exemptions or reductions. The present rate will continue to apply for these regions.

Furthermore, this set of measures should be supplemented by the following provisions:

- application of a special tax (4% of the target price) on so-called "intensive" holdings;
- suspension, at least for some of the year, of intervention for skimmed-milk powder;
- suspension of butter consumption aids, to take place in two stages.

#### 4. Cereals

(Text unchanged)

#### 5. Products other than milk and cereals

The European Council agrees that the measures decided for milk and cereals will be complemented by a series of measures affecting other products. The European Council instructs the Council (AGRI) on the basis of the Commission's present proposals to ensure additional savings up to 500 NECU, with effect as from the beginning of the 1984/85 marketing year.

In making these savings, the Agriculture Council shall take account of the characteristics of each market organisation including external arrangements, and in particular the trade concessions made for certain products.

6. Tax on oils and fats

The European Council instructs the Council to adopt a stable, moderate, non-discriminatory, internal tax (1) on the consumption of all oils and fats other than butter.

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(1) The Commission proposal 7,5 ECU/100 kg.

## 7. Monetary compensatory amounts (MCAs)

The European Council agrees on the following arrangements :

### a) Existing MCAs

Existing MCAs will be dismantled over the next 4 marketing years.

In any event a first step, consisting in the dismantling of one third of existing positive MCAs, will be taken at the beginning of the 1984/1985 marketing year.

All possibilities to ensure compliance with this timetable will be used. These include

- priority to be given to reduction of positive MCAs during the annual price fixing
- for the first step - transformation of positive MCA's into negative MCAs (these negative MCAs will be dismantled on the basis of Commission proposals in the light of developments in the general economic situation)
- for the other steps - if necessary - national aids to producers on the basis of Community decisions.
- a contribution from the Community budget to the Member States which would be allowed to grant national aids.

### b) Future MCAs

The European Council asks the Council to take the necessary decisions to ensure that no further positive MCAs are created in the event of monetary adjustment.

- c) The European Council agrees in principle to the Commission's proposals concerning the methods of calculating MCA's and calls upon the Council (AGRI) to adopt them. It is however agreed that the intervention price in the pigmeat sector will not be abolished.
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## GUARANTEE THRESHOLDS

(MILK)

	Year 81 + 2 %	Year 83 - 5 %	Best figure
Belgium	3,1	3,1	3,1
Denmark	4,9	4,9	4,9
Germany	23,5	23,7	23,7
Greece	0,5	0,4	0,5
France	25,6	24,9	25,6
Ireland	4,6	4,9	4,9
Italy	8	7,9	8
Luxemburg	0,3	0,3	0,3
Netherlands	12	12,2	12,2
United Kingdom	15,7	16	16
TOTAL	98,2	98,3	99,2



1. The Stuttgart European Council recognised the need for a greater budget discipline. It is indeed essential that the management of the EEC's resources be based on rules as rigorous as those governing the management of the Member States' public finances.
2. The European Council calls on the Council to lay down internal rules under which it will determine at the start of each budget exercise the maximum envelope of expenditure that it intends to adopt for its own part and to put across vis-à-vis the other Institutions in the course of the budget procedure
3. Within this envelope the Council imposes on itself a guideline for agricultural expenditure. The European Council approves in this respect the Commission's proposal for a directive.
4. The development of the major budgetary trends will have to be the subject of multiannual programming by the Commission and the Council in consultation with the European Parliament.
5. The Commission will regularly report to the Parliament and the Council on the execution of the budget as far as both agricultural and non-agricultural expenditure is concerned. Where there is excess expenditure or the risk of excess expenditure, the Commission shall present the appropriate proposals to the budget authority: for agricultural expenditure reference shall be made to the provisions foreseen in the Commission's proposal for a directive.

OUTLINE FOR A COMPROMISE

The "political" conclusions will be presented in the following order:

- future prospects, in particular new policies
  - rationalization and modernization of the agricultural policy
  - internal solidarity and structural policy
  - enlargement
  - financial conclusions
    - . budgetary discipline
    - . correction of imbalances
    - . increase in the VAT ceiling
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4. Other products

Latest compromise text submitted by the Presidency  
with

p.3  
y/day

- the figure of 350 MECU (instead of 500)
- the following addition at the end:

"These decisions will comply fully with the objectives  
of the decisions recently taken in the context of the  
adaptation of the 'acquis communautaire'."

5. Tax on oils and fats

Latest compromise text from the Presidency.

p.4.

6. Monetary compensatory amounts

Latest compromise text from the Presidency.

p.5

COMMON AGRICULTURAL POLICY

1. Commercial policy/import policy

Acceptance of the United Kingdom amendment concerning the text on import policy.

2. Milk

Latest compromise text submitted by the Presidency, with the following amendments:

- for Ireland: guarantee threshold corresponding to 1983 production, with possibility of an annual increase of 4% in 1984, 3% in 1985, 2% in 1986 and 1% in 1987;
- for Italy: guarantee threshold corresponding to 1983 production ;
- for Greece: fresh milk problem to be solved
- deletion of the paragraph concerning other measures in the milk sector:
  - . tax on "intensive" holdings
  - . suspension of intervention for skimmed-milk powder
  - . suspension of butter consumption aids.

3. Cereals

Latest compromise text submitted by the Presidency.

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BUDGETARY DISCIPLINE

Latest text from the Presidency.

CORRECTION OF IMBALANCES

Period: until end of 1989

System: proposal from the Presidency contained in the  
note of 30.11.83

Level : apply the system in such a way that if it had been applied  
to 1982 it would have given rise to a correction  
- in the United Kingdom's favour of <sup>1.000</sup> million ECU approx.  
- in the FR of Germany's favour of <sup>1.300</sup> million ECU approx.

OWN RESOURCES

Increase in the VAT ceiling to 1,4% from 1.1.1986

Decision to apply for 5 years

Review before the end of 1988.

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### STRUCTURAL FUNDS

Text of the note from the Presidency dated 30 November 1983 with the following decisions:

- substantial increase in real terms of the Fund's endowment
- agreement in principle as regards the IIPs with additional financing. Decision before end of June 1984.

### NEW POLICIES

Text of the note from the Presidency dated 30 November 1983, with changes if necessary; this text will include acceptance of the sums earmarked for ESRIT and a financial guideline for R-D activities (framework programme).

### ENLARGEMENT

Acceptance of the target date for completion of the negotiations: 30 September 1984.

(en tant que délégation grecque)

J'ai essayé d'exprimer jusqu'à présent mon point de vue en tant que Président, c'est-à-dire pour faciliter un compromis, mais je voudrais maintenant abandonner pour un moment mon rôle de Président et parler en tant que représentant hellénique.

Nous sommes d'autant plus sensibles à la situation actuelle que nous avons exprimé des critiques quant à l'adhésion de la Grèce aux Communautés européennes. C'était en effet prendre un grand risque pour notre pays en raison notamment de sa très faible productivité par rapport à la productivité de la plupart des Etats membres de la Communauté, que ce soit sur le plan industriel ou sur le plan agricole. Il est, en effet, très difficile de participer au développement général de pays riches si l'on n'appartient pas à ce club des pays riches. Et, en effet, les différences entre les régions riches de la Communauté et les régions pauvres se sont accrues. Je ne pense pas seulement à la Grèce mais aussi à l'Irlande et à l'Italie. Et demain le problème se posera au Portugal. La lutte pour la survie a lieu dans une Communauté qui a pour seule politique, en dehors de l'union douanière, la politique agricole, donc celle-ci doit disposer de ressources pour développer les politiques agricoles des pays les moins favorisés de la Communauté. Nous ne pouvons pas appartenir à la Communauté uniquement pour permettre aux pays industriels de nous vendre leurs produits.

Or, la situation va en se détériorant, notamment parce que la Communauté ne considère que l'aspect secondaire des choses alors que l'essentiel c'est une progression équilibrée.

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Or, notre balance avec la Communauté s'est détériorée.

D'ailleurs, le "juste retour" n'est pas un principe inscrit dans le Traité de Rome. Si d'ailleurs chaque pays demande le "juste retour", on ne voit pas l'intérêt qu'il y a à vivre dans une Communauté.

Je dois dire clairement que nous ne cherchons pas du tout à mettre en cause le développement de la Communauté mais bien au contraire nous avons négligé nos intérêts fondamentaux dans le seul intérêt général de la Communauté.

La question de la relance est, en effet, fondamentale. Les problèmes prennent une certaine gravité parce que nos économies sont stationnaires et que la croissance est plus ou moins nulle. Cela conduit à une stagnation du PIB, à un recul des investissements et un chômage spectaculaire. Il est plus difficile, dans ces conditions, de demander à partager le gâteau, alors que celui-ci est réduit de plus en plus mais personne ne peut gagner à rester dans l'expectative. Nous avons assisté, sans protester, à la montée du taux d'intérêt aux Etats-Unis qui résulte des déficits que les américains utilisent pour financer leur réarmement. Ce sont donc des financements européens qui vont s'investir aux Etats-Unis. Ce genre de question-là est bien plus importante que la question des paiements à tel ou tel Etat membre. Mais les vrais problèmes, nous ne les résolvons pas.

Pour assurer la relance, il faut arrêter une stratégie industrielle, prendre des décisions relatives aux PIM dans la perspective de l'élargissement.



DRAFT STATEMENT ON THE MIDDLE EAST

1. The Ten are deeply concerned about the situation in the Middle East. The hopes raised by the Reagan Plan and the Fez declaration have been disappointed. New momentum needs to be given urgently to the peace process. This must be in accordance with UN Security Council Resolutions 242 and 338, and with the principles which the Ten have so often stated: the right to existence and security of all states in the region, including Israel, and justice for all the peoples of the region, including recognition of the right of the Palestinian people to self-determination, with all that this implies. The Ten have repeatedly said that the PLO should be associated with negotiations.

2. The Palestinian problem lies at the core of the Arab-Israeli conflict. A negotiated settlement will therefore require the continuing and independent expression of the will of the Palestinian people. The Ten urge Israel to abandon the policy of establishing settlements in the occupied territories and to join with others in creating a climate conducive to dialogue and negotiation. The threat or use of force must be renounced by all.

3. The Ten are particularly disturbed by the tragic situation in Lebanon which has become more complex as a result of recent events. They recognise the right of Lebanon's neighbours to security but emphasize that this requirement cannot be satisfied at the expense of Lebanese security and independence.

The Ten call on all parties to adhere scrupulously to the ceasefire agreed on 25 September 1983.

They welcome the first steps taken in Geneva towards reconciliation and hope that this process will lead to the establishment of a government enjoying the widest possible national support and exercising authority throughout the territory of Lebanon.

(Recalling Security Council Resolution 509,) they stress the need for the withdrawal of foreign forces in accordance with conditions agreed between Lebanon and the other parties concerned and on the basis of a precise time-table. The withdrawal should be accompanied by the release of any prisoners the parties may still hold. The Palestinian civilians in Lebanon should enjoy appropriate rights while remaining subject to Lebanese law.

Urgent consideration should be given to making full use of observers and to the possibility of redefining the mandate for UNIFIL.

The Ten are prepared to participate, in conjunction with the United Nations, in subsequent arrangements which would be necessary to consolidate peace in Lebanon and to strengthen such status as it may freely choose.

The Ten reiterate their offer to help the reconstruction of the country and consider that a programme of international aid should be set up.

4. The war between Iran and Iraq, in which the Ten have been and will remain neutral, must be brought to an end. This can be achieved through a ceasefire, the withdrawal of the two belligerents within internationally recognised borders and a

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DRAFT STATEMENT ON CYPRUS

The Ten reiterate their statement of November 16, 1983. They support Security Council resolution 541/83, which should be used as a basis for restoring the territorial integrity and unity of the Republic of Cyprus. They regret that Turkey has recognized the self-styled "Turkish Republic of Northern Cyprus". They call upon the Turkish government to withdraw this recognition and to exercise their influence on the leaders of the Turkish-Cypriot community so that they should rescind their decision. They pledge their support for the Secretary General of the United Nations in the pursuit of his mission of good offices in accordance with Security Council Resolution 541.

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negotiated settlement. Security Council Resolution 540 could constitute a starting point of a process leading to peace.

They appeal to the belligerents to refrain from any act of war or measure which might endanger free navigation in the Gulf, or which might lead to an escalation of hostilities.

## DRAFT STATEMENT ON LATIN AMERICA

1. Following the valuable meeting in New York between the Foreign Ministers of the Presidency, France, Germany and the President of the Commission, on behalf of the Ten, with the Foreign Ministers of the Contadora group, the Ten wish to express their appreciation for the continuing efforts of the Contadora Group to establish a framework of legally binding commitments among the countries of Central America in accordance with the purposes set forth in the "Document of Objectives". They consider that real progress towards safeguarding of peace, respect of independence and the establishment of representative pluralistic democracy can be achieved by the comprehensive endorsement of these objectives.

Having in mind the UN General Assembly resolution on Central America adopted by consensus on November 11, 1983, the Ten reiterate their position expressed in the Stuttgart declaration of June 19, 1983.

2. The Ten express their deep satisfaction at the restoration of democracy in Argentina following the elections of October 30, 1983. They look forward to the further development of historically close ties with this country where the new democratic government under President Raul Alfonsin will soon assume its functions.

The Ten hope that this event will foster similar trends in other countries in Latin America.

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DRAFT STATEMENT ON AFGHANISTAN  
(which might be issued on December 27, 1983)

Today marks the fourth anniversary of the Soviet military intervention in Afghanistan. The Ten remain deeply concerned at the continuing occupation and the violation of the independence of that traditionally neutral and non-aligned country. They condemn the continuing violations of human rights and the attacks against Afghan civilians by Soviet forces in their efforts to suppress the Afghan people's determination to regain their independence and to resist foreign domination of their country. The exodus of about one fifth of the total population have inspired heartfelt sympathy.

The Ten stress the urgent need for the withdrawal of Soviet troops from Afghanistan. This is the key to any lasting settlement. The General Assembly of the United Nations has for the fifth time, with an overwhelming majority, called urgently for the solution which will ensure the restoration of Afghanistan's independence and non-aligned status, allow the Afghan people to exercise fully their right to self-determination and enable the Afghan refugees to return home in safety and honour.

While recalling their proposal of June 1981, the Ten are prepared to support any constructive initiative towards a lasting and principles solution. They welcome the UN Secretary General's efforts in this regard, but regret that these efforts so far have not succeeded in bringing about a solution according to the principles of the resolutions adopted by the General Assembly.

REPORT OF THE MINISTERS FOR FOREIGN AFFAIRS  
TO THE EUROPEAN COUNCIL ON EUROPEAN UNION  
(POLITICAL SECTION)

In the field of European Political Cooperation, the Ten have continued their efforts to coordinate their policies in as wide a spectrum of international problems as possible, taking into account the objectives set out in the Solemn Declaration on European Union. In particular:

In a series of statements, including the one issued at the conclusion of the Stuttgart European Council, they have stressed their full support for the independence, sovereignty, territorial integrity and unity of Lebanon and reiterated their support of its legitimate government. They have also asked for the withdrawal of all foreign troops, with the exception of those which are in Lebanon upon the request of the Lebanese Government. On the other hand, by the participation of three of them in the Multinational Force and the decision in principle of two member states to send observers to Lebanon, as well as by the continuing presence of four others in UNIFIL, they have concretely manifested their willingness to help put an end to the Lebanese tragedy.

The Arab-Israeli conflict remains an issue of great concern to the Ten. With regard to the Palestinian question the Ten, by their statement of November 9 last, called on all parties concerned to put an end to the fighting and reaffirmed that the

problems of the region should be settled as soon as possible in accordance with the principles contained in their declaration of June 19, 1982 and subsequent declarations. Regarding this problem they have taken a positive view of Security Council Resolution 542 of 1983. They further stated that self-determination for the Palestinian people, with all that this implies, remains a key issue which must be addressed in the context of a global, just and durable solution of the Arab-Israeli conflict. It has for some time been the position of the Ten that the PLO must be associated with peace negotiations.

The war between Iran and Iraq is another cause of grave concern to the Ten, who have repeatedly voiced their belief that it should end through negotiations, after the belligerents have agreed to a ceasefire and have withdrawn within internationally recognised frontiers. They consider Resolution 540/1983 of the Security Council as a valuable contribution to efforts undertaken so far to achieve the above end. They have further made known their readiness to help the belligerents, should they so wish, reach a peaceful settlement of their differences. A condition for a useful role of the Ten in this context is the maintenance of their impartiality in the conflict.

The latest crisis in Cyprus, where the Turkish Cypriot community issued a declaration purporting to establish a "Turkish Republic of Northern Cyprus" as an independent state, provided the Ten with another opportunity of "speaking with one voice". By their statement of November 16 they reiterated their support for the independence, sovereignty, territorial integrity and unity of the Republic of Cyprus, reaffirmed that



they regard the government of President Kyprianou as the sole legitimate government of Cyprus and called upon all interested parties not to recognize the so-called independent state. Those of the Ten who are members of the Security Council voted in favour of Resolution No.541, which reaffirms the above principles.

In Africa, the problem of Namibia remains unfortunately unsolved although all the parties, including South Africa, have accepted Security Council Resoltuion 435. This resolution is based on a plan prepared by the contact group, three of whose members come from among the Ten. We give our full support to the efforts of the group as well as to those of the Security Council and the Secretary General for a speedy implementation of the above resolution, so that the Namibian people can accede to its independence without further delay.

Another aspect of the situation in Africa which causes concern to the Ten is the continuing incursions of South African forces into neighbouring countries. We have condemned these incursions because they are contrary to international law and heighten the tension in Southern Africa.

The situation in Afghanistan and Cambodia has also remained unchanged. Both countries continue to be under foreign occupation and are denied their independence, as well as the right to choose freely their form of government. In both cases human rights are being violated by the occupying forces.

The Ten have repeatedly called for the withdrawal of Soviet troops from Afghanistan and Vietnamese troops from Cambodia as a

prerequisite for any peaceful settlement of the respective problems. They have voted in the United Nations accordingly over the past years. They have also given their support to all efforts to solve the problems through negotiations.

Relations with the Soviet Union, which after the invasion of Afghanistan and the imposition of martial law in Poland entered a difficult period, were further strained by the shooting down of a Korean airliner last September. The Ten remain of the opinion that dialogue with the Soviet Union is necessary. They are ready to work for a more constructive relationship, and call upon the Soviet leadership to make the necessary contribution to restore international confidence and to abide by internationally accepted standards of behaviour.

As regards Poland, the Ten are willing to respond positively to any effective measures of liberalisation. The measures of July 22, while going in the right direction, fell short of the expectations of the Polish people. The Ten have taken the initiative to open negotiations for the rescheduling of the Polish debts.

By their cohesion and close collaboration, the Ten were able to contribute substantially to the successful outcome of the Madrid phase of the CSCE. It was in part thanks to their joint efforts that the meeting ended with the adoption of a balanced concluding document, in which the human dimension held as important a place as the mandate for launching the European Conference on Disarmament in Europe. They will press for the respect by all signatories of all the dispositions of the Madrid Final Document. Satisfactory results were obtained at the

Helsinki preparatory meeting of the CDE. It opens a new perspective for taking concrete steps to improve confidence and stability in Europe as well as for paving the way towards effective disarmament measures. The Ten will join efforts for a successful outcome of the conference which would make a major contribution to better cooperation and improve security in Europe. To show the importance they attach to the Stockholm Conference, the Foreign Ministers of the Ten plan to attend its inaugural session.

The situation in Central America is an issue of growing concern to the Ten, especially since recent events in the region and the Caribbean. Their statement at Stuttgart set out the principles which in their view should govern the solution of this particularly delicate and difficult problem. Convinced that the problems of Central America cannot be solved by military means, but only by a political solution springing from the region itself and by respecting the principles of non-interference and inviolability of frontiers, the Ten reiterated their strong support for the efforts of the Contadora group of countries. This was highly appreciated by them, as became apparent at the meeting of the "Troika" with the Foreign Ministers of these four countries. The possibilities of developing relations with the countries of that region are being examined.

The identity of views of the Ten was further confirmed by the statement which the Greek Foreign Minister delivered on their behalf at the current session of the United Nations General Assembly. It conveyed to that universal gathering the image of a

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group of countries which see eye to eye on most international problems which confront the world today.

To live up to this image, the Ten will continue this year their efforts to strengthen further the close cooperation they enjoy on specific matters examined by the General Assembly including disarmament questions. A uniform voting pattern has not always been possible to achieve in spite of their determination to do so. The common positions they adopt in the United Nations are often a point of reference for other countries, many of which consult them on a regular basis.

The same spirit of cooperation among the Ten prevailed in other international fora, such as the United Nations Conference on Racial Discrimination, where the Ten, by a common statement, gave expression to their firm determination to oppose all forms of racial discrimination, including the abhorrent system of apartheid.

A field where the identity of views of the Ten is particularly pronounced is that of human rights. This was apparent at the meeting of the Commission of Human Rights, as well as at the Third Committee of the General Assembly. Most of the Western human rights initiatives have been launched by the Ten. They also play an outstanding role in the dialogue between Western countries and other regional groups in those bodies. The consistent championing of the cause of freedom and human dignity has earned the Ten the respect of other member states.

Consultations and exchanges of views with third countries, among them the United States, Japan and ASEAN, were conducted in a constructive manner. It is noteworthy that an increasing

number of third countries show interest in inaugurating such exchanges. Thus the Ten tend to become a valid interlocutor capable of often influencing developments and playing an increasingly important role in international affairs.

In the course of the last twelve months, the Ten have established contacts with the other members of the Council of Europe at political director level. The two meetings held so far proved fruitful and were duly appreciated by the Eleven. The informal meetings of ministers, although not conducted on the same Ten-Eleven basis, are also a very useful vehicle for an open exchange of views on matters of common interest.

The above results of Political Cooperation were obtained, inter alia, by making full use of the mechanisms provided for by the London Report and by intensifying cooperation among missions of the Ten in third countries. Furthermore, the Solemn Declaration on European Union adopted in Stuttgart in June 1983 will enhance and broaden Political Cooperation in the process of European construction. It was also agreed to create a planning group whose task it is to prepare medium and long-term studies with a view to providing a longer perspective on questions of a more general nature, both political and economic.

On the way to closer European cooperation, the Ten through the Presidency have continued the meetings and frank discussions with the European Parliament, whose views they duly take into consideration while elaborating their policies. The ongoing dialogue with the Parliament, which will be reinforced by the implementation of the Solemn Declaration on European Union, will

allow for a better mutual understanding.

In conclusion, the attachment of the ten governments to European Political Cooperation has once more become manifest over the last twelve months and has proved their determination to persevere on the road to European union.

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