

Enlargement of the European Community.

Possible application from Turkey.

Accession of Greece.

Application from Spain & Portugal.

EUROPEAN POLICY

Part 1: May 1979

Part 3: September 1985

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
<del>2.9.85</del>		2.1.92					
<del>20.9.85</del>		3.4.92					
<del>4.10.85</del>		5.5.92					
<del>31.10.85</del>		<del>16.9.92</del>					
<del>8.11.85</del>		<del>17.6.92</del>					
<del>15.11.85</del>		20.6.92					
<del>22.11.85</del>		29.7.92					
<del>28.11.85</del>		13.4.92					
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18.3.91							
<del>18.9.91</del>							
<del>23.12.91</del>							

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● PART 3 ends:-

Vienna Telno 153

24.5.93

PART 4 begins:-

Budapest Telno 213

7.6.93

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FM VIENNA  
TO ROUTINE FCO  
TELNO 153  
OF 241526Z MAY 93  
INFO ROUTINE UKREP BRUSSELS, EC POSTS, EFTA POSTS

## AUSTRIA AND SCHENGEN

## SUMMARY

1. CHANGE IN AUSTRIA'S POSITION: WANTS TO JOIN SCHENGEN ONLY WHEN IT JOINS THE EC.

## DETAIL

2. ON 22 MAY DIE PRESSE (NATIONAL DAILY, CONSERVATIVE) CARRIED A REPORT OF A CONVERSATION BETWEEN FOREIGN MINISTER MOCK AND ITS DIPLOMATIC CORRESPONDENT, IN THE COURSE OF WHICH MOCK EXPLAINED AUSTRIA'S POLICY TOWARDS THE SCHENGEN AGREEMENT.

3. MOCK SAID THAT THE AUSTRIAN POSITION HAD CHANGED. IN THE LATE EIGHTIES AUSTRIA HAD SOUGHT EARLY MEMBERSHIP OF THE SCHENGEN GROUP AND REGULAR CONSULTATION WITH IT. BUT IN 1990 ITS MEMBERS HAD REPLIED THAT AUSTRIA COULD NOT JOIN SCHENGEN BEFORE IT JOINED EC. SINCE THEN, CONSULTATIONS HAD BECOME FEWER. IN THE PAST MONTHS, THE GROUP HAD CHANGED ITS POSITION, ENCOURAGING AUSTRIA TO JOIN SOON IN VIEW OF THE GERMAN DEBATE ON ASYLUM. BUT MOCK, IN AGREEMENT WITH INTERIOR MINISTER LOSCHNAK, NOW REJECTED THIS. THEY BELIEVED THAT AUSTRIA SHOULD JOIN ONLY WHEN IT JOINED THE EC. THE INTERIOR MINISTRY SAW DIFFICULTIES (UNSPECIFIED) AND IT WAS NOT CERTAIN WHETHER ALL EC COUNTRIES WOULD FAVOUR AN ACCELERATED AUSTRIAN MEMBERSHIP OF SCHENGEN.

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TELNO 029

OF 160600Z JANUARY 93

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FRAME EXTERNAL

BONN TELNO 933: EC/MALTA

SUMMARY

1. MALTESE FOREIGN MINISTER VISITS BONN. CLAIMS GERMAN SUPPORT FOR EARLY EC MEMBERSHIP. GERMAN POSITION DELIBERATELY AMBIGUOUS.

DETAIL

2. THE MALTESE FOREIGN MINISTER, DE MARCO, VISITED BONN ON 14-15 JANUARY. HE HAD BRIEF MEETINGS WITH FOREIGN MINISTER KINKEL AND THE MINISTER OF STATE RESPONSIBLE FOR EC AFFAIRS, FRAU SEILER-ALBRING. THE LATTER'S APS TOLD US AFTERWARDS THAT THE GERMAN POSITION REMAINED UNCHANGED: FRAU SEILER-ALBRING HAD TOLD DE MARCO THAT THE EC HAD TO WAIT FOR THE COMMISSION'S AVIS. DE MARCO HAD SAID HE THOUGHT THIS WAS BEING HELD UP BECAUSE THE COMMISSION WANTED TO WAIT FOR THE RESULT OF THE IMPENDING ELECTIONS IN CYPRUS. MALTA WAS READY TO COMPROMISE ON INSTITUTIONAL ISSUES.

3. IN A PUBLIC SPEECH NEAR BONN DE MARCO SAID THAT KINKEL HAD ASSURED HIM OF GERMAN SUPPORT FOR MALTESE MEMBERSHIP. RESPONDING TO QUESTIONING HE CLAIMED THAT KOHL HAD TOLD THE MALTESE PRIME MINISTER BEFORE EDINBURGH THAT MALTA SHOULD BE ALLOWED TO JOIN THE EC QUOTE AS SOON AS POSSIBLE UNQUOTE. THE MALTESE GOVERNMENT TOOK THIS TO BE GERMAN SUPPORT FOR MALTA TO JOIN IN THE FIRST WAVE OF APPLICANTS. ALTHOUGH HE HAD THE OPPORTUNITY, DE MARCO DID NOT DIRECTLY CRITICISE UK POLICY ON ENLARGEMENT.

COMMENT

4. THE GERMANS ARE MAINTAINING A JUDICIOUS AMBIGUITY ABOUT THE EXTENT OF THEIR SUPPORT FOR MALTA, PARTLY IT SEEMS BECAUSE KOHL

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THINKS HE NEEDS ITALIAN SUPPORT FOR THE PROSPECT OF EC ENLARGEMENT TO THE EAST AND PARTLY, WE SUSPECT, BECAUSE THEY DO NOT SEE WHY THEY SHOULD BE THE ONES TO BEAR BAD TIDINGS. OFFICIALS, WHO RECOGNISE THAT MALTESE MEMBERSHIP WILL CAUSE PROBLEMS, ARE RELYING ON THE COMMISSION AND OTHER MEMBER STATES TO ENSURE THAT IN PRACTICE MALTA WILL NOT BE IN THE FIRST WAVE OF NEW ACCESSIONS. BUT IT IS A DANGEROUS GAME AND THE MALTESE ARE EXPLOITING THE AMBIGUITY WITH SKILL.

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PAGE 2  
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Ministry of Agriculture, Fisheries and Food  
Whitehall Place, London SW1A 2HH

cc - RB  
PJ

From the Minister

The Rt Hon Norman Lamont MP  
Chancellor of the Exchequer  
HM Treasury  
Parliament Street  
London  
SW1P 3AG

16 January 1993

VISIT TO SWEDEN AND FINLAND: 19-21 NOVEMBER 1992

1. Thank you for your letter of <sup>with reference to 1992</sup> 2 December commenting on mine of 23 November. I am clear that the line I took with the Swedes and Finns was in the UK interest.

2. It is our agreed position that Swedish and Finnish accession are to be welcomed. It is relevant that both are expected to be net contributors to the EC budget. Considering the case of Sweden first, they are able to accept the CAP more or less as it stands. Nevertheless, support for the northernmost regions of the country is a vital national need for them, as indeed it is for Norway and Finland. This is not a point they will be prepared to drop in the face of an unenthusiastic EC reaction.

3. It seems clear that the current provisions of the Less Favoured Areas Directive would not fully meet Swedish needs. The simplest way of doing so would be to add to the Directive a new class of payments for which only (specified numbers of) livestock in very high latitudes would qualify. Amending an existing instrument is likely to be easier to negotiate all round than a new, free-standing provision. On funding the normal expectation would be that Sweden should be subject to the same conditions as, say, the UK or Germany, and for them 25% of expenditure is reimbursed by FEOGA. This low reimbursement rate was one of the reasons why I suggested tackling matters through the Less Favoured Areas Directive.

4. Similar considerations apply to Finland though, as I made clear in my earlier letter, their overall needs are more difficult to

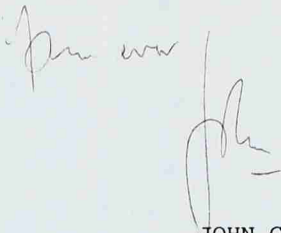
/accommodate. Of course ...



accommodate. Of course doing anything for acceding Member States might encourage demands from existing Member States. But that is scarcely a reason for doing nothing; and is why I suggested a latitude or temperature criterion might be used as a main determinant of any new provision.

5. In my view the approach in your letter is too narrow and in practice unlikely to result in a less costly outcome.

6. I am copying this letter to the Prime Minister, other members of OPD(E), Sir Robin Butler and HM Ambassadors in Stockholm and Helsinki.

A handwritten signature in dark ink, appearing to read 'John Gummer', is written above a vertical line. To the right of this line is a large, stylized signature that appears to be 'JG'.

JOHN GUMMER



FILE KK

SUBJECT  
MASTER

10 DOWNING STREET  
LONDON SW1A 2AA

Filed on:

THE PRIME MINISTER

10 December 1992

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T265c/92

*1/ear lead*

Thank you for your letter of 25 November. Copies have been circulated to other Member States. The issues you raise will be discussed at the European Council on 11-12 December.

*Yours faithfully,  
John M.*

His Excellency Mr. Carl Bildt



FILE MJ

cc CO

10 DOWNING STREET

LONDON SW1A 2AA

10 December 1992

*From the Private Secretary*

*Dear Richard,*

EUROPEAN COMMUNITY: LETTERS FROM THE PRIME MINISTER TO  
CARL BILD

Thank you for sending draft letters from the Prime Minister to Prime Minister Bildt of Sweden. I enclose the signed versions of the letters and would be grateful if you could arrange for them to be delivered as soon as possible. They should, please, be sent by fax or telegram in the first instance to reach Mr Bildt before the start of the European Council.

*J. S. Wall*  
J. S. WALL

Richard Gozney Esq  
Foreign and Commonwealth Office

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FILE

PRIME MINISTER'S  
PERSONAL MESSAGE

115262  
MDLOAN 2465

SERIAL No. T 255 Bii/92

SUBJECT  
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TO ROUTINE STOCKHOLM  
TELNO 191  
OF 271152Z NOVEMBER 92  
INFO ROUTINE UKREP BRUSSELS

MIPT: EPC PRESIDENCY BILATERAL WITH SWEDISH FOREIGN MINISTER: 26  
NOVEMBER

1. Following is text of letter from Bildt to Prime Minister:

Text begins

In the statement of government policy, which I presented at the opening of the Swedish Parliament on 6 October, I reiterated that the first of the four main tasks of my government's political programme for the present mandate was to take Sweden into full European cooperation by means of negotiations on membership of the European Community. I stated that our aim is to achieve a decision regarding an agreement on membership following a referendum in 1994, permitting membership in 1995.

My government welcomed, in this light, the conclusions of the European Council at its meeting in Lisbon on the opening of enlargement negotiations, with a view to an early conclusion of negotiations with EFTA countries seeking membership of the European Union. We also welcomed the Opinion of the European Commission, which after a thorough substantive review of the Swedish application, recommended the opening of membership negotiations. The Commission's Opinion was subsequently given favourable consideration by the EC General Affairs Council.

Sweden shares the political objectives of the European Community, as laid down in the Maastricht Treaty ("les finalites politiques"). This implies, of course, that we are prepared to conduct membership negotiations on the basis of the Treaty on the European Union.

On the Swedish side we very much hope that the forthcoming European Council meeting in Edinburgh will be successful and that the Council will find it possible to initiate negotiations on enlargement starting early next year.

PAGE 1  
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I firmly believe that early enlargement negotiations will strengthen the political momentum underlying the European Union concept in all the countries concerned. Sweden, for its part, is fully committed to the task of actively contributing to, and participating in, the construction of the new Europe in the framework of the European Union.

Text ends.

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26 November 1992

Prime Minister ② London SW1A 2AH

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WEL

27/11.

Jean Stephen,

EC/Sweden : Letters from the Swedish Prime Minister

I enclose the top copies of two letters to the Prime Minister from Mr Carl Bildt. The more formal letter restates Sweden's wish to join the Community on the basis of the Maastricht Treaty and the hope that enlargement negotiations can begin in early 1993. It looks as if this may have gone to all EC Heads of Government.

The informal letter suggests that recent events have made an early enlargement decision even more important. Mr Bildt says he is also writing informally to Chancellor Kohl, President Mitterrand and Mr Amato.

We shall send a draft reply in due course.

(I am copying this letter to David Hadley (Cabinet Office))

Yours ever,

R. H. T. Gozney

(R H T Gozney)  
Private Secretary

J S Wall Esq  
10 Downing Street



PRIME MINISTER

SUBJECT  
MASTER  
C/S  
FILED ON:

Stockholm 25 November 1992

Mr. John Major  
Prime Minister and  
President of the European Council  
LONDON

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T25531/92

*Dear John,*

Enclosed, you will find a letter addressed to you in your capacity as President of the European Council and intended for distribution to the other members of the Council.

Events have been somewhat difficult in Sweden during the last week, and we have been forced to relinquish our fixed exchange rate policy. Following a major parliamentary debate tomorrow, I expect things to settle down.

This makes progress in our European policy all the more important. The initiation of formal negotiations on membership at the beginning of next year at the earliest opportunity, is a matter of considerable importance for my Government and for Sweden.

I believe this to be important for the Community as well. We both know that the public perception of the Community has not been the best in recent months, and a decision to start moving forward on a major issue like enlargement would, in my view, be valuable in this respect. It could also influence the situation in Denmark, as I am sure Poul Schlüter has mentioned to you.

I will be in touch with Chancellor Kohl on this issue early next week, and I intend to write special letters to President Mitterand and Prime Minister Amato as well.

*Carl*  
Carl Bildt



PRIME MINISTER

SUBJECT

Stockholm 25 November 1992

1(2)

MASTER

RE: ON:

Mr. John Major  
Prime Minister and  
President of the European Council  
LONDON

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T255D/92

*Dear Mr. Prime Minister,*

In the statement of Government policy, which I presented at the opening of the Swedish Parliament on 6 October, I reiterated that the first of the four main tasks of my Government's political programme for the present mandate was to take Sweden into full European cooperation by means of negotiations on membership of the European Community. I stated that our aim is to achieve a decision regarding an agreement on membership following a referendum in 1994, permitting membership in 1995.

My Government welcomed, in this light, the conclusions of the European Council at its meeting in Lisbon on the opening of enlargement negotiations, with a view to an early conclusion of negotiations with EFTA countries seeking membership of the European Union. We also welcomed the Opinion of the European Commission, which after a thorough substantive review of the Swedish application, recommended the opening of membership negotiations. The Commission's Opinion was subsequently given favourable consideration by the EC General Affairs Council.

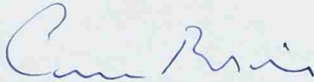
Sweden shares the political objectives of the European Community, as laid down in the Maastricht Treaty ("les finalités politiques"). This implies, of course, that we are prepared to conduct membership negotiations on the basis of the Treaty on the European Union.

On the Swedish side we very much hope that the forthcoming European Council meeting in Edinburgh will be successful and that the Council will find it possible to initiate negotiations on enlargement starting early next year.



I firmly believe that early enlargement negotiations will strengthen the political momentum underlying the European Union concept in all the countries concerned. Sweden, for its part, is fully committed to the task of actively contributing to, and participating in, the construction of the new Europe in the framework of the European Union.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Carl Bildt". The signature is fluid and cursive, with the first name "Carl" and the last name "Bildt" clearly distinguishable.

Carl Bildt



THE PRIME MINISTER

Oslo, 24 November 1992

Mr. President,

The Norwegian Government hereby has the honour to apply for membership of the European Communities and to inform you that Norway is prepared to enter into negotiations on the conditions for admission.

Yours sincerely,

Gro Harlem Brundtland

The Rt. Hon. Douglas Hurd, M.P.  
President of the Council of Ministers  
of the European Communities.

Prime Minister  
Gro Harlem Brundtland

Statement to the Storting concerning the application for  
membership of the European Communities

16 November 1992

Madam President,

In its inaugural statement to the Storting on 6 November 1990, the Government emphasized that Norway must continually reassess developments in Europe and seek to find those forms of cooperation which can best serve our national interests. This has always been the Labour Party's basic attitude to how we can best develop our relations with other countries.

Our most important task today is to ensure full employment. The economic growth we generate together must be equitably distributed and provide the basis for further development of our welfare. If we are to achieve the goals we set for Norwegian society, we shall need a joint effort both in Norway and in cooperation with the other Nordic countries and the rest of Europe.

When the Labour Party Government submitted a report to the Storting on "Norway and European Cooperation" in 1987, the Storting had the opportunity to hold its first thorough debate on Norway's position as regards European cooperation since 1972.

At the time, we were already witnessing the beginnings of change in the Soviet Union and more open relations between East and West. Nevertheless, the EC's efforts to complete the internal market posed the main challenge for Norway and the other EFTA countries.

A broad-based majority in the Storting endorsed the view that the 1973 free trade agreement would not adequately safeguard Norwegian interests when the EC internal market entered into force on 1 January 1993. A more comprehensive cooperation agreement between EFTA and the EC was required to give Norwegian enterprises equal access to our most important export market, and thus safeguard the very basis for Norwegian jobs and Norwegian welfare.

Since then, three governments have, with broad-based support in the Storting, worked towards an EEA agreement. The Storting finally approved the agreement by a majority of more than three-quarters on 16 October this year.

The EEA Agreement is the first step towards a better-organized European economy. For Norway, the agreement represents the free trade agreement of the 1990s; it represents a solution to the market challenges Norway and the other EFTA countries will be facing during the decade.

Our Nordic neighbours Sweden and Finland have applied for

membership of the EC and are now preparing for negotiations. It is indicative of the current situation that countries that have remained neutral for several hundred years now believe their interests to be best served by joining the EC.

The major changes that have taken place since the end of the 1980s have not primarily been concerned with issues related to market access, which is provided by the EEA Agreement, but with the political challenges in a new Europe. The Cold War between the free democratic world of the West and the totalitarian East has come to an end with the dissolution of the Soviet Union and the liberation of Central and Eastern Europe.

Madam President,

All countries, including Norway, must constantly assess whether current cooperation arrangements are the best way of meeting the challenges of tomorrow. We must consider whether solutions we chose under very different conditions still give us sufficient freedom of action and influence.

In many countries, there is a growing scepticism to politicians and political activity. One important reason for this appears to be that decisions in national and local democratic institutions alone cannot resolve the problems that concern most people in their daily lives.

The aim of our political efforts is to find solutions to the tasks facing us and achieve our goals for Norwegian society. An increasing number of these tasks also require action across national borders. Thus, it is not satisfactory that most of the political instruments at our disposal are only national.

In order to regain control of many of the forces that shape our daily lives, we must be able to make democratic decisions that truly enable us to meet our challenges. It is no longer possible with any claim to credibility to tell Norwegian voters that we can carry out all our tasks by means of decisions in Norway alone. If we cut ourselves off from the fora where important decisions are made, we are in reality restricting our own freedom of action.

In recent years, the EC has developed into the most important organization for cooperation in Europe. When Norway applied and negotiated for membership twenty years ago, the EC comprised only six countries. The political cooperation had not progressed very far, and there was no immediate prospect of an end to the division of Europe.

Today the EC comprises 12 European democracies. The Community is prepared to begin the first round of membership negotiations with the EFTA countries in 1993. After that, negotiations can be initiated with the many democracies in Central and Eastern Europe that now wish to join.

Thus, it is possible that in a few years' time, the EC will comprise more than 20 democratic countries, including the great majority of the people of the Nordic region and our NATO allies.

Such a community would reflect the cultural diversity of its member countries. It is the current and new member states that will determine the further development of the EC. It is the EC member states that will determine how European cooperation is to deal with the many problems related to promoting peace, employment, welfare, economic growth and sustainable development.

The EC is made up of sovereign states, and this will continue to be the case. EC cooperation is a continually developing process, as it must be when democratic countries join forces to find common solutions to common challenges. The current debate is not only concerned with the substance of this cooperation, but also with its means. There is a need for more openness. The democratic decision-making process must be continually developed and decentralized. Supranational cooperation must be used as a catalyst to strengthen democracy at all levels.

The EC countries have been expanding their political cooperation to encompass an increasing number of areas since the 1980s. The Maastricht Treaty provides for closer cooperation on economic affairs and monetary and foreign policy issues, a greater joint effort to resolve environmental problems, a more definite focus on the social dimension of European cooperation and closer cooperation to prevent and combat terrorism, drug trafficking and other forms of serious international crime.

We know that decisions of great importance to the future of Europe as a whole will be prepared and taken in the EC. Therefore Norway, too, has reached a crossroads where we must decide how and with whom we can best safeguard our interests in the years ahead.

The Nordic countries are faced with a completely new situation now that both Sweden and Finland have applied for membership of the Community. In 1972, many viewed Nordic cooperation as an alternative to European cooperation. This is no longer the case. Unless we ourselves decide otherwise, the EC may in a few years' time comprise all of Europe except for Norway, Iceland, certain countries in the Balkans, and Russia. This is a dramatically different prospect than the one we faced in 1972.

It is natural for Norway to take part in binding cooperation with the other democratic countries in our part of the world. Together with the forces that share our values, we shall work to ensure that EC cooperation is concerned with employment, the environment and social justice. The Government underscores that we can best safeguard Norwegian interests by pleading our

own cause when important decisions are made concerning Norway's and Europe's future. Cooperation within the EC would not provide the answer to all our problems, but it would put us in a better position to solve them.

It is the view of the Government that Norway would have greatest freedom of action by supporting the EEA Agreement on the one hand and applying for membership of the EC on the other, so that we have an opportunity to negotiate and become a member together with countries that share our interests.

The Nordic countries and their EFTA partners have an opportunity to negotiate EC membership now, not in a few years' time. The fact that these negotiations will be conducted in parallel strengthens these countries' position in the negotiations. By taking advantage of this opportunity, we will be able to clarify the conditions for Norwegian participation in and joint responsibility for future political cooperation in Europe.

A referendum will be held after the negotiations have been concluded. Thus, the final decision will be the responsibility of the Norwegian people.

Madam President,

The Government has made efforts to provide information about Norway's relations with Europe that is as comprehensive and objective as possible.

The Proposition to the Storting on the EEA Agreement provides a thorough account of Norway's economic relations with the EFTA and EC countries. Last year, the Government announced that it would submit a general study on Norway's participation in European cooperation and the consequences of various forms of association with the EC. The following issues have been covered: foreign and security policy, Nordic cooperation, welfare, the environment, democracy and participation, culture, research and education, and business and industry. A general report, a number of research papers and a report on the status of the Sami people have also been presented.

The reports have been sent to all members of the Storting, political parties and organizations, and have been made available to the general public. It is the Government's intention that this material should be accessible to all those who wish to take part in the vital debate on the future of Norway and of Europe.

The main conclusion of this study is that we must deal with the many challenges facing Norwegian society, regardless of the form of association with the EC we choose. If Norway should choose not to close its borders to the rest of the world, the growing process of internationalization would have an even greater effect on the Norwegian economy, which would also enhance our ability to contribute to peace and

cooperation in Europe.

The advance of technology cannot be stopped. The global economy will continue to bind countries more closely together. Our possibilities of safeguarding employment will become increasingly dependent on our ability to sell goods and services to other countries. The environmental problems are not going to disappear, and the need for Europe to make a concerted effort to help the Third World is only going to increase.

This is the reality facing Norway today, and the challenges facing Europe are also our challenges. Most of the political decisions that affect people's daily lives will continue to be made in Norwegian political bodies, in our municipalities and counties, and here in the Storting. However, many important decisions will also be made by the countries of the EC.

Therefore, the Government is of the view that Norway's interests would be best served by making full use of the democratic process in our cooperation with the other European countries as well. Membership of the EC would enable Norway to take part in a new arena for political action that extends beyond the national arena. We would then be able to participate in the democratic process and strengthen political cooperation in Europe, just as we do in our own country.

Madam President,

The Government wishes to emphasize several important factors that support its contention that Norwegian interests would be best served by full political participation in the EC.

The next ten years will be decisive in terms of how we all make use of the opportunities to expand European cooperation presented by the end of the Cold War. Norway and the other Nordic countries also have a responsibility in this respect. At the same time, Europe is responsible for reversing current trends in the Third World. These trends can only be reversed by a concerted international effort, and what the EC countries are able to achieve together will be decisive. This applies not only to direct aid, but also to the questions of market access and measures to ensure greater stability of prices for exports from the developing countries. The EC has developed broad-based, comprehensive cooperation with the developing countries which is similar in many respects to Norwegian development cooperation policy. Membership of the EC would give the Nordic countries, which have always attached great importance to a policy of solidarity and development cooperation, an opportunity to work together to ensure that vital environmental and development issues are placed at the top of the agenda.

The countries of Europe are facing a new security policy situation which enhances the need for closer political cooperation with our European allies. We are no longer facing

common adversaries, but common dangers. National, social and ethnic conflicts pose new threats to freedom and revive memories of dark chapters in the history of Europe. All of Europe, including the countries of the West, must now join forces to safeguard democracy and to ensure an economic and industrial reconstruction in the East that takes account of environmental considerations.

The economic problems in the former Soviet Union have led to dissatisfaction and unrest. The danger of a return to authoritarian rule and militarism is greatest where the democratic roots are anchored in the thinnest soil. We must be prepared to live with uncertainty for many years to come. This entails new demands as regards political cooperation and the willingness to cooperate in Western Europe. Our interests will not be served by instability and uncertainty in neighbouring countries.

The EC will become an increasingly important foreign policy factor in Europe. The members of the Storting have expressed a general desire to achieve the closest possible foreign policy cooperation with the EC. NATO membership and cooperation between North America and Europe will continue to be vital to Norway's security.

However, Europe will have to take more responsibility for its own security in the years ahead. The fact that Norway does not participate in all the fora in which our European allies adopt common positions on foreign and security policy questions creates problems for us. It is extremely important for us to be able to plead our own cause when the countries closest to us are defining their common security. One important reason why Norway ought to apply for membership of the EC is that this is the only way for us to participate fully in European cooperation on foreign and security policy.

A basic characteristic of a community is that its members meet tasks and challenges together. One of the most important tasks for Norway is to ensure that our foreign policy challenges are also the challenges of our European allies. Our relations with neighbouring Russia will be a major challenge in the years ahead. Our ability to deal with the truly difficult problems in the North, particularly in the environmental field, will depend on their also being recognized as EC problems.

In today's world, all countries need many international contacts in order to safeguard their interests. We, too, must work to ensure that Norway does not lose contact with those countries that are closest to us.

If Sweden and Finland join Denmark in the EC, 80 per cent of the people of the Nordic region will be inside the Community. This could create a division in the Nordic region with negative consequences for Nordic cooperation. The border between Norway and Sweden could become the border between Norway and the EC. This would not only have important



consequences for trade across the border. It could also have unfortunate consequences for investments, which could in turn affect Norwegian jobs.

The majority of the EFTA countries may also become members of the EC. This would considerably weaken EFTA, which would also affect the functioning of cooperation within the EEA.

In the open world of today, it is essential that the countries closest to us recognize and understand Norwegian interests. This can only be achieved if we are present where joint initiatives are taken and decisions are made. Membership of the EC is the only satisfactory means of ensuring this.

The Government regards full employment and the further development of the welfare society as its major national task. Political decisions made in Norway will continue to be especially important in this context. Our economic freedom of action depends primarily on our own efforts. It is our responsibility, and no one else's, to build confidence in the Norwegian economy. What we have to distribute will continue to be determined by our own ability to sustain economic growth. And our policies will still be determined by the way Norwegian voters vote in Norwegian elections.

However, developments in the rest of Europe have an important bearing on the Norwegian economy, our welfare and employment. In an open world economy, a country's ability to maintain and expand its welfare system is closely bound up with developments in the international economy.

The ability of our companies to sell their products and services will be largely dependent on their being given the same conditions as those enjoyed by companies in other countries. The EEA Agreement ensures that the same rules will apply to all companies in the market that absorbs more than 80 per cent of Norwegian exports. The access to the internal market provided by the EEA Agreement will mean lower prices, which will benefit both consumers and the business sector.

Predictability and market access will not, however, solve all our problems. The greatest challenge facing Europe and Norway is to create new jobs. In order to deal with this problem, Europe needs a stable, predictable economic situation where countries are prevented from unloading their problems onto others and where companies are given an opportunity to deal with one another without being exposed to abrupt fluctuations in the finance and foreign exchange markets.

Thus, one of the principles on which this statement is based is that closer cooperation on economic policy and employment in Europe is absolutely essential. Better coordination of the economic policies of the various European countries is required if we are to eliminate unemployment, encourage new investments and promote industrial growth that is in keeping with environmental considerations.

The Norwegian Government has taken the initiative in accordance with the EEA Agreement to propose closer cooperation to promote full employment. Earlier this month, a letter was sent to the heads of government of all the EFTA and EC countries inviting the European finance ministers to come together to discuss the causes of and possible solutions to the problems facing all of us.

The stability of the foreign exchange markets during the decades following the war was an important factor in the general economic prosperity that Norway shared.

Instability in the finance and foreign exchange markets makes an even greater impact when countries' economies are as closely interlinked as is the case in Europe today. The uncertainty in the foreign exchange markets this autumn has demonstrated the vulnerability of small countries in particular to fluctuations in the world economy. Our neighbours Sweden and Finland have been forced in the space of a few months' time to make considerable changes in welfare systems that took several decades to build up.

The state of the Norwegian economy made it possible for us to stand up to the pressure. This is because we have been making a determined effort since 1986 to restore confidence in the Norwegian economy. It was also a definite advantage that the Syse Government decided in October 1990 to link the Norwegian krone to the ECU. It is easier for a small country to maintain confidence in its own currency by cooperating with other countries. Without such cooperation, Norway might have been facing a far more difficult situation.

The EC's goals of closer economic cooperation and greater financial and monetary stability are important ones. These arrangements are intended to improve cooperation between countries. Only one to two per cent of the member states' GDP goes to the EC's joint budget; the remainder is allocated by the respective countries' elected representatives. It will still be our own elected representatives who decide on the distribution of our own wealth.

The fact that the countries of Europe cooperate in setting limits to excessive budget deficits and public debt is a sign of progress in the economic cooperation. The objectives set out in the Maastricht Treaty as regards growth with a low rate of inflation, coordination of exchange rates and long-term balance in the fiscal budgets are both important and necessary. However, it is not possible to achieve a balance in the economy without reducing and, eventually, eliminating unemployment. Economic balance must be restored by pursuing an active employment policy and guaranteeing the necessary public revenues.

Countries have a tendency to unload their problems on one another when speculation is allowed to prevail in the

international economy. Today all countries are aware that the free movement of capital creates problems of control. The only way to achieve better means of control and clearer rules is through cooperation with other countries.

We do not know how and when the EC countries will be able to achieve the objectives set out in the Maastricht Treaty. New decisions will be made towards the end of the decade. Economic stability and the ability to cooperate on foreign exchange issues are also extremely important for our companies. Uncertainty affect investments and jobs, and it ultimately also has consequences for each individual's private economy.

It is by cooperation within the EC that important premises will be established for foreign exchange and interest rates. Whatever the results arrived at by the EC countries, these will have an important bearing on Norwegian economic policy. In this, as in a number of other areas, Norway would benefit from having a vote and a say, together with others who share our interests, when important decisions are to be made.

The environmental problems facing us constitute a common European challenge. The thorough analysis set out in the general study on Norway's relations with Europe shows how Europe as a whole is facing the task of integrating environmental considerations into all sectors of society in such a way that they are reflected in all aspects of the economy. Only by integrating the requirement for sustainable development into areas such as energy, industry, transport and technology will we be able to ensure that developments proceed in the right direction.

Given the interdependence of the various countries in an open world economy, it is obvious that no one country can cope with this task on its own. We cannot achieve binding agreements without coordination within Europe and the EC. We need a common awareness, common goals and effective political instruments to achieve them. The EC has adopted the principle of sustainable development as one of its overriding objectives. There is no other organization that has such a broad-based range of cooperation that covers so many key areas. Thus, the best way for us to contribute to sustainable development is to join forces with all those who share our concern about a far-sighted environmental policy.

Madam President,

Norway and the other Nordic countries can make an important contribution in a new, enlarged EC. The Government favours a Norwegian application for membership of the EC because it would place us in a better position to take part in efforts to promote peace, welfare, employment and the environment in Europe.

When entering into negotiations on membership of the EC, the Government's aim is to achieve an agreement that it can

recommend and that is acceptable to the Norwegian people.

After having expanded towards the south in recent years, the EC is now prepared to expand towards the north. This means that Northern Europe will make its contribution to the European diversity. We are applying for membership of a Community that has developed its own rules and traditions. We wish to join the other countries in developing them further.

However, this also means that today's member states must appreciate the fact that special measures are required to maintain economic growth and settlement under harsh climatic and geographical conditions. Norway is a long, narrow country, and much of it is sparsely populated. It is essential that Norway retain control over its natural resources in the future. An acceptable negotiating result is contingent on our finding satisfactory solutions as regards our primary sector and regional policy.

Fisheries are of particular importance to incomes and settlement patterns in our country, particularly in the north. It is our hope that the EC will not underestimate the significance of the fisheries issue for Norway this time, as it did in 1972. If so, we know that this will make it difficult to rally support for membership of the EC, not only in the north, but throughout the entire country. Therefore, it is extremely important that the EC countries show in the negotiations that they understand that the Norwegian coast also represents part of European reality.

EC fisheries policy is based today on the principle of relative stability. Norway's major concern is to retain its historical rights to fisheries in its own waters.

The livelihood of the coastal population, and thus of the northern part of our country, is dependent on these rights. We will stress the importance of sustainable management of our fisheries resources. We, too, have experienced the impact of short-sighted assessments and misjudgments on the management of these resources.

We have learned from our experiences, and we are determined not to forget them. We shall work to gain recognition for our experience and our situation. The recovery of the Norwegian stocks of spring-spawning herring and Arcto-Norwegian cod has attracted international attention. This successful example of resource management shows how Norway, as one of the world's leading fishing nations, possesses considerable expertise and experience that would benefit EC fisheries policy.

Norwegian agriculture yields much less per unit area than the average in the EC today, and our degree of self-sufficiency as regards food is the lowest in Europe. At any rate, in a situation where international trade agreements such as the GATT will also establish an important framework for agricultural policy, we must continue our efforts to develop

an agricultural sector that is less cost-intensive, but at the same time viable and progressive.

A small country that remains outside strong trade organizations could be vulnerable in a situation where there are no clear rules for trade between countries. It is worth noting that in the Uruguay Round the EC has attached great importance to retaining arrangements that ensure the possibility of diversified, viable agricultural practices.

We shall do our best to gain recognition of the fact that Norwegian agriculture is subject to conditions that differ considerably from those further south in Europe. Our agricultural sector is not involved only in food production. This point of view is also gaining ground in the EC. We shall attach great importance to finding solutions that will ensure an extensive, viable agricultural sector, and to achieving arrangements that make it possible to maintain stable and viable settlement patterns in our long, narrow country. Neither we nor the EC countries have anything to gain from the depopulation of rural communities in Norway. On the contrary, a vital, vigorous rural Norway is in everyone's interests.

As far as the primary sector is concerned, the Government would emphasize the Sami interests involved. It will take care to keep representatives of the Sami population informed of relevant issues in connection with the negotiations.

The principles of regional policy in the Nordic countries are different from those that apply in Central Europe. The EC regulations are designed for densely populated areas with good communications and a varied economic base. This does not apply to our country, where 4 million people inhabit an area covering 300,000 km<sup>2</sup>.

Our arguments in favour of these special conditions will be stronger if we negotiate in parallel with our Nordic neighbours. If Norway, Sweden and Finland should become members, the area of the EC would be extended by almost 50 per cent. This would obviously influence EC policy in many areas. The EC adjusted its legislation and measures in connection with previous enlargements, and there is no reason why it should not do so this time as well.

The EC has no common energy policy. A main principle is that the management of energy resources is a national responsibility.

Successive Norwegian governments have stressed the importance of a sound, long-term petroleum policy with an emphasis on the environment, fisheries and regional considerations, security, and long-term management of our petroleum resources.

Norway is the country that will be primarily affected by energy policy decisions concerning petroleum. During the last couple of decades, Norway has become one of the major

suppliers of energy to Western Europe. Norwegian gas is being increasingly used to replace more polluting sources of energy. Thus important energy and environmental interests are bound up with the development of Norwegian petroleum resources.

There is a long tradition of international competition for licences and other contracts on the Norwegian continental shelf. The Storting has recently adopted amendments that do away with certain arrangements that could be interpreted as being discriminatory. We, too, have competitive oil companies that have acquired great expertise through their work under demanding conditions in the North Sea, and more recently in Arctic waters.

The State plays an important role in imposing standards and laying down stringent regulations in activities that take place under difficult climatic conditions.

In view of the forthcoming EEA cooperation and the fact that the Government now advocates that Norway apply for membership of the EC, the Government presumes that Norwegian views are given equal consideration and weigh heavily when the EC countries discuss legislation that covers the petroleum sector.

As in 1972, these are among the issues that will have the greatest significance for the way in which the negotiation results are viewed by the Norwegian people.

Madam President,

We shall never be able to say that the development of the EC is fully and finally concluded. During the past year, we have witnessed an intense debate on the further development of the Community in the member states. The referendums in Denmark and France and the British Conservative Government's attitude to cooperation on the social dimension have shown that both the direction and the extent of the cooperation are controversial.

What remains indisputable is that the EC has succeeded in making the promotion of peace, the environment, social rights and employment into a common European effort. This shows that the EC countries have taken responsibility for the most fundamental issues of our time. It is within this framework that the countries of Europe will be able to join together in adopting common measures to steer developments in the right direction.

It is the countries that participate in the cooperation that will determine its further course, not those that remain on the outside. Given that decisions taken by the EC will have a profound effect on our country, we should also participate in this important new phase of European cooperation as we have done in EFTA throughout the entire post-war period.

We must not lose sight of our goals for EC cooperation.

Cooperation in Europe must respect European diversity. People must be able to relate to decisions taken as close as possible to those concerned. The EC needs greater openness and transparency, and less bureaucracy.

Better use must be made of the opportunities provided by EC cooperation to strengthen employment policy, place a greater focus on the social and environmental dimension, ensure that European policy has the support of the people and further develop democracy within the Community. We must work to ensure that the EC incorporates employment policy as the most important objective of its economic policy.

The dialogue between the social partners should become a more integral part of the decision-making processes in the EC. The Government will maintain contact with employers' and employees' organizations throughout of the negotiations. The social dimension must be further developed in order to prevent social dumping and inequitable conditions for employees. We shall maintain our ambitions as regards equal status policy. Equitable distribution of income between women and men in all phases of life must be an objective of the equal status policy pursued both in Norway and in Europe.

Madam President,

The EC issue has always aroused strong feelings in our country, and this is still true today. The Government stresses the importance of our maintaining respect for one another's views in the debate on the form of association that would best serve Norwegian interests.

On the basis of an overall assessment of developments in Europe, the Government has come to the conclusion that Norway, too, should take part in the political cooperation on our continent, and that we should seize this historic opportunity to negotiate in parallel with our Nordic neighbours. We would be evading our responsibility if we were to turn our backs on the challenges because they were demanding or controversial. A viable democracy like the one we enjoy in Norway must be equal to the task of dealing with difficult issues without losing sight of all our other important challenges.

The debate will continue with great intensity through the negotiating phase and until the people themselves decide the question of membership through a referendum. We are well served by such a debate about our future. A democratic debate on the form we wish our society to take must never cease.

The tasks we are facing in the years ahead will be demanding, and it is essential that everyone is aware of the various opportunities and possibilities. We may disagree on many things here in Norway, but we do not disagree on everything. There is general agreement as regards fundamental values relating to peace, employment, the environment, maintenance of settlement patterns and representative government.

It is the Government's hope that the Norwegian people will demonstrate the sense of responsibility and solidarity called for when our country is involved in important negotiations with other countries. Thus, on behalf of the Government, I would call on the Storting to give its support in the demanding negotiations ahead of us.



Mr. Wall.



A handwritten signature in black ink, appearing to be 'J. Green'.

10 DOWNING STREET

Para 3 is wrong, since the Westminster Commission is required by statute to report by December 94. But it would be impossible to combine this work with Euro-work. So (a) may be the least bad option

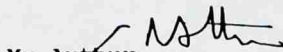
With the compliments of

Jamus Green.

Pine Mosaic ✓

—  
J 42

From: Peter Wilson  
Date: 23 November 1992  
cc: PS/Baroness Chalker  
Mr Appleyard  
Mr Jay  
Mr Greenstock  
Hd/ECD(E)  
Special Advisers

  
Mr Arthur  
PS/Mr Garel-Jones  
Private Secretary

*M. E. G. C. G. H.*

#### POSSIBLE INCREASE IN BRITISH MEPS; BOUNDARY CHANGES

1. Sir David Steel suggested to the Secretary of State that, since the Boundary Commission will be too busy with Westminster redistricting to consider boundary changes brought about by an increase in the number of British MEPs, it would be better to allocate the extra MEP seats proportionately "just this once". This is unnecessary.
2. The Home Office are considering three ways of redrawing European Parliament constituencies:
  - a) setting out in legislation the boundaries of new EP constituencies for the UK;
  - b) the creation of a new body to conduct a special review to redraw boundaries;
  - c) modifying the EP Elections Act 1978 (as amended) to enable the existing Boundary Commission to carry out a special ad hoc review.

Two of these options do not involve using the Boundary Commission at all.


3. Under any of these options timing will be tight if redistricting is to be complete in time for the EP elections in 1994. Considerations of timing make option (a) the most attractive. Option (c), using the existing Boundary Commission, has the disadvantage that it risks delaying the review of Westminster constituencies as Sir David Steel has noted. |||

4. All these options require new legislation, including option (c). This can take the form of either primary legislation or subordinate legislation under section 2 (2) of the European Communities Act 1972. Subordinate legislation cannot be amended, but its use may generate political controversy.

*But the change to the Treaty & these would require an EC (Amendment) Bill.*

*M.*

5. The Home Office will take a decision on how best to proceed only once the Edinburgh outcome is known. They have booked a place on a contingency basis for a Bill in the legislative programme for 1993 in order to keep all these options open.

  
Peter Wilson  
European Community Department (Internal)



10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

20 November 1992

**LETTER FROM PRIME MINISTER DEMIREL OF TURKEY:**  
**EUROPEAN COMMUNITY**

Thank you for letting me have a draft reply from the Prime Minister to Prime Minister Demirel about the European Community. I enclose the reply. It would be helpful if you could arrange for it to be delivered to Mr. Demirel before his visit here next week.

J. S. WALL

Christopher Prentice, Esq.,  
Foreign and Commonwealth Office

File  
Foreign - Demirel. KK

be **SUBJECT  
MASTER**



**PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T2538/52...**

**10 DOWNING STREET  
LONDON SW1A 2AA**

**Filed on:**

THE PRIME MINISTER

20 November 1992

*Dear Prime Minister,*

Thank you for your letter of 30 October about the relationship between Turkey and the European Community. As President of the European Council, I am also replying on behalf of my colleagues, in the light of the Community's position at the EC/Turkey Association Council on 9 November.

You rightly draw attention to the Lisbon European Council conclusions on the great importance of Turkey's role in Europe and the need to intensify cooperation and to develop relations in line with the prospect in the 1964 Association Agreement, including a political dialogue at the highest level.

This inspired the approach which the Community adopted at the 9 November EC/Turkey Association Council. I am glad that at this meeting the Community reached agreement with Mr. Cetin that political dialogue should be formalised and extended, including meetings as necessary between the Presidency or Prime Minister of Turkey and the Presidents of the European Council and European Commission, half-yearly meetings at Foreign Minister level and ad hoc meetings of officials.

Bearing in mind our common attachment to democracy, respect for human rights and international law, I am confident that this framework will enable the Community and Turkey to conduct a good exchange of views, building on the useful

na

discussions held in the margins of the Association Council on 9 November. These issues include Cyprus, where the Community stresses, in line with Security Council resolutions, that the present status quo is not acceptable, and requests Turkey to use its influence to help resolve current problems, on the basis of the Secretary-General's set of ideas.

The Community also remains committed to carrying forward actively other aspects of its relationship with Turkey under the Association Agreement, including the establishment of a Customs Union. The Community noted its continued commitment to this objective at the Association Council.

I hope you will agree that the success of the Association Council on 9 November, which gives substance to the Lisbon conclusions, allows the implementation of the Association Agreement to enter a new and more dynamic phase. The Community looks forward to developing this further in the future.

*Yours Sincerely,  
Alan Page*

His Excellency Mr. Süleyman Demirel



CRB

Foreign &  
Commonwealth  
Office

18 November 1992

London SW1A 2AH

Dear Stephen,

Letter from the Turkish Prime Minister

Your letter of 5 November asked for a draft reply for the Prime Minister's signature to a letter from the Prime Minister of Turkey.

x The Association Council with Turkey on 9 November went well. Greece achieved only its aim on the form (no separate Joint Statement on political dialogue) while Turkey got what it needed on substance (arrangements for an enhanced political dialogue). The Turks have subsequently said they were well pleased with the outcome, and appreciated the Presidency's efforts to secure this.

/ Partners have agreed that the Prime Minister should reply to Demirel's letter as President of the European Council. We have cleared the enclosed draft by COREU. Its language is closely based on the EC's common position for the 9 November Association Council.

The letter deliberately does not refer to Demirel's visit on 23 November. This will be a bilateral visit, rather than a formal Presidency event. Greece (and possibly others) would argue that there is no Presidency mandate for this event.

Yours ever,  
Christopher Prentice

*Temporarily Retired*

(C N R Prentice)  
Private Secretary

THIS IS A COPY. THE ORIGINAL IS  
J S Wall Esq  
10 Downing Street  
RETAINED UNDER SECTION 3 (4)  
OF THE PUBLIC RECORDS ACT

DRAFT LETTER FROM THE PRIME MINISTER

TO: His Excellency Suleyman Demirel  
Prime Minister of the Republic of Turkey

*me*

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EC Enlargement

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NORWEGIAN LABOUR PARTY CONFERENCE: DECISION TO APPLY FOR EC MEMBERSHIP

## SUMMARY

1. CONFERENCE VOTES BY 182 AGAINST 106 TO SUPPORT A NORWEGIAN EC APPLICATION. NORWEGIAN SPECIAL INTERESTS IDENTIFIED BUT NO ECHO OF DANISH CONDITIONS. WAY CLEAR FOR MRS BRUNDTLAND TO DELIVER APPLICATION IN WEEK OF 23 NOVEMBER.

2. TELEGRAM FOLLOWS ON MRS BRUNDTLAND'S WITHDRAWAL FROM PARTY LEADERSHIP AND OTHER ASPECTS OF CONFERENCE.

## DETAIL

3. THE NORWEGIAN LABOUR PARTY'S BIENNIAL CONFERENCE VOTED ON 8 NOVEMBER TO ADOPT A PROGRAMME DOCUMENT WHICH EMBODIES THE INTENTION TO APPLY FORTHWITH FOR EC MEMBERSHIP. THE VOTE OF 182 TO 106 MEANS THAT SOME 35% OF DELEGATES WERE OPPOSED, AS AGAINST ABOUT 30% AT THE TIME THEY WERE SELECTED IN SPRING 1992.

4. IN HER KEYNOTE SPEECH ON 5 NOVEMBER MRS BRUNDTLAND PRESENTED FULL INVOLVEMENT IN THE EC AS A DEBT NORWAY OWED TO SOCIALISM, TO THE INTERNATIONAL COMMUNITY AND TO HERSELF. NO 'NORDIC ALTERNATIVE' REMAINED, AND EEA MEMBERSHIP ALONE WOULD NOT ALLOW NORWAY TO INFLUENCE KEY DEBATES AND DECISIONS ON EUROPEAN ARCHITECTURE, INCLUDING THE TREATMENT OF THE NORTHERNMOST PARTS OF EUROPE AND RELATIONS WITH CENTRAL/EASTERN EUROPE AND RUSSIA. IT WOULD GIVE NORWAY NO SAY IN THE EC'S EVOLVING AGRICULTURAL POLICY AND ITS EXTERNAL PROJECTION EG IN THE GATT TALKS. YET NORWAY'S OWN PROSPERITY AND THE SOLUTION OF SUCH PAN-EUROPEAN PROBLEMS AS GROWTH, EMPLOYMENT, ENVIRONMENT AND SECURITY WERE CRITICALLY DEPENDENT ON EFFECTIVE, BINDING INTERNATIONAL COOPERATION.

5. THIS PRESENTATION OF THE ISSUES, DESIGNED INTER ALIA TO MARK THE DIFFERENCES FROM NORWAY'S ILL-FATED DECISION TO APPLY IN 1972, EFFECTIVELY SET THE KEY FOR THE DEBATE WHICH REMAINED CALM ALMOST TO THE POINT OF ANTICLIMAX. EC OPPONENTS TOOK SOME EXTREME ISOLATIONIST POSITIONS BUT NO MOVE WAS MADE TO FORMALIZE THEIR RESISTANCE IN THE SHAPE OF A BREAK-AWAY GROUP. ATTEMPTED AMENDMENTS TO THE PARTY PROGRAMME AIMED MAINLY AT DEFERRING THE EC DECISION RATHER THAN SETTING A CLEAR ALTERNATIVE STRATEGY.

6. THE PROGRAMME DOCUMENT IDENTIFIES THE FOLLOWING SPECIAL AIMS AND INTERESTS FOR NORWAY IN ACCESSION NEGOTIATIONS:

- THE MAINTENANCE OF CONTROL OVER NORWAY'S NATURAL RESOURCES
- 'GOOD SOLUTIONS' FOR THE PRIMARY PRODUCTION BRANCHES (AGRICULTURE AND FISHERIES) AND FOR REGIONAL POLICY
- GREATER RECOGNITION BY THE EC OF EMPLOYMENT AND WELFARE GOALS IN ITS ECONOMIC POLICIES, AND A GREATER ROLE FOR 'SOCIAL DIALOGUE' AT EUROPEAN LEVEL. BUT 'THE EC SHOULD NOT HARMONISE GENERAL WELFARE POLICY'
- GREATER EMPHASIS ON THE ENVIRONMENT IN ALL FIELDS OF EC POLICY: NORWAY SHOULD SUPPORT THE COMMISSION'S 'AMBITIOUS ENVIRONMENT PROGRAMME'
- FURTHER PROGRESS IN THE DEMOCRATISATION, DECENTRALISATION AND OPENNESS OF EC DECISION-TAKING
- BETTER REPRESENTATION FOR WOMEN IN EUROPEAN INSTITUTIONS.

7. THE PROGRAMME STATES THAT AN AIM OF NORWAY'S APPLICATION SHOULD BE TO 'ACHIEVE FULL INFLUENCE IN EUROPEAN COOPERATION ON FOREIGN AND SECURITY POLICY'. AN AMENDMENT AIMING TO WEAKEN THIS AND STOP SHORT AT ASSOCIATE MEMBERSHIP OF WEU WAS DEFEATED. GENERALLY, THE DEBATE LACKED ANY DIRECT REFERENCE TO DANISH-TYPE RESERVATIONS ON EUROPEAN UNION AND A SPEECH BY A DANISH GUEST (RASMUSSEN) SUGGESTING NORWAY OWED DENMARK ITS SUPPORT WENT DOWN BADLY. IN THE MARGINS THE BRITISH (TOMLINSON), SPANISH AND ITALIAN LABOUR PARTY DELEGATES ARE REPORTED TO HAVE ARGUED STRONGLY AGAINST THE DANISH APPROACH.

8. THE PROGRAMME SPECIFIES THAT THERE WILL BE A NATIONAL REFERENDUM ON THE NEGOTIATING RESULTS. (THE NATURE OF THE REFERENDUM IS NOT FURTHER QUALIFIED AS 'BINDING' OR 'ADVISORY': THIS WILL DEPEND IA ON THE OUTCOME OF CONSTITUTIONAL AMENDMENTS TO BE DISCUSSED SEPARATELY IN THE STORTING.) MRS BRUNDTLAND SAID IN HER KEYNOTE SPEECH THAT 'IF WE ARE TO APPLY FOR MEMBERSHIP IT IS

BECAUSE WE WISH NORWAY TO BECOME A MEMBER - WE WISH THE OUTCOME OF NEGOTIATIONS TO BE ONE THAT WE CAN RECOMMEND AND THAT THE PEOPLE OF NORWAY WILL ACCEPT'.

#### NEXT STEPS

9. MRS BRUNDTLAND WILL ADDRESS THE NORDIC COUNCIL AT AARHUS TODAY ON NORWAY'S DECISION. SHE IS EXPECTED TO MAKE A STATEMENT TO THE STARTING ON 16 NOVEMBER, FOLLOWED BY A DEBATE ON 19 NOVEMBER, WHICH WILL OPEN THE WAY FOR HER TO PRESENT A FORMAL APPLICATION TO MR MAJOR AS CHAIRMAN OF THE EUROPEAN COUNCIL IN THE WEEK OF THE 23RD. THE GOVERNMENT HAVE TO DECIDE WHETHER TO MAKE IT A 'ONE-LINE' APPLICATION OR TO REFER TO THEIR SPECIAL CONCERNS IN THE TEXT: INDICATIONS AT THE CONFERENCE WERE THAT MRS BRUNDTLAND STILL FAVOURS THE FORMER OPTION AS GIVING NORWAY MORE CREDIBILITY AND MORE FREEDOM OF PLAY.

#### COMMENT AND LONGER-TERM OUTLOOK

10. MRS BRUNDTLAND HAS COAXED HER PARTY OVER THE FIRST HURDLE WITH CONSUMMATE SKILL AND MINIMUM LOSSES. THE INTERNAL OPPOSITION WERE WRONG-FOOTED BY HER EMPHASIS ON TOUGH NEGOTIATIONS TO PRESERVE NORWAY'S INTERESTS, AND BY THE WAY SHE MANAGED TO DE-DRAMATISE THE 'MERE' DECISION TO APPLY - WITHOUT LEANING OVER SO FAR AS TO PUT NORWAY'S SERIOUS INTENTION IN DOUBT. THE CIRCUMSTANCES OF HER WITHDRAWAL AS PARTY LEADER, AND THE WAVE OF SYMPATHY IT BROUGHT (SEE SEPARATE REPORTING TELEGRAM), HELPED TO RULE OUT ANY SERIOUS REBELLION FROM THE FLOOR.

11. THUS FAR, THEREFORE, THE SPECTRE OF 1972 HAS BEEN KEPT AT BAY. BUT THE TOUGHEST TIMES ARE TO COME. THE LABOUR PARTY WILL HAVE TO KEEP ITS NERVE AND ITS UNITY THROUGH AN AUTUMN 1993 ELECTION WHERE IT IS BOUND TO LOSE FURTHER VOTES AND SEATS ON A PRO-EUROPEAN PLATFORM: THROUGH THE PARTY CONFERENCE OF 1994 WHICH COULD COINCIDE WITH THE CRUNCH IN ACCESSION NEGOTIATIONS: AND THROUGH THE EVENTUAL REFERENDUM. MRS BRUNDTLAND, CONTINUING AS HEAD OF GOVERNMENT, WILL BE PERSONALLY RESPONSIBLE FOR NEGOTIATING TOUGHLY ENOUGH TO KEEP DOMESTIC DOUBTERS ON SIDE, BUT NOT SO TOUGHLY AS TO MAKE AGREEMENT IMPOSSIBLE AND ALLOW THE 'NO' CAMP PLAUSIBLY TO CALL FOR WITHDRAWAL. SHE HAS SET IN PLACE AN ESSENTIALLY PRO-EC NEW PARTY LEADERSHIP, BUT THE SEPARATION OF PARTY AND STATE FUNCTIONS WILL CREATE NEW DEMANDS AND PERHAPS PROBLEMS OF COORDINATION WITH THEM.

12. BEFORE THE CONFERENCE SOME PARTY AND MEDIA COMMENTATORS WERE SUGGESTING THE LABOUR LEADERSHIP COULD GET THE VOTE IT WANTED ON EUROPE, BUT AT THE COST OF LABOUR'S NEVER AGAIN BEING THE LARGEST

PARTY IN NORWAY. LAST WEEK'S OPINION POLLS, SHOWING A FURTHER FALL IN LABOUR'S SUPPOORT TO ABOUT 25% AND OPPOSITION TO THE EC AT 55% NATION-WIDE, GAVE THIS SOME CREDENCE. IT REMAINS TO BE SEEN IF THE SUCCESSFUL STAGE-MANAGEMENT OF THE CONFERENCE AND ITS 'FAIT ACCOMPLI' EFFECT CAN REVERSE THE TREND, AT LEAST TEMPORARILY. BUT EVERYTHING MRS BRUNDTLAND SAID AND DID CONFIRMED THAT FACED WITH THE CHOICE, SHE WOULD DO WHAT SHE THOUGHT THE RIGHT THING FOR NORWAY RATHER THAN FOR HER OWN PARTY. THE BIG QUESTION IS HOW LONG IT WILL REMAIN HER CHOICE, AND WHETHER A FUTURE LABOUR LEADER WILL HAVE THE SAME PRIORITIES.

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10 DOWNING STREET

*From the Private Secretary*

MISS NEVILLE-JONES

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CABINET OFFICE

DEFENCE IMPLICATIONS OF COMMUNITY ENLARGEMENT

Thank you for your minute of 27 October.

I have not shown your minute to the Prime Minister but I am sure he would agree with your conclusion that there is no need for Ministers to resume discussion of this subject in the near future and that we should not plan a meeting of OPD(SE).

I am copying this minute to Richard Gozney (Foreign and Commonwealth Office) and John Pitt-Brooke (Ministry of Defence).

J. S. WALL  
6 November 1992

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ETM

10 DOWNING STREET

LONDON SW1A 2AA

*From the Private Secretary*

110 Ach 5 November 1992

I enclose a copy of a letter which the Prime Minister has received from His Excellency Süleyman Demirel, Prime Minister of The Republic of Turkey.

I should be grateful if you would provide a draft reply for the Prime Minister's signature, to reach this office by Thursday 19 November.

I am copying this letter to Melanie Leech (Cabinet Office).

J S WALL

C N R Prentice Esq  
Foreign and Commonwealth Office



CC RB  
F

Foreign &  
Commonwealth  
Office

London SW1A 2AH

2 November 1992

Dear Stephen

Message from Turkish Prime Minister

I enclose a letter from Mr Demirel to the Prime Minister, which we have received by fax from the Turkish Embassy. Mr Demirel is writing to all EC Heads of Government before the 9 November EC/Turkey Association Council. Mr Appleyard is meeting the Turkish Political Director on 2 November, and there will be discussion on Turkey at the Political Committee 3-4 November. We should then be in a position to advise on a reply from the Prime Minister.

Yours ever,  
Christopher Prentice.

(C N R Prentice)  
Private Secretary

Stephen Wall Esq  
10 Downing Street



TURKISH EMBASSY

2013-169-92

*for the above (shalt red)  
fwd  
c.c. 2*

43, BELGRAVE SQUARE  
LONDON, SW1X 8PA  
Tel No. 071-235 5252

*CLRB*

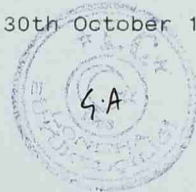
URGENT/BY HAND

The Embassy of the Republic of Turkey presents its compliments to the Foreign and Commonwealth Office and has the honour to enclose a telefax message from His Excellency Süleyman Demirel, Prime Minister of the Republic of Turkey, to the Rt. Hon. John Major MP, Prime Minister of the United Kingdom of Great Britain and Northern Ireland.

It would be appreciated if the message could be conveyed to its highest destination. The original signed text of the message will be forwarded in due course.

The Embassy of the Republic of Turkey avails itself of this opportunity to renew to the Foreign and Commonwealth Office the assurances of its highest destination.

London, 30th October 1992



Foreign and Commonwealth Office  
London  
SW1

*Prime Minister*

*Ankara, 30 October 1992*

Your Excellency,

It is now nearly three decades since Turkey and the European Communities established by their own free will a contractual relationship with the perspective of Turkey's full-adhesion to this historic process. Our commitment to the ideals represented by the Community remains unchanged.

In line with the desire of its people to achieve political and economic integration with the European Communities, Turkey always persisted in her efforts to develop her relations with the Community. Nor did she ever cease to play an important role in the struggle to bring to an end the artificial division of Europe. Indeed, Turkey has been an enduring political and economic partner of Europe for decades. Today, we are pursuing with unwaned interest our application for full-membership made on 14 April 1987 in accordance with Article 237 of the Treaty of Rome.

I cannot say that Turkey's efforts have been duly reciprocated. Nonetheless, I am happy to observe an improved atmosphere and near-consensus within the Community as regards the importance that relations with Turkey represent at this historic juncture of the beleaguered history and the present of our Continent.

We therefore, noted with a measure of satisfaction when the European Council of Heads of State and Government held in Lisbon on 26-27 June 1992 dealt with Turkey in the context of the future enlargement of the Community and underlined that "the Turkish role in the present European political situation is of the greatest importance" and that "there is every reason to intensify cooperation and develop relations with Turkey in line with the prospect laid down in the Association Agreement of 1964 including a political dialogue at the highest level"

In this context, Turkey-EC Association Council scheduled for 9 November 1992 will be an opportunity to revitalize our relations. It is, I believe, time for the Community to perceive Turkey as a true partner and focus her attention not only to the probable cost Turkey would entail, but the benefits of an enhanced relationship as well.

./..

His Excellency  
Rt. Hon. John Major M.P.  
Prime Minister of the  
United Kingdom of Great Britain  
and Northern Ireland

We expect that the Association Council will give a new life to the institutions of Association and define a binding calendar within which the partners to the Association can decidedly start moving towards definite solutions and develop their relations in accordance with their stated objective of integration of Turkey into the Community.

The results of the Association Council will be followed with interest in my country. It is, therefore, important that the heightened expectations be answered in a comprehensive manner. A declaration to be made at the end of the Council could unequivocally state the final objective of all our endeavours. Such a declaration should also announce a structured and upgraded political dialogue at all levels and, at the same time, the reciprocal will to achieve Customs Union, which is, in so far as the status of other applicant countries are concerned, a dimension unique to our relations of Association.

I would also like to express my hope that the forthcoming Association Council would be the occasion where Turkey and the Community rediscover harmony and mutual understanding as has been desired for so long, hence paving the way for a structured dialogue towards a future perspective kept intact all the time.

I am forwarding the present to Your Colleagues in the European Council and the President of the European Commission.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

Süleyman Demirel  
Prime Minister of the  
Republic of Turkey



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Ref: B.01202

MR WALL

cc Sir Robin Butler  
Sir Rodric Braithwaite

DEFENCE IMPLICATIONS OF COMMUNITY ENLARGEMENT

*minutes attached*  
At the meeting of OPDSE on 14 July (OPDSE(92) 2nd Meeting) Ministers agreed that it was essential that new member states of the Community which wished to become full members of the WEU should simultaneously join NATO. At the same time the risks of an adverse Russian reaction to the enlargement of NATO were acknowledged. It was decided that before firm conclusions could be reached about the direction of policy, we should seek to learn more about the views of the other principal players. In particular, discussions should be held with the United States Government; the intentions of the EFTA nations should be established and an assessment of the likely Russian reaction should be prepared. The Committee agreed to return to the issues in the autumn.

2. Two rounds of discussions have taken place with the Americans. They share our view about the importance of the WEU/NATO membership link and have supported our strategy of quietly creating a climate in which this is generally accepted.
3. The Russian dimension has been looked at in greater depth. The conclusion is that the prospect of NATO enlargement to the East will be thoroughly unpalatable to them and potentially destabilising for Yeltsin and that no amount of explanation will do much to mitigate this, at any rate in the short term. Sir Brian Fall continues to argue strongly that the risk of early action in this area greatly outweighs the benefits.
4. There are a number of uncertain factors in all this at present:

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- the likely delay in the entry into force of the Union Treaty could affect the timetable for EC enlargement, for both the EFTAns and the CEEs;
- none of the EFTAns seems likely to want more than observer status in the WEU, at least initially: the question of whether the new members of the Union need to join NATO in parallel with the WEU is therefore unlikely to become actual until 1996 at the earliest;
- the V3 seem tacitly to accept that NATO membership is not an early prospect; and
- the division of Czechoslovakia, and doubts, on political and economic grounds, over Slovakia's claim to be in the first rank of CEE candidates for EC membership and hence of whether the V3/4 will necessarily stick together as a group.

5. Officials have therefore concluded that our present policy - of opposing divergence between NATO and the WEU, but not actively seeking the endorsement of our allies for convergence or for early enlargement - is both necessary and sufficient for the time being.

6. Against this background I see no requirement for Ministers to resume early discussion of this subject and recommend that the planned meeting of OPDSE is postponed sine die.

7. I am copying this minute to Richard Gozney and John Pitt-Brooke.



Miss L P Neville-Jones

27 October 1992

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Foreign &  
Commonwealth  
Office

21 September 1992

London SW1A 2AH

*Ma*

*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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10 DOWNING STREET

LONDON SW1A 2AA

*From the Private Secretary*

3 August 1992

Thank you for your letter of 31 July and the draft message from the Prime Minister to the President and other members of the Slovenian Government.

I enclose the Prime Minister's reply and would be grateful if you could arrange for it to be delivered.

J. S. WALL

C.N.R. Prentice, Esq.,  
Foreign and Commonwealth Office.

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10 DOWNING STREET  
LONDON SW1A 2AA

THE PRIME MINISTER

3 August 1992

*Dear Mr. President,*

Thank you for your letter of 26 June. I am replying as President of the European Council on behalf of my colleagues.

I welcome the progress which Slovenia is making in consolidating democracy and developing an effective market economy. Together with the other states of Europe, Slovenia and the member states of the European Community share a common tradition and cultural heritage. It is right that Slovenia should play a full role in the Europe of today.

At its meeting in Lisbon on 26-27 June, the European Council stressed its determination to help the peoples of the former Yugoslavia in their quest for a peaceful future in Europe. The Council reaffirmed the Community's will to develop its partnership with the countries of Central and Eastern Europe.

The immediate priority for the Community's relations with Slovenia is the early conclusion of the new Trade and Cooperation Agreement, now under negotiation. Once this is agreed and enters into force, the Community will wish to consider, together with Slovenia, how relations could be developed still further.

*R*

I hope we can continue to work closely together in shaping the Europe of the future, in which - as Preseren wrote - those across the borders will not be enemies, but neighbours.

Yours sincerely,  
John Major

His Excellency Mr. Milan Kucan

CFNT  
GR.



cc RB

Foreign &  
Commonwealth  
Office

31 July 1992

London SW1A 2AH

Dear Stephen,

Slovenian Membership of the European Community

Thank you for your letter of 30 June, enclosing a letter to the Prime Minister from Messrs Kucan, Drnovsek and Rupel of the Slovenian Government. We have consulted our EC partners who have agreed that the Prime Minister might reply on behalf of the European Council, as Presidency, on the lines of the enclosed draft.

Slovenia is the only ex-Yugoslav republic with which the Community is negotiating a new Trade and Cooperation Agreement. We expect this to have standard language, looking forward to the prospect of an Association Agreement. A future Association Agreement - as distinct from the Cooperation Agreement now being negotiated - would almost certainly contain language recognising their aspirations for full membership of the Community. But we should not make this point explicit in this reply to the Slovenians. The decision on whether there will be an Association Agreement (still less what it will contain) has not yet been taken. Slovenia is further down the road of political and economic reform than other ex-Yugoslav republics and, arguably, Romania and Bulgaria (to which the Community have offered Association Agreements). But it is still far short of being ready to join the Community, and the Community has made no commitment on possible future membership for Slovenia.

The draft draws on texts agreed by the Lisbon European Council (with some additional atmospherics).

Yours ever,  
Christopher Prentice.

(C N R Prentice)  
Private Secretary

Stephen Wall Esq  
10 Downing Street

*CF/kucan*

SCANNED

DRAFT LETTER FROM THE PRIME MINISTER TO

His Excellency Milan Kucan  
President of the Presidency  
Republic of Slovenia

*me*

Thank you for your letter of 26 June. I am replying as President of the European Council on behalf of my colleagues.

I welcome the progress which Slovenia is making in consolidating democracy and developing an effective market economy. Together with the other states of Europe, Slovenia and the member states of the European Community share a common tradition and cultural heritage. It is right that Slovenia should play a full role in the Europe of today.

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The immediate priority for the Community's relations with Slovenia is the early conclusion of the new Trade and Cooperation Agreement, now under negotiation. Once this is agreed and enters into force, the Community will wish to consider, together with Slovenia, how relations could be developed still further.

I hope we can continue to work closely together in shaping the Europe of the future, in which - as Prešeren wrote - those across the borders will not be enemies, but neighbours.

Auto doc: enlargement

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MY TELNO 1657: EC/WEC/NATO ENLARGEMENT

## SUMMARY

1. A MORE FORTHCOMING STATE DEPARTMENT LINE. NILES THINKS US POSTS IN EUROPE SHOULD BE READY TO CONFIRM PRIVATELY THAT THE UNITED STATES WOULD WANT NEW WEU MEMBERS TO JOIN NATO. WOULD WE OBJECT?

## DETAIL

2. THE MINISTER SAW NILES (ASSISTANT SECRETARY, STATE) ON 28 JULY TO FOLLOW UP THE BRAITHWAITE/WISNER TALKS LAST WEEK. MEYER NOTED THE RATHER SCEPTICAL TONE ADOPTED BY THE U.S. SIDE AT THOSE TALKS AND RECALLED THAT NILES HAD QUESTIONED THE NEED FOR ANY EARLY ACTION ON KEEPING WEU AND NATO MEMBERSHIP IN STEP.

3. NILES DENIED THAT THERE HAD BEEN U.S. SCEPTICISM ON THE NEED FOR ACTION, BUT AGREED THAT HE HAD INITIALLY DOUBTED WHETHER NOW WAS THE TIME TO MAKE A MOVE. HE HAD, HOWEVER, BEEN PERSUADED BY THE UK PRESENTATION. THEREFORE, IN SENDING AN ACCOUNT OF THE BRAITHWAITE/WISNER TALKS TO U.S. POSTS IN THE NEXT FEW DAYS, NILES WANTED TO AUTHORISE THEM TO EXPLAIN THE IMPORTANCE WHICH THE U.S. SAW IN CONGRUENCE BETWEEN WEU AND NATO MEMBERSHIP. THIS WOULD NOT INVOLVE PUBLIC STATEMENTS ONLY PRIVATE BRIEFING OF GOVERNMENTS IN ANSWER TO QUESTIONS. NILES DID NOT SAY WHICH U.S. POSTS MIGHT RECEIVE SUCH INSTRUCTIONS BUT SEEMED TO ENVISAGE EFTAN AS WELL AS NATO CAPITALS. HE THOUGHT THAT IT WOULD ALSO BE WORTH DOING SOME EARLY BRIEFING OF THE CANADIANS, AS THE OTHER NORTH AMERICAN MEMBER OF THE ALLIANCE.

4. WE WELCOMED ALL THIS, IF IT FITTED INTO THE AGREED STRATEGY OF



BUILDING UP AN ATMOSPHERE IN WHICH THE WEU/NATO LINK CAME TO SEEM INCREASINGLY NATURAL. NILES NEVERTHELESS ASKED US TO CHECK THAT THERE WOULD NOT BE WORRIES IN LONDON ABOUT U.S. POSTS TAKING SUCH A LINE.

## COMMENT

5. NILES STRESSED THAT HE COULD NOT VOUCH FOR THE VIEWS OF OTHERS IN WASHINGTON. BUT SINCE HE HAS HITHERTO BEEN THE MOST SCEPTICAL SENIOR U.S. OFFICIAL ABOUT THE NEED FOR EARLY ACTION, THE INTER-AGENCY PROCESS IS QUITE LIKELY TO AGREE HIS PROPOSED INSTRUCTIONS TO U.S. POSTS. WE SHALL KEEP CLOSE TO THE AMERICANS ON THE PRECISE TERMS.

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EC/WEU/NATO ENLARGEMENT: BRAITHWAITE/NEVILLE-JONES TALKS IN  
WASHINGTON, 24 JULY

SUMMARY

1. MORE QUESTIONS THAN ANSWERS FROM THE AMERICANS, WHO ACKNOWLEDGED THE PROBLEM BUT SEEMED RELUCTANT TO ENGAGE IN ITS SOLUTION. BUT THE TALKS MAY HAVE USEFULLY JUMP-STARTED US THINKING. AGREEMENT TO PURSUE AT EXPERT TALKS IN LATE AUGUST, WITH BOTH SIDES MEANWHILE TO DEVELOP CONCRETE PROPOSALS ON MEANS TO DIMINISH RUSSIAN CONCERNS.

DETAIL

2. WISNER (DEPUTY SECRETARY, STATE) CHAIRED A SENIOR LEVEL INTER-AGENCY MEETING WITH SIR R BRAITHWAITE AND MS NEVILLE-JONES. THE UK TEAM PRESENTED MINISTERS' THINKING ON THE SECURITY IMPLICATIONS OF EC ENLARGEMENT AND THE CONSEQUENT NEED TO KEEP WEU MEMBERSHIP IN LINE WITH NATO'S. THEY EXPLAINED THE UK'S CONSIDERATIONS ON TIMING AND EMPHASISED THE NEED FOR AN ACTIVE US ROLE.

3. THE AMERICANS AGREED IT WAS IMPORTANT TO PREVENT A DIVERGENCE BETWEEN WEU AND NATO MEMBERSHIP. THEY SHARED THE UK PREFERENCE FOR TACTICS OF DEVELOPING A CLIMATE IN WHICH WEU MEMBERSHIP NATURALLY IMPLIED NATO MEMBERSHIP, RATHER THAN TAKING A MORE DIRECT, OVERT APPROACH. BOTH SIDES AGREED THAT THE RUSSIANS PRESENTED A PROBLEM ON WHICH FURTHER THINKING WAS REQUIRED.

4. REFLECTING THE LACK OF INTER-AGENCY AGREEMENT, THE AMERICANS

## POSED A VARIETY OF QUESTIONS:

A. HOW MANY EFTANS, REALISTICALLY, WOULD ACCEPT FULL NATO MEMBERSHIP? HOW MANY EXCEPTIONS TO THE PROPOSED WEU/NATO LINK WOULD BE TOLERABLE? IT WAS AGREED SWEDEN WOULD BE KEY. THE AMERICANS CLEARLY FEARED THAT MOST EFTANS WOULD ACCEPT FULL WEU MEMBERSHIP BUT NOT JOIN NATO.

B. WHAT WOULD THE UK DO IN SUCH CIRCUMSTANCES? REPEATED US QUESTIONS MADE PLAIN THAT THE AMERICANS ATTACHED CONSIDERABLE IMPORTANCE TO THE ANSWER. SIR R BRAITHWAITE SAID THE UK WOULD WANT TO PREVENT NEW EC MEMBERS FROM TAKING FULL WEU MEMBERSHIP IF THEY COULD NOT AGREE TO JOIN NATO. BUT WE WOULD NEED POLITICAL SUPPORT IN THIS. OUR IDEAL WOULD BE FOR ALL EC MEMBERS TO ACCEPT FULL WEU AND NATO MEMBERSHIP. BUT WE WOULD PREFER A NUMBER OF EC MEMBERS WITH WEU OBSERVER STATUS RATHER THAN HAVING THEM BECOME FULL WEU MEMBERS AND NOT JOIN NATO.

C. THE AMERICANS WERE KEEN TO ESTABLISH THAT EC MEMBERSHIP WOULD NOT IMPLY AN AUTOMATIC RIGHT TO JOIN NATO. THE UK TEAM STRESSED THAT NATO WOULD OF COURSE HAVE THE RIGHT TO DECIDE. BUT EC MEMBERSHIP HELPFULLY RESOLVED SOME OF THE CRITERIA REQUIRED FOR NATO MEMBERSHIP. IT WAS AGREED THAT THERE WAS FURTHER WORK TO BE DONE ON WHAT SHOULD BE SAID TO POTENTIAL APPLICANTS ABOUT THE CONDITIONS FOR JOINING NATO.

D. NILES (ASSISTANT SECRETARY, STATE), AND AT SOME POINTS GOMPERT (NSC), QUESTIONED THE NEED FOR EARLY DECISIONS ON WHO COULD JOIN NATO. SIR R BRAITHWAITE REITERATED THAT THE POLITICAL REALITIES REQUIRED US AND UK ANSWERS THIS AUTUMN.

E. POTENTIAL RUSSIAN REACTIONS WERE A PROBLEM. THE AMERICANS SEEMED INTERESTED IN THE IDEA OF POLITICAL UNDERTAKINGS ABOUT RUSSIA'S WESTERN BORDERS. WISNER POINTED TO FUTURE RUSSIAN INVOLVEMENT IN A GLOBAL PROTECTION SYSTEM AS A CONFIDENCE BUILDING MEASURE IN THE NATO CONTEXT. BOTH SIDES AGREED NATO NEEDED TO PERFORM REAL POST-COLD WAR FUNCTIONS SUCH AS CSCE PEACE-KEEPING AND THAT IT WOULD BE IMPORTANT TO BRING THE RUSSIANS INTO SUCH ACTIVITIES. THE NACC NEEDED TO BE DEVELOPED. NILES MENTIONED THAT AFFANAFIEVSKY (RUSSIAN NACC REPRESENTATIVE) HAD COMPLAINED THAT NO CONSIDERATION HAD BEEN GIVEN TO POSSIBLE RUSSIAN PARTICIPATION IN THE WEU AND NATO NAVAL MONITORING IN THE ADRIATIC.

5. SIR R BRAITHWAITE POINTED TO THE PROPOSED FCO/MOD VISIT TO WASHINGTON AT THE END OF AUGUST AS THE NEXT STEP IN THE DIALOGUE. HE SECURED WISNER'S AGREEMENT THAT BOTH SIDES SHOULD IN THE MEANTIME WORK UP CONCRETE IDEAS ON HOW BEST TO ENGAGE THE RUSSIANS IN THE BROADER EUROPEAN SECURITY ARCHITECTURE AND THUS DEFUSE CONCERNS IN MOSCOW OVER NATO ENLARGEMENT.

## COMMENT

6. AT THE OUTSET WISNER STRESSED THE VERY HIGH US INTEREST IN PREVENTING US/EUROPEAN DIVERGENCE IN THE SECURITY FIELD, AGAINST A BACKGROUND OF WHAT HE DESCRIBED AS GROWING US/EC DIFFICULTIES ON THE ECONOMIC FRONT AND RECENT INSTANCES OF COMPETITION BETWEEN THE WEU AND NATO. BUT IN THE COURSE OF THE MEETING DOUBTS WERE EXPRESSED BY NILES AND GOMPERT ABOUT HOW HIGH PROFILE THE US SHOULD BE IN PRESSING THE CASE FOR CONVERGENCE OF WEU/NATO MEMBERSHIP. THE MEETING LEFT A SENSE THAT, WHILE WASHINGTON MIGHT ACCEPT UK ARGUMENTS INTELLECTUALLY, THEY REMAINED DOUBTFUL ABOUT OUR CHANCES OF SUCCESS AND HAVE THEREFORE YET TO DEVELOP MUCH ENTHUSIASM FOR DEVOTING ACTIVE US DIPLOMACY TO THE PROBLEM.

RENWICK

YYYY

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INFO ROUTINE WARSAW, BUDAPEST

FRAME ENLARGEMENT

FOREIGN AFFAIRS COUNCIL, 20 JULY: FOLLOW UP TO EUROPEAN COUNCIL:  
ENLARGEMENT

SUMMARY

1. COMMISSION RELUCTANT TO PRODUCE FINNISH OPINION BY 5 OCTOBER BUT OTHERWISE GENERAL AGREEMENT TO PRESIDENCY'S APPROACH. SOME CALL FOR INCLUSION OF ROMANIA AND BULGARIA IN CONTACTS WITH VISEGRAD 3.

DETAIL

2. YOU SAID THAT ON ENLARGEMENT THE LISBON EUROPEAN COUNCIL HAD GIVEN CLEAR GUIDELINES. THE COMMUNITY WAS READY TO OPEN NEGOTIATIONS WITH THE EFTA COUNTRIES ONCE THE NECESSARY CONDITIONS WERE FULFILLED. WE SHOULD NOW SET IN MOTION THE WORK NECESSARY TO HAVE THE GENERAL NEGOTIATION FRAMEWORK READY FOR EDINBURGH. THE AUSTRIAN OPINION WAS ON THE TABLE. WE UNDERSTOOD THE SWEDISH OPINION WAS ALMOST READY. WE HOPED THAT THE OPINION ON FINLAND MIGHT BE READY BY THE END OF SEPTEMBER SO THAT THE 5 OCTOBER FOREIGN AFFAIRS COUNCIL COULD EXAMINE ALL THREE ON THE BASIS OF PREPARATION BY COREPER. IT WOULD ALSO MAKE GOOD SENSE TO HAVE AN INFORMAL DISCUSSION AT BROCKET HALL ON NEUTRALITY AND CFSP. AS TO THE OTHER EXISTING OR POTENTIAL APPLICANTS, LISBON HAD DECIDED NOT TO INCLUDE THEM IN THE FIRST WAVE. WE DID NOT NEED TO REPEAT THAT DISCUSSION. TURKEY WOULD BE DISCUSSED AT LUNCH. WE HOPED TO COME BACK TO CENTRAL AND EASTERN EUROPE, AND CYPRUS AND MALTA ON 5 OCTOBER ON THE BASIS OF ORIENTATIONS FROM THE COMMISSION. WE ALSO WISHED TO INTENSIFY THE DIALOGUE WITH THE VISEGRAD 3. WE INTENDED A MEETING WITH THEIR FOREIGN MINISTERS IN THE MARGINS OF THE 5 OCTOBER FAC, AND A MEETING AT HEADS OF GOVERNMENT LEVEL ON 28 OCTOBER.

3. ANDRIESEN (COMMISSION) SAID THAT THE COMMISSION WOULD LOOK AT THE SWEDISH OPINION NEXT WEEK. HE WOULD TRY TO HAVE THE FINNISH OPINION READY BEFORE 5 OCTOBER, BUT IT WOULD BE VERY DIFFICULT. THE SWISS APPLICATION WAS ALSO BEING PROCESSED. IT WAS NOT CLEAR WHETHER IT WOULD ISSUE BEFORE THE END OF THE YEAR. THE SWISS WERE WORRIED ABOUT THE TIMING BECAUSE OF THE EEA REFERENDUM IN DECEMBER. IF NORWAY APPLIED IN NOVEMBER, THE OPINION COULD PROBABLY BE READY IN THE SPRING. THE MALTESE OPINION WOULD BE READY IN THE NEAR FUTURE. THE OPINION ON CYPRUS WOULD TAKE LONGER. THE COMMISSION WOULD BE PRODUCING A REPORT ON CENTRAL AND EASTERN EUROPE IN LINE WITH THE LISBON CONCLUSIONS.

4. ELLEMANN-JENSEN (DENMARK) CALLED FOR THE OPINION ON FINLAND TO BE READY BEFORE 5 OCTOBER. GUIGOU (FRANCE) STRESSED THE IMPORTANCE OF NOT FORGETTING SWITZERLAND, CALLED FOR PRUDENCE ON INFORMAL CONTACTS WITH THE EFTA COUNTRIES, SAID THAT THE COMMUNITY SHOULD TAKE ACCOUNT OF BULGARIA AND ROMANIA IN DEVELOPING CONTACTS WITH THE EAST EUROPEANS, AND CALLED FOR STRICT ADHERENCE TO THE LISBON CONCLUSIONS IN RESPECT OF THE OTHER COUNTRIES. SOLANA (SPAIN) AGREED WITH FRANCE ON THE NEED FOR PRUDENCE AND UNDERLINED THE VALIDITY OF THE LISBON CONDITIONS FOR OPENING NEGOTIATIONS. SCOTTI (ITALY) DREW ATTENTION TO MALTESE SENSITIVITIES, AND AGREED WITH FRANCE ON CONTACTS WITH BULGARIA AND ROMANIA. PAPASTAMKOS (GREECE) ALSO RECALLED THE LISBON CONDITIONS, WANTED THE COMMUNITY TO SEND A POSITIVE MESSAGE TO CYPRUS AND AGREED ON THE IMPORTANCE OF BULGARIA AND ROMANIA. SEILER-ALBRING (GERMANY) AGREED WITH FRANCE ABOUT SWITZERLAND, AND CALLED FOR EXPLORATORY CONTACTS, PARTICULARLY WITH AUSTRIA. POOS (LUXEMBOURG) THOUGHT THAT DISCUSSION SHOULD NOW FOCUS ON THE OPINIONS.

5. ON THE EFTA APPLICANTS, YOU NOTED THAT THE COMMISSION WOULD PRESENT ITS OPINION ON SWEDEN ON 31 JULY, APPEALED TO THE COMMISSION TO BRING FORWARD THE OPINION ON FINLAND BEFORE 5 OCTOBER IF POSSIBLE, AND CONCLUDED THAT THE 5 OCTOBER FAC WOULD EXAMINE THE OPINIONS AS PART OF THE PREPARATION, FOR THE EUROPEAN COUNCIL IN EDINBURGH, OF THE UNION'S GENERAL NEGOTIATING FRAMEWORK, TAKING ACCOUNT OF THE LISBON CONDITIONS. MINISTERS WOULD DISCUSS CFSP ON 12-13 SEPTEMBER.

6. THERE WOULD BE A SECOND DISCUSSION OF TURKEY AT THE SAME MEETING. YOU HOPED THE COMMISSION WOULD SUBMIT PROPOSALS FOR THE 5 OCTOBER FAC ON CENTRAL AND EASTERN EUROPE, AND ON CYPRUS AND MALTA, WHOSE SENSITIVITIES WE SHOULD NOTE. YOU AGREED WE SHOULD NOT



FORGET ROMANIA AND BULGARIA. THE FIRST STEP WAS TO COMPLETE THE ASSOCIATION AGREEMENTS SO THAT THEIR RELATIONS WITH THE COMMUNITY HAD THE SAME STATUS AS THOSE OF THE VISEGRAD 3. THE PRESIDENCY HOPED TO INVITE THE VISEGRAD 3 FOREIGN MINISTERS TO A MEETING ON 5 OCTOBER. ON SWITZERLAND, WE NEEDED TO EXPLORE CAREFULLY THE SWISS POSITION, WHILE DOING NOTHING TO GIVE THE IMPRESSION THAT WE HAD FORGOTTEN THEIR WISHES.

7. ANDRIESSEN SAID THAT THE COMMISSION MIGHT ONLY BE ABLE TO SUBMIT INITIAL ORIENTATIONS ON CENTRAL AND EASTERN EUROPE, AND CYPRUS AND MALTA, TO THE 5 OCTOBER FAC. HE ASKED THAT THE PRESIDENCY SHOULD CONSIDER INCLUDING ROMANIA AND BULGARIA IN ITS POLITICAL CONTACTS WITH CENTRAL AND EASTERN EUROPE.

8. YOU CONCLUDED THAT THE FAC SHOULD COME BACK TO THE LATTER POINT. WE SHOULD GO AHEAD WITH THE 5 OCTOBER MEETING WITH THE VISEGRAD 3, AND KEEP ROMANIA AND BULGARIA ON A SEPARATE TRACK FOR THE TIME BEING.

KERR

YYYY

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10 DOWNING STREET  
LONDON SW1A 2AA

*Rice*  
PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T153A/92

THE PRIME MINISTER

8 July 1992

*The Prime Minister,*

~~SUBJECT~~  
~~MASTER~~  
~~Filed on:~~

Thank you for your letter of 23 June about Malta's application to join the European Community.

I share your aim to see a stable Malta as part of Europe. At the Lisbon European Council there was unanimous support for developing and strengthening the Community's links with Malta, in the perspective of her membership application, by building on the Association Agreement and by developing the political dialogue. This will be one of the tasks of our Presidency. Douglas Hurd is looking forward to discussing how best to take things forward when Mr. de Marco visits London on 13 July.

*Yours sincerely,  
John Major*

The Honourable Dr. Eddie Fenech Adami

→ ✓ *Stephen in Munich*  
*Forwarded* 6/7



*cc RB*  
*GC to*  
*SCAN*

Foreign &  
Commonwealth  
Office

①

6 July 1992

London SW1A 2AH

*Dear Stephen,*

**EC ENLARGEMENT: MALTA**

*copy attached*

Thank you for your letter of 24 June about the Maltese Prime Minister's letter to the Prime Minister. I enclose a draft reply. I am sorry that we have missed your deadline.

Malta is better integrated economically into the Community than some of the present member states. It would be an insignificant net recipient. Dr Fenech Adami's centre-right Government was re-elected in February on a pro-Community platform in democratic and fair elections. There is strong support within the European Peoples' Party for Malta's application. Because of our long-standing historical ties, the Maltese expect us to support their application.

*Temporarily Retained*

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OF THE PUBLIC RECORDS ACT

Malta's application raises difficult institutional questions about accommodating micro-states within the Community. Opening a debate on these issues now would risk a wider debate on institutional reform, focussing on the role of small states.

SUIABV/1



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For this reason we and most other member states have sought to postpone active consideration of Malta's application until after 1996, and to build up the existing Association Agreement in the meantime. The Commission report to the Lisbon European Council helpfully flagged the problems of micro-state accession.

The Lisbon conclusions / language (enclosed) though slightly opaque, is satisfactory, and should hold the line until the Commission's Opinion on Malta's application issues, probably this autumn.

*Yours ever,  
Christopher Prentice.*

(C N R Prentice)  
Private Secretary

J S Wall Esq  
10 Downing Street

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OF THE PUBLIC RECORDS ACT

(3)

DRAFT LETTER FROM THE PRIME MINISTER

to: Prime Minister of Malta

KIC

Thank you for your letter of 23 June about Malta's application to join the European Community.

I share your aim to see a stable Malta as part of Europe. At the Lisbon European Council there was unanimous support for developing and strengthening the Community's links with Malta, in the perspective of her membership application, by building on the Association Agreement and by developing the political dialogue. This will be one of the tasks of our Presidency. Douglas Hurd is looking forward to discussing how best to take things forward when Mr de Marco visits London on 13 July.

me  
b/7

4

EUROPEAN COUNCIL IN LISBON  
26/27 JUNE 1992

~~CONCLUSIONS OF THE PRESIDENCY~~

⑤

## 2. *Enlargement*

- A.           The Treaty on European Union provides that any European state whose system of government is founded on the principle of democracy may apply to become a member of the Union. The principle of a Union open to European States that aspire to full participation and who fulfil the conditions for membership is a fundamental element of the European construction.

The European Council in Maastricht agreed that negotiations on accession to the Union on the basis of the Treaty agreed in Maastricht can start as soon as the Community has terminated its negotiations on Own Resources and related issues in 1992.

- B.           The European Council considers that the EEA-agreement has paved the way for opening enlargement negotiations with a view to an early conclusion with EFTA countries seeking membership of the European Union. It invites the institutions to speed up preparatory work needed to ensure rapid progress including the

6

preparation before the European Council in Edinburgh of the Union's general negotiation framework. The official negotiation will be opened immediately after the Treaty on European Union is ratified and the agreement has been achieved on the DELORS-II package.

Negotiations with the candidate countries will, to the extent possible, be conducted in parallel, while dealing with each candidature on its own merit.

The European Council agrees that this enlargement is possible on the basis of the institutional provisions contained in the Treaty on the Union and attached declarations.

- C. The European Council considers that if the challenges of a European Union composed of a larger number of Member States are to be met successfully, parallel progress is needed as regards the internal development of the Union and in preparation for membership of other countries.

In this context the European Council discussed the applications which have been submitted by Turkey, Cyprus and Malta. The European Council agrees that each of these applications must be considered on its merits.

With regard to Turkey the European Council underlines that the Turkish role in the present European political situation is of the greatest importance and that there is every reason to intensify cooperation and develop relations with Turkey in line with the prospect laid down in



(7)

the Association Agreement of 1964 including a political dialogue at the highest level. The European Council asks the Commission and the Council to work on this basis in the coming months.

Relations with Cyprus and Malta will be developed and strengthened by building on the association agreements and their application for membership and by developing the political dialogue.

As regards relations with Central and Eastern Europe, the European Council reaffirms the Community's will to develop its partnership with these countries within the framework of the Euro-agreements in their efforts to restructure their economies and institutions. The political dialogue will be intensified and extended to include meetings at the highest political level. Cooperation will be focused systematically on assisting their efforts to prepare the accession to the Union which they seek. The Commission will evaluate progress made in this respect and report to the European Council in Edinburgh suggesting further steps as appropriate.

The Commission presented its report "Europe and the challenge of enlargement". This report is added to the conclusions of the European Council.



10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

24 June 1992

EC ENLARGEMENT: MALTA

I enclose a letter to the Prime Minister from the Prime Minister of Malta about the Maltese claim to EC membership.

Sir James Spicer telephoned me this afternoon to say that the Maltese Foreign Minister would be here in July and might be seeing the Anglo-Maltese Parliamentary Friendship Group. The Maltese could be expected to make a strong pitch for membership and some MPs might well take up the cudgels on their behalf. He understood the difficulties for us and was not trying to make waves but he thought we ought to be aware of this pressure.

This issue is already under consideration in the context of the Lisbon European Council. I suggest that we reply to Fenech-Adami's letter once the European Council is over. I should be grateful for a draft reply by Wednesday 1 July.

I am copying this letter and enclosure to Sonia Phippard (Cabinet Office).

J S WALL

Christopher Prentice Esq  
Foreign and Commonwealth Office

KUCAN

14/7



WJ

no ack

10 DOWNING STREET

LONDON SW1A 2AA

*From the Private Secretary*

30 June 1992

d26.6

I attach a copy of a letter the Prime Minister has received from Messrs Kucan, Drnovsek and Rupel.

I should be grateful for advice and a draft reply, to reach me by Tuesday 14 July.

J.S. Wall

Christopher Prentice Esq  
Foreign and Commonwealth Office

WJ



His Excellency  
Mr. John Major  
Prime Minister of the  
United Kingdom of Great Britain  
and Northern Ireland

Lisbon, 26 June 1992

Your Excellency,

By coincidence, the European Community Summit coincides with the first anniversary of the Declaration of Independence of the Republic of Slovenia. Our national day seems to us a particularly appropriate opportunity for the Slovene message to the European Twelve. We are taking this auspicious occasion to send you a glass of Slovene wine, by which we invite you to join our celebration, at least from afar. This toast is also a symbolic sign of gratitude for the efforts of your country and the Community as a whole.

From the commencements of independence, our fate has been linked with activities of the Community. Without your help, Slovenia would not be where it is today: a sovereign internationally recognised country, sharing aspirations of other nations and especially those of the Community: a peaceful life, creative coexistence with other people and economic prosperity, democratic foundations which recognise neither eternal majorities nor eternal minorities.

Slovenia has long been a part of European civilisation, linked by culture and geography. We have shared with Europe the Christianity of the Middle Ages, Protestantism and Reformation, as well as Counter-Reformation; Enlightenment, French Revolution, Baroque and Romanticism, the Spring of Nations, Industrial and Social Revolution. Real-socialism and the division of Europe to the democratic West and the communist-bolshevik East after the Second World War, in which our fathers fought against fascism together with the democratic world, lead us away from Europe until the democratic elections of 1990 brought us closer again. Slovene democracy is based on culture. We recited with particular pride the Romantic Classicist Prešeren, who wrote love poems for the most part, but also composed "Zdravljica" (Toast) which says: "Here's life to all nations who long to see the day when quarrels end: when those across the borders will not be enemies but only neighbours." These words are today our national anthem.

Last year when we were under the eyes of the world and enjoyed the attention of your country, the Slovenes withstood united the pressures of ex-Yugoslav political leadership and the attack of the "Yugoslav People's Army", which was forced to leave Slovenia due to the resolute intervention of the Community at the Brioni meeting.

We consolidated democratic institutions and created relative prosperity; our social and economic achievements are comparable to those of our neighbours; and very different from those of the former state of Yugoslavia. We have parted with it not because we wished to live in isolation, but because it did not allow us the accelerated and independent development and equal cooperation with others which is the first requirement of your and our Europe.

Although peace reigns in Slovenia, and although we have achieved our eternal aspiration, Slovenia is today actively cooperating in international activities to end the war on the territory of former Yugoslavia. We believe that we can contribute to the success of the Conference on Yugoslavia, and we entirely agree with the conclusions of its Arbitration Commission. We do all this in the spirit of the documents of the UN and CSCE, of which we have become a member. We are guided in our policies by the Paris Charter and the Helsinki process in general.

As far as the European Community is concerned, Slovenia has cooperated with it in the past: we realised the major share of the cooperation within the framework of the Cooperation Agreement between the European Community and Yugoslavia.

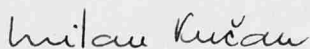
Economically, Slovenia has been traditionally bound to the countries of the European Community; almost two thirds of our entire foreign trade exchange, three quarters of tourist traffic and a good half of all flows of finance, technology, information, etc. are realised with these countries. Despite the well developed economic relations, we consider that more can be achieved through mutual efforts, which would be to the benefit of both sides.

Among all the economies in transition, Slovenia has considerable advantages: it has a relatively high national product (over 12 bn US \$), almost half of GNP is realized through exports, and 90 % of SMEs are in the private sector. We have a relatively liberal foreign trade regime and a high educational level of the population (6 % with at least university degree), with traditionally rich contacts and working experience in the countries of the European Community.

In the Republic of Slovenia we are accelerating the introduction of all the elements of an open market economy, bearing in mind the principles and guidelines of the Community. We would like to achieve the earliest possible inclusion of Slovenia in the Community and we would ask you to support us in these endeavours.

We hope, Excellency, that you share our view that the Republic of Slovenia is a special case which deserves special treatment. We would like to assure you that we are capable, taking into account a high degree of unity of our citizens, of finalising the transformation of our political and economic system in a very short period, and of meeting all the conditions and requirements for inclusion in the process of European political and economic union. With your support, we are thus willing and able soon to become a full member of the Community.

Please accept, Excellency, the assurances of our highest consideration.



Milan Kučan  
President of the Presidency



Dr. Janez Drnovšek  
President of the Government



Dr. Dimitrij Rupel  
Minister for Foreign Affairs



Kew  
cl/f/malta

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

24 June 1992

EC ENLARGEMENT: MALTA

I enclose a letter to the Prime Minister from the Prime Minister of Malta about the Maltese claim to EC membership.

Sir James Spicer telephoned me this afternoon to say that the Maltese Foreign Minister would be here in July and might be seeing the Anglo-Maltese Parliamentary Friendship Group. The Maltese could be expected to make a strong pitch for membership and some MPs might well take up the cudgels on their behalf. He understood the difficulties for us and was not trying to make waves but he thought we ought to be aware of this pressure.

This issue is already under consideration in the context of the Lisbon European Council. I suggest that we reply to Fenech-Adami's letter once the European Council is over. I should be grateful for a draft reply by Wednesday 1 July.

I am copying this letter and enclosure to Sonia Phippard (Cabinet Office).

J S WALL

Christopher Prentice Esq  
Foreign and Commonwealth Office

JKW



**10 DOWNING STREET**

Stephen,

I have just spoken to the  
Maltese High Commissioner who  
came to me on the grounds that  
he sat next to me at Trooping!  
He wanted to check that the  
attached had arrived, which I  
~~had~~ assured him it had. He  
hopes it will receive urgent  
attention (of course!)



010



THE PRIME MINISTER  
MALTA

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T135 B192...

~~SUBJECT~~  
MASTER

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As  
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In the  
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with  
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of Ministers  
of the  
European  
Community

Malta was  
represented  
at the  
Meeting

The Rt Hon John Major  
Prime Minister of the United Kingdom

It is therefore recalled that the political implications of Malta's eventual membership.

It is recalled that you are enabled to



THE PRIME MINISTER  
MALTA

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T.135 B.1.92...

SUBJECT  
MASTER

CCRB

Filed on:

23 June 1992

*My Dear Prime Minister,*

Please allow me to refer to the issue of the European Community's enlargement.

During your meeting in Lisbon on the 26 and 27 June you and your colleagues will be called upon to take a decision which will be of crucial importance to Malta and to Malta's European role in the stability of the Mediterranean Sea.

As you know, Malta lies strategically at the southernmost tip of Europe, on the frontier which is likely to be the most problematical for Europe in the coming two decades. It is in Malta's and Europe's interest that Malta be anchored firmly within Europe.

In three successive elections the Maltese people have given a mandate for membership to be negotiated. Furthermore Malta is able, willing and ready to accept the arduous commitments and the results of the Maastricht Treaty. Our economic, social and political systems are well within the parameters set by the current membership of the Community and, given the obvious lack of problems related to Malta's accession, negotiations leading to its integration within the European Union should take place as rapidly as possible.

Malta was in a comparable situation in the 1950s. NATO's negative reaction at that time, however, led to two decades of uncertainty in Malta's international relations and in its role in Mediterranean affairs.

The Rt Hon John Major  
Prime Minister of the United Kingdom

It is therefore essential that the decisions at Lisbon reflect the true political implications of Malta's request. I am aware that it is not Malta's eventual membership that is at issue but the timing of this membership.

I sincerely trust that the right choice is your best alternative. I trust that you and your colleagues will, through your wise decisions, enable Malta to enter a long period of stability as part of Europe.

Yours sincerely,



Edward Penech-Adami

RESTRICTED

Rine Mark <sup>Ⓢ</sup>

From: S J L Wright  
Date: 17 June 1992

*[Handwritten initials]*  
A/L

cc: Mr de Fonblanque  
Mr Jones Parry, ECN(E), FCO

Sir J Kerr

**ENLARGEMENT: COMMISSION DISCUSSION**

1. Mr Cary (Brittan Cabinet) called to give an early read-out of today's discussion in the College on enlargement. It went well.
2. Andriessen presented a personal paper for discussion, which was withdrawn at the end of the meeting. It contained a number of "propositions" on enlargement. Discussion focussed on two of them: the need for major institutional change to prepare for enlargement and the need for a Dooge Committee/Group of Wise Men to consider the issues after Lisbon. Both ideas were rejected by the majority of Commissioners. Mr Cary's impression is that Delors did not lead the debate, but did intervene to say that while Andriessen's ideas had intellectual force, they were more than the Community could bear at the moment. If the Commission pushed them they could end up as the scapegoat for subsequent difficulties.
3. Andriessen retired hurt: he had watered down the ideas in his papers to respect the sense of previous discussions, he did not understand how his colleagues could now reject them, enlargement on the present basis would dilute the Community, it would be difficult to present the Commission's views to the Conclave but he would do his best.
4. As expected, there will be no Commission paper for the Conclave.

1. cc Mr Wall: No 10  
Mr Hadley: Cabinet Office.

*[Handwritten signature]*

2. Rine Mark Good.

S J L Wright

*[Handwritten initials]*  
17/6



Foreign &  
Commonwealth  
Office

London SW1A 2AH

RESTRICTED

*Prime Minister*

1 June 1992

*Temporarily Retained*

*Dear Stephen,*

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OF THE PUBLIC RECORDS ACT  
*Alpha 1/1*

EC Enlargement and the Swiss Application

The Prime Minister may like a short note on where matters stand in the run up to the Lisbon European Council.

The Swiss Government formally applied for membership on 26 May. This brings the total number of EFTA applicants to four (Austria, Sweden and Finland are the others). Norway is likely to apply in November 1992. There would then be eight applications on the table (including those from Turkey, Malta and Cyprus) at the European Council in Edinburgh.

The Swiss application will make it harder to achieve our objectives of a decision at Edinburgh to open negotiations with the first wave, and the successful conclusion of those negotiations by the end of next year. It will also complicate the debate at Lisbon, where we want an outcome which will permit us to take forward preparations during our Presidency. This is for four reasons:

- there was already concern about the implications of the accession of three neutrals - Austria, Sweden and Finland - for the development of the Common Foreign and Security Policy. The Swiss application will exacerbate the fears of those who want the 1996 IGC to decide on a common defence role for the Union. On both issues, Switzerland is seen by many as the most difficult of the EFTA applicants;

- the application will strengthen the hand of those arguing for institutional change. A consensus was beginning to develop that the institutional arrangements agreed at Maastricht could - with some minor changes - absorb three or four candidates. The argument is harder to sustain with five. The issue is not simply one of numbers. The Swiss adopted what many saw as an inflexible and negative negotiating style during the EEA negotiations. This has influenced expectations about how they will behave once in the Community, and could strengthen the hand of those who want changes in decision-taking arrangements, including more qualified majority voting, as part of the next round of enlargement;

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- experience suggests that the Swiss may also cause difficulties during accession negotiations. These will take place separately but concurrently with each applicant. All the new entrants in the first wave will have to join on the same date because of the need to spell out practical points such as how qualified majority voting would apply in the Council. If the Swiss are difficult in their own negotiations they could delay entry for all the EFTAns. It might be necessary to leave them behind;

- there is in any case a possibility that the Swiss may miss the first wave if, for example, negotiations with the Swiss became irretrievably bogged down, but conclude satisfactorily with the other four; or if the Swiss people reject accession at the referendum required once negotiations conclude. A 'yes' vote requires a double majority of people and cantons - a steep hurdle. The Swiss have traditionally stayed out of international organisations because of their neutrality, but there are indications that they are becoming more outward-looking, eg their recent decision to join the Bretton Woods institutions. But joining the EC would be a much bigger step, and a positive result in this referendum cannot be regarded as certain.

The Foreign Secretary believes that the objective case for enlargement is as strong as ever. We should continue to argue that the Community must open its doors to respond to the challenge of the new Europe; that the Swiss and other EFTAns will make a valuable contribution to the Community, and are well qualified to join; and that negotiations should begin once Maastricht conclusions are satisfied. Any institutional adjustments can be accommodated during the accession negotiations and the timing of the 1996 IGC remains unaffected. We will need to enlist support from the Portuguese Presidency and the Germans. Cavaco's likely visit to London before the European Council and the Prime Minister's discussion on this with Chancellor Kohl, planned for 5 June, will be important. The Germans' success in signing President Mitterrand up to the principle of early EFTAN accession at the recent Franco-German summit is encouraging.

I am copying this letter to the Private Secretaries of other Cabinet Ministers and to Sonia Phippard (Cabinet Office).

Yours ever,  
*Christopher Prentice*

(C N R Prentice)  
Private Secretary

J S Wall Esq CMG LVO  
10 Downing Street

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Letter from Prentice to Wall dated 1 JUNE 1992



CONFIDENTIAL *RLC* *SR*



10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

1 June 1992 *bcpc*

*Dear Richard,*

**ENLARGEMENT OF THE COMMUNITY:  
IMPLICATIONS FOR WEU AND NATO**

The Prime Minister has seen the Foreign Secretary's minute of 21 May. You will since have seen the line which the Prime Minister took during his visit to Eastern Europe.

The Prime Minister is inclined to test the water on this with both Chancellor Kohl and President Bush at the weekend. Unless you see objection, I should be grateful if the briefing could include the necessary material.

I am copying this letter to the Private Secretaries to members of OPD(SE) and to Sir Robin Butler.

*Jane,*  
*Steph*  
(J. S. WALL)

Richard Gozney, Esq.,  
Foreign and Commonwealth Office.

CONFIDENTIAL *cu*

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL NO. 1101/92



10 DOWNING STREET  
LONDON SW1A 2AA

SUBJECT *Edw*  
MASTER *Fco*  
OPS *nod*  
FILED ON:

THE PRIME MINISTER

5 May 1992

*Dear Constantine,*

Thank you for your letter of 31 March about Greek accession to the WEU. Please forgive me for not replying earlier. I know that David Miers has in the meantime spoken to your officials.

Like you, I look forward to Greek accession to the WEU within the timeframe discussed at Maastricht. The WEU is working hard, with our full support, to agree enlargement proposals which will offer you full membership on the same basis as existing members, and at the same time give a clear and separate status as associate members to other European members of the Atlantic Alliance who are not part of the European Community. We are very much aware of the Greek positions on both the Brussels Treaty and the idea that the WEU is the defence component of the Union. In the discussions now taking place we are taking full account of Greek concerns, and are working for the best possible package.

It will be for the candidate countries to make their own decisions on whether to accept membership of, or association with, the WEU on the basis which we hope shortly to put forward. But I hope very much that all will find the WEU's proposals acceptable.

*Yours Ever,* *John*

His Excellency Mr Constantin Mitsotakis

*hw*



10 DOWNING STREET

LONDON SW1A 2AA

*From the Private Secretary*

5 May 1992

*Dear Sir,*

GREECE/WEU

Thank you for your letter of 29 April enclosing a draft letter from the Prime Minister to Mr. Mitsotakis.

The Prime Minister has agreed the message to Mr. Mitsotakis and has signed the enclosed letter. I should be grateful if you could arrange for it to be delivered. You will need to make consequential amendments to your draft telegram.

*J. S. Wall*

J. S. WALL

S.L. Gass, Esq.,  
Foreign and Commonwealth Office.

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Foreign &  
Commonwealth  
Office

London SW1A 2AH

29 April 1992

*Dear Stefan,*

Greece/WEU

The Foreign Secretary met Mr Mitsotakis on 23 April. Mitsotakis put again many of the points in his letter to the Prime Minister of 31 March. He also proposed alternative texts for the passage on WEU enlargement which neutralises Article V in respect of disputes between allies. (Athens telnos 178 and 179 enclosed).

Both of the Greek drafting proposals are unattractive. The first would not prevent Greece from invoking Article V in a dispute with Turkey. The second is too open to interpretation to be reliable. Read literally it appears to mean that Article V would not be invoked in a way which violated the principles of the UN etc and is a tautology. If, instead, it is intended to mean that Article V would not be invoked except in response to a violation of UN principles by another ally, it would open up scope for the Greeks to argue that Turkey had violated its international obligations in some way. Such claims would be difficult to refute conclusively. Greek officials did not really seek to hide the fact that they wished to use Greek membership to strengthen their defence against Turkey; in other words they see enlargement of the WEU in just the context which we wish to avoid.

It would be undesirable for security guarantees binding the UK to be open to ambiguity and interpretation. We therefore propose to stick to the compromise on Article V already agreed among WEU members. The German Presidency strongly favour this.

We have incorporated a reference to the Foreign Secretary's meeting with Mitsotakis into the draft message to Mitsotakis from the Prime Minister (originally enclosed with my letter of 21 April), but in other respects it does not seem necessary to change it.

*S L Gass*  
*Private Secretary*

(S L Gass)  
Private Secretary

J S Wall Esq  
10 Downing Street

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Foreign &  
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Office

London SW1A 2AH

21 April 1992

*Dear Stefan,*

*Lawrence  
025 07211  
2.14*

Greece/WEU

I enclose a draft telegram containing a reply from the Prime Minister to Mr Mitsotakis's letter to him of 31 March about Greek accession to the WEU. We are ready to despatch this if the Prime Minister is content. The Foreign Secretary will see Mitsotakis on 23 April in Athens

18A

With your agreement, Sir David Miers spoke to Mitsotakis's office on 9 April (Athens telno 155, enclosed) to explain that the Prime Minister's reply would be delayed because of the General Election. He deliberately avoided going into substance on the point of concern to Greece - the neutralisation of Article V of the Brussels Treaty to maintain equality of security between Greece and Turkey - since WEU Ministers have not yet approved a neutralisation formula, and we see no advantage in giving the Greeks a chance to pick holes in advance. Nor did he take up the implied threat to link Article V to ratification of the Union Treaty, which we believe Mr Mitsotakis would have difficulty following through. The suggested reply follows the same course, and is drafted with the possibility of its being leaked (about which David Miers has warned) in mind.

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I am copying this letter to Simon Webb (MOD).

*S L Gass*  
Private Secretary

J S Wall Esq CMG LVO  
10 Downing Street

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HE Mr Constantin

~

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TO IMMEDIATE ATHENS

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*M. Tsirakos letter*  
*PLH*

YOUR TELNO 155 (NOT TO ALL): GREECE/WEU

1. Please pass the following message from the Prime Minister to Mitsotakis. ~~There will be no signed original.~~

BEGINS

Thank you for your letter of 31 March about Greek accession to the WEU. Please forgive me for not replying earlier. I know that David Miers has ~~has~~ in the meantime spoken to your officials.

Like you, I look forward to Greek accession to the WEU within the timeframe discussed at Maastricht. The WEU is working hard, with our full support, to agree enlargement proposals which will offer you full membership on the same basis as existing members, and at the same time give a clear and separate status as associate members to other European members of the Atlantic Alliance who are not part of the European Community. We are very much aware of the Greek positions on both the Brussels Treaty and the idea that the

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WEU is the defence component of the Union. In the discussions now taking place we are taking full account of Greek concerns, and are working for the best possible package.

It will be for the candidate countries to make their own decisions on whether to accept membership of, or association with, the WEU on the basis which we hope shortly to put forward. But I hope very much that all will find the WEU's proposals acceptable.

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SECRETARY OF STATE'S VISIT TO ATHENS: WEU

SUMMARY

1. GREECE OFFERS NEW ALTERNATIVE TEXTS FOR POLITICAL DECLARATION ON ARTICLE 5.

DETAIL

2. WEU WAS BRIEFLY DISCUSSED AT THIS MORNING'S PLENARY SESSION WITH MITSOTAKIS (MY TELNO 174).

3. IN A SEPARATE EARLIER DISCUSSION BETWEEN OFFICIALS (PLUS TZOUNIS) THE GREEK SIDE ARGUED THAT THE UNDERSTANDING AT MAASTRICHT HAD BEEN THAT FULL GREEK MEMBERSHIP OF WEU SHOULD BE UNCONDITIONAL. IF THE ARTICLE 5 GUARANTEE WAS NOW EMASCULATED, IT WOULD BE VERY DIFFICULT FOR MITSOTAKIS TO COMMEND WEU ACCESSION TO THE GREEK PARLIAMENT, WHICH HE PLANNED TO DO IN PARALLEL WITH RATIFICATION OF MAASTRICHT. THE PRESENT DRAFT TEXT OF THE POLITICAL DECLARATION WAS TOO OBVIOUSLY AIMED AT GREECE AND WOULD BE SEVERELY CRITICISED BY THE OPPOSITION AND BY PUBLIC OPINION. PARTNERS NEED NOT FEAR THAT GREECE WOULD EVER ACTUALLY INVOKE ARTICLE 5 AGAINST A NATO ALLY: ITS VALUE WAS POLITICAL RATHER THAN PRACTICAL.

4. THE GREEK SIDE THEN PRODUCED TWO ALTERNATIVE TEXTS FOR THE POLITICAL DECLARATION (SEE MIFT). THESE SO FAR HAD BEEN GIVEN ONLY TO THE GERMANS. GREECE HOPED FOR UK SUPPORT.

5. WE DEPLOYED STANDARD ARGUMENTS ABOUT THE FUTURE ROLE OF WEU AND THE IMPACT ON TURKISH THINKING IF EVEN A MODIFIED ARTICLE 5 GUARANTEE REMAINED IN FORCE FOR POSSIBLE USE AGAINST NATO ALLIES. WE ALSO POINTED OUT THAT BEHIND THE POINTS OF DRAFTING LAY A FUNDAMENTAL DIFFERENCE OF VIEW BETWEEN GREECE AND THE PRESENT WEU MEMBERS ABOUT WHETHER GREECE NEEDED OR SHOULD BE GIVEN A SECURITY GUARANTEE AGAINST TURKEY, EVEN FOR USE ONLY IN EXTREMIS. THE GREEK



SIDE ACCEPTED THAT IT WOULD NOT BE IN THE INTEREST OF GREECE OR THE WEST IF TURKEY WALKED AWAY FROM WHAT WEU NOW OFFERED, AND THAT THEIR TEXTS WOULD BE HARDER FOR ANKARA TO SWALLOW. BUT MITSOTAKIS ALSO HAD REAL DIFFICULTIES OF DOMESTIC PRESENTATION, AND HIS EUROPEAN PARTNERS SHOULD HELP HIM. WE AGREED ONLY THAT THE GREEK TEXTS WOULD BE STUDIED IN LONDON, WITHOUT HOLDING OUT ANY HOPE OF THEM PROVING ACCEPTABLE TO US OR TO OTHER PARTNERS.

## COMMENT

6. THE LINKAGE BETWEEN SATISFACTION OVER ARTICLE 5 AND GREEK RATIFICATION OF MAASTRICHT WAS MORE EXPLICIT TODAY THAN IN MITSOTAKIS'S LETTER TO THE PRIME MINISTER (MY TELNO 155). THE GREEK SIDE MAY BE OVERSTATING THE PARLIAMENTARY DIFFICULTIES, AND MITSOTAKIS MUST KNOW THAT TO WITHHOLD MAASTRICHT RATIFICATION (WITH ALL ITS BENEFITS FOR GREECE) WOULD BE VERY RISKY. IT MAY BE SIGNIFICANT THAT MITSOTAKIS DID NOT HIMSELF PRESS YOU HARD ON THE POINTS WHICH HIS OFFICIALS HAD RAISED SEPARATELY. BUT HE HAS THOUGHT IT WORTH MAKING AT LEAST ONE MORE EFFORT TO SECURE POLITICAL DECLARATION LANGUAGE WHICH WILL LET HIM ARGUE HERE THAT GREECE HAS GAINED AN ARTICLE 5 GUARANTEE (ALBEIT WITH QUALIFICATIONS) AGAINST TURKEY. IT WAS CLEAR THAT THE SECOND GREEK ALTERNATIVE IS THE ONE WHICH THEIR HOPES ARE REALLY PINNED.

7. IF THE PRIME MINISTER'S REPLY TO MITSOTAKIS'S LETTER OF 31 MARCH ABOUT WEU HAS NOT YET BEEN SIGNED, AS DISCUSSED WITH YOU I HOPE IT CAN BE AMENDED TO TAKE ACCOUNT OF TODAY'S DISCUSSION AND OF YOUR REACTION TO THIS NEW GREEK INITIATIVE. WE SHOULD IN ANY CASE AIM TO GIVE AT LEAST A PRELIMINARY RESPONSE TO LYBEROPOULOS (WHO SEEMS TO BE LEADING FOR THE MFA ON THIS) BEFORE HE NEXT HAS AN OPPORTUNITY TO DISCUSS WEU COLLECTIVELY WITH POLITICAL DIRECTORS. IT IS ALSO HIGHLY DESIRABLE TO GET THE GERMANS ON OUR SIDE BEFORE THEY REPLY TO THE GREEKS.

MIERS

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MIPT: WEU: GREEK PROPOSALS

1. FOLLOWING ARE THE TWO ALTERNATIVE GREEK TEXTS FOR THE POLITICAL DECLARATION:

QUOTE

(I) THE SECURITY GUARANTEES AND DEFENCE COMMITMENTS IN THE TREATIES WHICH BIND THE MEMBER STATES WITHIN WESTERN EUROPEAN UNION AND WHICH BIND THEM WITHIN THE ATLANTIC ALLIANCE ARE MUTUALLY REINFORCING. IN THE CASE OF DISPUTES BETWEEN MEMBER STATES OF THE TWO ORGANISATIONS, THE GENERAL PRINCIPLES ON WHICH THE TWO ORGANISATIONS ARE FOUNDED WILL BE APPLIED.

(II) THE SECURITY GUARANTEES AND DEFENCE COMMITMENTS IN THE TREATIES WHICH BIND THE MEMBER STATES WITHIN WESTERN EUROPEAN UNION AND WHICH BIND THEM WITHIN THE ATLANTIC ALLIANCE ARE MUTUALLY REINFORCING AND WILL NOT BE INVOKED BY ANY MEMBER OF EITHER OF THE TWO ORGANISATIONS ACTING IN VIOLATION OF THE PROVISIONS OF THE PREVIOUS PARAGRAPH. UNQUOTE.

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MR GOULDEN  
MR JAY  
MR GORE-BOOTH

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TO IMMEDIATE FCO  
TELNO 027

- We spoke.  
- Grateful for an early view

OF 220920Z APRIL 92  
AND TO ROUTINE DEPARTMENT OF ENVIRONMENT FOR PS/ENVIRONMENT SEC *on there*.  
INFO TO PRIVATE SECRETARY, PS/MR GAREL JONES, MR APLEYARD,  
INFO TO MR GREENSTOCK, MR JAY, HEADS ECD(E) AND WED

*GWJ*  
23/iv

FROM PS/FOREIGN SECRETARY

EC ENLARGEMENT: EFTA HEADS OF GOVERNMENT

1. THE PRIME MINISTERS OF SWEDEN, NORWAY AND FINLAND AND THE SWISS FEDERAL COUNSELLOR FOR ECONOMIC AFFAIRS WILL ALL BE VISITING LONDON SOON. THE PRIME MINISTER HAS AGREED TO OFFER CARL BILD T LUNCH ON 7 MAY (YOUR LETTER OF 15 APRIL). THERE IS NO OPPORTUNITY FOR MRS BRUNDTLAND TO SEE THE PRIME MINISTER, WHO WILL BE OUT OF LONDON DURING HER VISIT. WE HAVE RECEIVED REQUESTS FOR MEETINGS WITH JEAN PASCAL DELAMURAZ AND PRIME MINISTER AHO:

- SWISS FEDERAL COUNCILLOR: ~~MONDAY MORNING 27 APRIL~~ OR TUESDAY 28 APRIL.
- FINNISH PRIME MINISTER: WEDNESDAY AFTERNOON, 29 APRIL.

SWITZERLAND

2. THE SWISS INTEND TO APPLY FOR EC MEMBERSHIP BUT THE TIMING IS UNCERTAIN. SWISS FEDERAL COUNCILLOR JEAN-PASCAL DELAMURAZ (ECONOMICS MINISTER) WILL VISIT THE UNITED KINGDOM ON MONDAY 27 APRIL AND TUESDAY 28 APRIL, AS PART OF HIS PROGRAMME OF CALLS ON THE TROIKA IN PREPARATION FOR A POSSIBLE SWISS EC APPLICATION. HE WILL CALL ON THE FOREIGN SECRETARY. A SHORT CALL ON THE PRIME MINISTER WOULD UNDERLINE THE IMPORTANCE WHICH WE INTEND TO GIVE TO ENLARGEMENT DURING OUR PRESIDENCY AND IN THE RUN-UP TO THE 1996 INTER-GOVERNMENTAL COUNCIL. IF THE PRIME MINISTER'S DIARY ALLOWS, THE FOREIGN SECRETARY HOPES HE MAY AGREE TO SEE DELAMURAZ BRIEFLY ON ~~27 OR~~ 28 APRIL.

FINLAND

3. PRIME MINISTER ESKO AHO OF FINLAND WILL BE IN LONDON TO GIVE

A LECTURE TO CHATHAM HOUSE ON WEDNESDAY 29 APRIL. HE WOULD WELCOME A BRIEF MEETING WITH THE PRIME MINISTER EARLIER THAT DAY. THE PRIME MINISTER LAST SAW MR AHO FOR 45 MINUTES IN DECEMBER 1991.

4. THE FINNS, WITH OUR ENCOURAGEMENT, APPLIED FOR EC MEMBERSHIP IN MARCH. WE HAVE WORKED HARD ON THE RELATIONSHIP WITH A POTENTIAL EC PARTNER, AND MR AHO'S CENTRE RIGHT GOVERNMENT COALITION REGARD THE UK AS THEIR PRINCIPAL FRIEND WITHIN THE EC. DOMESTICALLY, HE IS FACING INCREASING DIFFICULTIES GIVEN THE POOR STATE OF THE FINNISH ECONOMY. HE WOULD BE GRATEFUL FOR REASSURANCE OF BRITAIN'S CONTINUED SUPPORT FOR FINLAND'S MEMBERSHIP BID.

5. IF THE PRIME MINISTER'S DIARY ALLOWS, THE FOREIGN SECRETARY HOPES THAT HE CAN SEE MR AHO BRIEFLY ON 29 APRIL.

6. I AM COPYING THIS TEL TO PHILIP WARD (DEPARTMENT OF THE ENVIRONMENT).

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Foreign & Commonwealth Office

London SW1A 2AH

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21 April 1992

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*raised*  
*Dear Steph, for*  
*Sub*

OK

Greece/WEU

*copy attached*

I enclose a draft telegram containing a reply from the Prime Minister to Mr Mitsotakis's letter to him of 31 March about Greek accession to the WEU. We are ready to despatch this if the Prime Minister is content. The Foreign Secretary will see Mitsotakis on 23 April in Athens.

With your agreement, Sir David Miers spoke to Mitsotakis's office on 9 April (Athens telno 155, enclosed) to explain that the Prime Minister's reply would be delayed because of the General Election. He deliberately avoided going into substance on the point of concern to Greece - the neutralisation of Article V of the Brussels Treaty to maintain equality of security between Greece and Turkey - since WEU Ministers have not yet approved a neutralisation formula, (and we see no advantage in giving the Greeks a chance to pick holes in advance.) Nor did he take up the implied threat to link Article V to ratification of the Union Treaty, which we believe Mr Mitsotakis would have difficulty following through. The suggested reply follows the same course, and is drafted with the possibility of its being leaked (about which David Miers has warned) in mind.

I am copying this letter to Simon Webb (MOD).

*[Signature]*  
(S L Gass)  
Private Secretary

J S Wall Esq CMG LVO  
10 Downing Street

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TO IMMEDIATE ATHENS

TELNO

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YOUR TELNO 155 (NOT TO ALL): GREECE/WEU

1. Please pass the following message from the Prime Minister to Mitsotakis. There will be no signed original.

BEGINS

Thank you for your letter of 31 March about Greek accession to the WEU. Please forgive me for not replying earlier. I know that David Miers has has in the meantime spoken to your officials.

Like you, I look forward to Greek accession to the WEU within the timeframe discussed at Maastricht. The WEU is working hard, with our full support, to agree enlargement proposals which will offer you full membership on the same basis as existing members, and at the same time give a clear and separate status as associate members to other European members of the Atlantic Alliance who are not part of the European Community. We are very much aware of the Greek positions on both the Brussels Treaty and the idea that the

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WEU is the defence component of the Union. In the discussions now taking place we are taking full account of Greek concerns, and are working for the best possible package.

It will be for the candidate countries to make their own decisions on whether to accept membership of, or association with, the WEU on the basis which we hope shortly to put forward. But I hope very much that all will find the WEU's proposals acceptable.

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INFO ROUTINE LUXEMBOURG, UKDEL NATO

YOUR TELNO 170: GREECE/WEU

SUMMARY

1. WE SHOULD BE FIRM WITH GREECE OVER ARTICLE 5 NEUTRALISATION, AND NOT TAKE TOO SERIOUSLY MITSOTAKIS'S VEILED THREAT TO LINK THIS WITH RATIFICATION OF MAASTRICHT.

DETAIL

2. I HAVE EXPLAINED TO MITSOTAKIS' OFFICE WHY THE PRIME MINISTER CANNOT SEND AN IMMEDIATE REPLY. I DELIBERATELY DID NOT (NOT) ENCOURAGE DISCUSSION OF THE SUBSTANCE, [SINCE THERE IS NO ADVANTAGE FOR US IN LETTING THE GREEKS HERE PICK FURTHER HOLES IN AN ARTICLE 5 FORMULA WHICH HAS NOT BEEN FINALISED BY WEU MINISTERS. IT WOULD ALSO BE A TACTICAL MISTAKE TO BETRAY NERVOUSNESS AT THE IMPLIED THREAT IN MITSOTAKIS'S LETTER.] INSTEAD WE SHOULD HOLD OUR FIRE UNTIL ALL THE OUTSTANDING ENLARGEMENT ISSUES (INCLUDING DEFINITION OF ASSOCIATE MEMBERSHIP, AS WELL AS ARTICLE 5 NEUTRALISATION) HAVE BEEN FINALLY SETTLED WITHIN WEU: THE PACKAGE SHOULD THEN BE PRESENTED BY WEU PARTNERS COLLECTIVELY TO THE GREEKS ON A TAKE IT OR LEAVE IT BASIS.

3. MITSOTAKIS MADE CLEAR IMMEDIATELY AFTER MAASTRICHT (PARA 4 OF MY TELELETTER OF 20 DECEMBER, NOT TO ALL) THAT RATIFICATION OF THE UNION TREATY AND THE WEU ACCESSION BILL WOULD BE PRESENTED TOGETHER TO THE GREEK PARLIAMENT. THIS LINKAGE HAS BEEN MAINTAINED SINCE, AND WOULD BE HARD FOR THE GOVERNMENT TO ABANDON GIVEN THE PUBLIC EMPHASIS THEY PLACED ON THE IMPORTANCE OF GREECE'S FULL WEU MEMBERSHIP. TSALDARIS (SPEAKER) REPORTED HERE TO HAVE SAID IN LISBON ON 4 APRIL THAT GREECE WOULD ONLY RATIFY MAASTRICHT IF ITS WEU ACCESSION WAS ASSURED.

4. BUT THIS IS VERY DIFFERENT FROM LINKING MAASTRICHT RATIFICATION SPECIFICALLY TO ARTICLE 5.

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PROVIDED THAT THE WEU TREATY TEXT ITSELF IS NOT MODIFIED, HE OUGHT TO BE ABLE TO ARGUE FOR DOMESTIC CONSUMPTION THAT GREECE HAS SECURED THE BENEFITS OF FULL WEU MEMBERSHIP, CONTRASTING THAT WITH THE DEAL OFFERED TO TURKEY AS AN ASSOCIATE MEMBER. INDEED WE CAN TO SOME EXTENT LET HIM DO SO (SEE CULSHAW'S TELELETTER OF 19 MARCH, NOT TO ALL). MY BEST GUESS THEREFORE, DELIBERATELY NOT (NOT) BASED ON RECENT QUESTIONING OF SENIOR GREEKS, IS THAT WE CAN EXPECT GREECE TO ARGUE TOUGHLY FOR SOME FURTHER IMPROVEMENT IN THE DECLARATION LANGUAGE ON ARTICLE 5, AND FOR THE clearest possible distinction between full and associate membership (particularly over access to meetings). BUT THEY WILL PROBABLY STOP SHORT OF MAKING ANY EXPLICIT THREAT OF NON-RATIFICATION OF MAASTRICHT, PROVIDED THAT THEIR FULL MEMBERSHIP OF WEU IS ASSURED THIS YEAR AND PROVIDED, TOO, THAT OUR PARTNERS SHOW SOLIDARITY SO THAT THE GREEKS CANNOT ISOLATE US ON THE ISSUE.

BUT UNLIKE THE MACEDONIA OR CYPRUS ISSUES, [THE DETAILED TERMS OF WEU ACCESSION ARE NOT WIDELY ENOUGH KNOWN OR FELT WITH SUFFICIENT EMOTION TO MAKE THAT ARGUMENT CREDIBLE. THE AVERAGE GREEK WILL CARE ONLY THAT GREECE IS JOINING ANOTHER EXCLUSIVE CLUB AND WILL DO BETTER THAN TURKEY OUT OF IT.] AND FOR MITSOTAKIS THE ATTRACTION OF TAKING CREDIT FOR THIS OUTCOME IS CONSIDERABLE, WHEREAS BLOCKING MAASTRICHT RATIFICATION WOULD BE A HIGH RISK POLICY SEEN BY MANY (PERHAPS INCLUDING PRESIDENT KARAMANLIS) AS NOT IN GREECE'S LONG TERM INTERESTS. THERE MAY NEVERTHELESS BE DELAY OVER GREECE'S RATIFICATION, IF THEY DO NOT EVEN START THE PARLIAMENTARY PROCEDURE UNTIL THE WHOLE WEU ISSUE HAS BEEN RESOLVED.

5. I RECOMMEND THAT, IN FORMING THE REPLY TO MITSOTAKIS, ACCOUNT SHOULD BE TAKEN OF THE POSSIBILITY THAT IT MAY LEAK. (MOST OF MR MAJOR'S LAST LETTER TO MITSOTAKIS, ON CYPRUS, APPEARED IN THE PRESS).

MIERS

YYYY

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GREECE AND THE WEU: LETTER TO FROM MITSOTAKIS TO THE PRIME MINISTER

1. THE PRIME MINISTER HAS RECEIVED A LETTER FROM MITSOTAKIS DATED 31 MARCH (COPIED TO YOU BY FAX, AND TO OTHER POSTS BY BAG), IMPLICITLY THREATENING NOT TO RATIFY THE UNION TREATY IF GREECE DOES NOT SECURE FULL COVERAGE UNDER ARTICLE V OF THE MODIFIED BRUSSELS TREATY. SINCE THE DUTCH HAVE RECEIVED AN IDENTICAL LETTER, WE BELIEVE IT TO BE A ROUND ROBIN.
2. ALL PARTNERS HAVE NOW ACCEPTED A TEXT WHICH STRESSES THAT ARTICLE V WILL NOT BE INVOKED IN RESPECT OF DISPUTES BETWEEN ALLIES. THIS IS PART OF A DECLARATION WHICH CANDIDATE MEMBERS AND ASSOCIATES WILL BE REQUIRED TO ACCEPT AS PART OF THE PROTOCOL OF ACCESSION/ASSOCIATION.
3. PLEASE TELL THE GREEKS, AT WHATEVER LEVEL YOU THINK RIGHT, THAT THE POINTS IN MITSOTAKIS'S LETTER HAVE BEEN REGISTERED IN LONDON, BUT THAT THE PRIME MINISTER WILL NOT BE ABLE TO REPLY BEFORE THE ELECTION.
4. IF THE SUBSTANCE OF MITSOTAKIS'S LETTER IS RAISED, YOU MIGHT SAY THAT WE WELCOME GREECE'S WISH TO ACCEDE TO THE WEU. THE DRAFT ENLARGEMENT PROPOSALS NOW UNDER DISCUSSION WILL OFFER GREECE FULL MEMBERSHIP ON THE SAME BASIS AS EXISTING MEMBERS AND THEREFORE WITH A STATUS DIFFERENT FROM THAT OFFERED TO OTHER ALLIES WHO ARE NOT MEMBERS OF THE COMMUNITY. IT WILL OF COURSE BE FOR THE CANDIDATE COUNTRIES TO DECIDE WHETHER TO ACCEPT THE OFFER - AS WE VERY MUCH HOPE THEY WILL. THERE IS NO QUESTION OF IMPOSING DISTINCTIVE CONDITIONS ON GREECE'S MEMBERSHIP OF WEU, OR OF ALTERING THE ROLE OF THE WEU AS THE DEFENCE COMPONENT OF THE EUROPEAN UNION. EQUALLY, HOWEVER, ALL PARTNERS ARE CLEAR THAT THE ARTICLE V DEFENCE GUARANTEE WAS NEVER INTENDED TO APPLY TO DISPUTES BETWEEN ALLIES. THE DRAFT WEU ENLARGEMENT PACKAGE IS INTENDED TO CLARIFY THAT POINT.
5. GRATEFUL ALSO FOR YOUR ASSESSMENT OF HOW CREDIBLE THE

THREAT OF NON-RATIFICATION MAY BE: WE NOTE THAT MITSOTAKIS  
STOPS SHORT OF MAKING AN EXPLICIT LINK WITH ARTICLE V  
NEUTRALISATION.

HURD

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14

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NO 10//SIR P CRADOCK

NNNN



SR

10 DOWNING STREET

LONDON SW1A 2AA

*From the Private Secretary*

3 April 1992

GREECE AND THE WEU

I enclose a letter to the Prime Minister from the Greek Prime Minister about the WEU.

I should be grateful for advice and, as necessary, a draft reply from the Prime Minister.

I am copying this letter and enclosure to Simon Webb (Ministry of Defence).

(J. S. WALL)

Richard Gozney, Esq.,  
Foreign and Commonwealth Office.

ea

CC PC

op

The Ambassador

Greek Embassy  
London

2 April, 1992

No.F.3741

Dear Prime Minister,

I have the honour to transmit the text of a letter sent by telex which is addressed to you by Mr. Constantin Mitsotakis, Prime Minister of Greece.

Yours sincerely,

*George D. Papoulias*

George D. Papoulias

The Rt.Hon. John Major, M.P.,  
Prime Minister,  
10 Downing Street,  
London S.W.I.

"Athens, March 31, 1992  
PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T.S.B.192....

SUBJECT  
MASTER  
OPS  
FILED ON:

Dear Mr. Prime Minister,

In their declaration issued on the occasion of the European Council Meeting on 9 and 10 December 1991 at Maastricht, the member states of the Western European Union invited member states of the European Union to accede to the WEU on conditions to be agreed, in accordance with Article XI of the modified Brussels Treaty, before 31 December 1992.

By letter of 17 December 1991, the Greek Government recalled that Greece had already communicated officially to the Council of Ministers of the WEU that she was prepared to accede and stood ready to engage in the appropriate procedures to this end. My Government looks forward to these procedures starting at the earliest possible date with a view to an accession within the agreed time-frame.

I am given to understand that discussions among the Nine have now reached the stage where a political declaration is being elaborated on the principles which are to govern relations between the member states of the enlarged WEU and the member states of the Atlantic Alliance.

Contacts between our countries at the level of both Foreign Ministers and officials, have no doubt made you aware of the special importance my country attributes to this particular aspect. I myself have given you at Maastricht a full account of Greece's position on the subject, especially regarding arrangements which could dilute the present security provisions of the Brussels Treaty or alter the very concept of the WEU as the defence component of the European Union.

Before final decisions are reached by the Nine, I would like to ask you to ensure that due account is taken of Greek concerns. In the light of my country's wish to accede to the WEU and be fully associated with the developments concerning European integration, it would indeed be awkward if some inadequate wording were to give rise to complications when the moment will come for ratification by my country of the relevant Agreement along with the Treaty on European Union.

It is my earnest hope that you will see fit to stress to your Foreign Minister the need for a solution which will be satisfactory for us all.

Sincerely yours,

Constantin Mitsotakis"



*act*



*file*

Treasury Chambers, Parliament Street, SW1P 3AG  
071-270 3000

**FOREIGN SECRETARY**

**ENLARGEMENT OF THE COMMUNITY: TIMETABLE**

Thank you for your minute of ~~23~~ <sup>with JSW?</sup> January. I have also seen your note to the Prime Minister of 3 February.

2. I certainly agree with you that we should continue to be vigorous and determined in our support for the accession of EFTAN countries and should make as much progress as is reasonably possible during our Presidency.

3. The problem is that we are stuck with the Maastricht European Council conclusion that future financing discussions should be concluded before enlargement negotiations begin. The future financing round is likely to be both technically complex and wide ranging (it will for example interact with the reform of the CAP and, we hope, the post GATT modifications of the CAP). It will undoubtedly be difficult for the United Kingdom. On one issue - the UK abatement - we stand alone, with eleven Member States against us, and the Commission unsympathetic. On another - the level of Community Own Resources and spending - we shall almost certainly find ourselves at one end of the political spectrum.

4. We must and shall resist any degradation in the abatement; and I hope that we can expose the weakness of the case for higher Community spending and revenue: some of our supporters will not look kindly on proposals to increase the burden on UK taxpayers of Community membership when there are so many other claims on the Exchequer. But the negotiation will be difficult for us; its



difficulty will be increased by our holding the chair in the second half of 1992.

5. The conclusion I draw from this is that we should indeed press for early progress in enlargement negotiations. But we should do all we can to break the linkage in the Maastricht conclusions.

6. I am copying this letter to other members of the Cabinet, and to the Attorney General, the Chief Whip, the Minister for the Arts and to Sir Robin Butler.

A handwritten signature in black ink, appearing to be "N.L." with a small horizontal line underneath.

[N.L.]

6 February 1992

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Mr Jay

*S W S W S W*

Secretary of State's Dinner with President Delors,  
Brussels, 5 February: Enlargement

The Secretary of State asked whether it was right that Delors now accepted the case for enlargement of the Community, provided the process was taken forward with intellectual rigour.

Delors said that the task given to the Commission at Maastricht, to deliver a general report on enlargement, was very difficult. There were many different criteria, by which the issue had to be judged: institutional, external, and internal. The Commission had calculated that their report had to cover the potential enlargement of the Community to 35 members. In the first wave of enlargement, covering probably Sweden, Finland, Norway and Austria, the institutional difficulties would be tolerable. But there would be problems over the other applicants, both from the south and from central and eastern Europe. Genscher was greatly complicating the picture by his repeated forward statements on enlargement to the east. Even with the EFTA countries, it was for consideration whether negotiations should not be put off until 1994 to allow the full implications of Maastricht to be absorbed within the Community and the new applicants to know clearly the shape of the *acquis* which they would have to accept.

The Secretary of State said that we should be welcoming to the EFTAN applicants. This meant making the necessary preparations this year for negotiations to open by the end of the year or early 1993. With one year for negotiation and one for ratification, the EFTAN applicants might enter the Community in 1995. This would be on the basis of full acceptance of the *acquis*. If we kept to this timetable, the IGC agreed for 1996 would be able to consider what institutional reform might be necessary before further enlargement, against our experience with the first wave. The three southern applicants would require separate, individual solutions. But the message to the central and east Europeans could be more welcoming with the clear prospect of membership once they had developed sufficient political and economic maturity and taken the decision to apply.

Delors appeared genuinely persuaded by this analysis, at least on the timetable for the first wave of applicants from EFTA. He said that he personally would have no objection to negotiations starting in 1993, if that were possible. He was

/ready

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ready to ask the Commission to begin informal, advance reflections on potential applications from Norway and Finland. He had assured Mrs Brundtland that the tight Norwegian domestic political timetable, which ruled out a formal application before the autumn, would not be a bar to consideration of Norway with the others in the first wave.

In further discussion, Delors made the following further points:

- it would be possible to conduct a global negotiation with all the EFTAN applicants together, covering most issues;
- because of the EEA, these negotiations would be much simplified;
- the key for handling Malta would be to develop a case for distinguishing them from Luxembourg (a founder member etc).

Since the collapse of the Soviet Union, and the rise of Moslem fundamentalism, Turkey was of even greater importance. *Temporarily retained*

- Switzerland. Delors did not think an early Swiss application was likely, since it would require fundamental constitutional change. Others (eg Lamy and Williamson) considered an early Swiss application increasingly likely.
- European Parliament. Both Delors and Lamy were clear that EP assent was only necessary under Article 237 before ratification, not at any earlier stage in handling an application.
- A possible model for EC relations with small states (eg Malta) would combine a free trade zone and binding consultation over CFSP. This would be supplemented by CSCE membership. (Lamy mentioned the solution created for Luxembourg membership of EURATOM, as a precedent for a close institutional relationship short of membership).

For Eastern Europe, Delors argued that enlargement should not be considered the only possible relationship. The CSCE had potential, provided it could be developed and improved with an institutional machinery and a solid dispute settlement mechanism. The idea of a "common European home" could yet prove useful. The central and east European states should also be encouraged to diversify their trade links. It might prove sensible for a second regional trading group to

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develop among these countries, with very close links to the EC. The Secretary of State said he was sceptical about CSCE. Unlike the EC and NATO, it had no roots. Membership, even of an improved CSCE, could be no substitute for enlargement. The CEE countries themselves were not interested in any eventual relationship with the Community short of full membership. Nor would they be attracted by a payments union or separate Eastern European trading group, if that excluded or discouraged enlargement.

On the long term size, Delors said that he could not imagine a Community of 35. The Secretary of State said that even at 25 changes would be needed. When that time came, the choice would be between reform with a centralising or a decentralising philosophy. The case for the latter had not yet been fully elaborated, but could include greater emphasis on subsidiarity, the development of agencies and possible greater use of variable geometry. It would not mean the return to a Europe of nation states, which Delors had warned against. Delors emphasised that his own thinking on this was only exploratory. But he was convinced of the need to examine global European architecture in realistic terms. In the short term, he was an enthusiast for EFTAn membership of the Community: the Nordic traditions would enrich the Community and add to its diversity.

In conclusion, Delors said that the Commission would need to produce a prudent report on enlargement at Lisbon. The Secretary of State agreed that it would be awkward to be explicit at this stage in the process. The report might aim to sketch out the range of problems but, so far as possible, avoid controversy.

*CNR Prentice*

6 February 1992

(C N R Prentice)

cc: PS  
PS/Mr Garel-Jones  
PS/PUS  
Mr Appleyard  
Mr Greenstock  
Heads of: ECD(E)  
ECD(I)  
WED  
Planners  
Special Advisers (2)

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*CNR Prentice*  
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(C N R Prentice)

PLEASE  
IGNORE  
ST

6 February 1992

- cc: PS
- PS/Mr Garel-Jones
- PS/PUS
- Mr Appleyard
- Mr Greenstock
- Heads of: ECD(E)
- ECD(I)
- WED
- Planners
- Special Advisers (2)

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Foreign & Commonwealth Office

London W1A 2AH

*pleas* Of course it's a long way off; not in my political life-time. But I don't propose to back off my earlier remarks of 20/1. Prime Minister

21 January 1992

*This is a polite way of saying: please don't talk about Russian membership of the EC. Better to talk about a developing relationship between the CIS and the EC and not mixing off any options at this stage.*

*Dear Stephen,*

The former Soviet Union and EC membership

*Stephen 24/1*

You asked for advice on which parts of the former Soviet Union might be candidates for membership of the European Community.

We have won credit in Eastern Europe by championing closer relations with the Community: our aim for the former Soviet Union must be the same. The picture is uncertain.

The Community had a Trade and Cooperation Agreement with the former Soviet Union. The Commission has proposed exploratory contacts with the republics to prepare for the negotiation of such agreements, tailored to the individual country and strengthened by political dialogue and more extensive economic and technical cooperation. Mr Hogg welcomed this approach at the EC Foreign Affairs Council on 10 January. It will permit a measured EC response, conditional on economic and political progress. A longer term aim might be Association Agreements of the form recently concluded with Hungary, Poland and Czechoslovakia.

Some of the former Republics will aspire to Community membership. In every case much progress will be needed before this is a realistic possibility. Neither Russia nor the other Republics are likely to be economically (or perhaps politically) ready for membership this century. Premature accession could have huge costs for existing members.


Membership applications will also be measured against the geographic limits in Article 237 of the EEC Treaty (repeated in the Political Union Treaty) that "any European State may apply to become a member of the Community." The western Republics - the three Baltic States and Belarus, Ukraine and Moldova - could be regarded as belonging to Eastern Europe. The same is true of western Russia: St



Petersburg is a European city. Further east the position is less clear cut: Europe has traditionally ended at the Urals. Depending on the criteria used to define "Europe" - language, religion, history or culture, for example - Georgia and Armenia would qualify under some criteria but not under others; the Moslem Republics would be hard put to qualify at all.

Russia, with a population, of 147 million covering 6.5 million square miles and 11 time zones, is sui generis: a cross between a nuclear power and a developing country. As the former it would dominate the Community; as the latter it could drag it down. We shall want the Community to continue to strengthen its links with Russia, to encourage democracy and economic reform while accepting that the Community's role is limited. But full membership is a long way off.

Yours ever,

  
(R H T Gozney)  
Private Secretary

J S Wall Esq CMG LVO  
10 Downing Street



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bcc: ~~De Wall~~  
No 10 Darnley St.

FROM: M H Jay

DATE: 6 January 1992

cc: PS/PUS	Hds: ECD(I)
Mr Bayne	Planners
Mr Appleyard	Economists
Mr Greenstock	WED
Mr Tait	SED
Mr Goulden	EED
Mr Eaton	Soviet Dept.
	Special Advisers
(for info.)	Mr Hadley, Cabinet Office
PS	Sir J Kerr, UKREP BRUSSELS
PS/Mr Garel-Jones	

Mr Jones Parry, ECD(E)

ENLARGEMENT

1. Enlargement will be one of the main Community subjects for 1992, including our Presidency. I should be grateful if you would regard it as one of your top priorities for the months ahead: see also paragraph 5 below on handling enlargement issues over the next few months.

2. There has been a certain amount of activity over the Christmas and New Year break. The position seems to me to be as follows:

- (i) Strategy for 1992. Our main aim for 1992 must be to ensure that the Portuguese make enough progress in their Presidency for the Commission to be instructed by the Council to draw up during our Presidency the negotiating mandates for Austria and Sweden and (if, as expected, she applies early this year) Finland. The Secretary of State is briefed on these lines for his talks in Lisbon tomorrow. In practice this means getting the Commission to come forward quickly with the avis for Sweden (and if necessary Finland) and to get on quickly with the enlargement study commissioned by the European Council at Maastricht. It also means counteracting (perhaps with German help) any French or Commission tendency to argue that we cannot move forward with any enlargement until, say, the Community is agreed on a grand design for the future, including its relations with East and Central Europe and the former Soviet Union, or until the Maastricht agreement on political union and EMU is ratified

/and in

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and in force. The Maastricht conclusions should help here. We must also try to avoid the Portuguese or others exploiting the Maastricht conclusions linkage between enlargement and future financing either to put pressure on us to agree to an early and bad future financing agreement, or to seek to delay any work on enlargement, including drawing up mandates, until after the future financing negotiations are complete.

- (ii) The EFTAns. On a bilateral level, we have talks planned between Mr Garel-Jones and his Swedish and Austrian counterparts (in London in February and March) and his Finnish counterpart (in Helsinki next week). The trickier contacts will be with the Norwegians and Swiss. We do not want to discourage them from applying, and if they apply during the next few months we must ensure their applications are processed with the Austrians and Swedes. But nor, I think, should we actively encourage them to apply, since the prospect of four or five, rather than two or three, new members, could cause some other member states and the Commission to argue that there should be a further IGC on institutional questions before any enlargement. This would mean no enlargement until after the 1996 IGC, or bringing that IGC forward. Neither is desirable. We also need agreement in Whitehall on the implications for the UK (e.g. agriculture, fisheries) of Austrian, Swedish (and Finnish) membership so that we can influence the drawing up of the Commission's mandate. We have put a draft paper round Whitehall.
- (iii) The Southern tier. We have received comments from most Whitehall Departments on our paper on the Southern tier. No-one seems disposed to argue for membership for Malta, Cyprus or Turkey, but there are clear reservations about any alternative arrangements for closer links with the EC which may have budgetary implications. These range from a flat "no" from the Treasury to Association Agreements or further financial protocols (clearly unrealistic) to rather subtler replies from the DES and Dept. of Employment to the effect that any budgetary costs from what would essentially be a political agreement should fall on the FCO budget. We now need a revised paper, for discussion in EQS.

/Thereafter,

Thereafter, we shall need a paper for the Secretary of State to put to colleagues, and possibly an OPD(E) discussion.

- (iv) Poland, Hungary and Czechoslovakia. We are committed to the principle of membership for Poland, Hungary and Czechoslovakia when they can meet the criteria. The PUS has suggested, and the Secretary of State approved, the idea that we launch an initiative early this year in favour of enlargement, with a timetable. As I have minuted to the PUS, I have some reservations about this in relation to our objectives for the EFTA countries for 1992. Nor are we clear about the potential budgetary and institutional implications for the Community. We do, however, urgently need a strategy which puts flesh on the bones of our commitment in principle to membership for these countries. Sir John Kerr has suggested this take the form of stronger economic, financial and political links with the countries, plus reforms of certain Community policies, perhaps including the CAP, which could ease and quicken the path to accession. I should be grateful if you would work something up quickly, with ECD(I) and UKREP. We must do more thinking too about the budgetary and institutional implications of a Community of 19 or 20, i.e. including, say, four EFTAs and three Eastern Europeans. Our draft institutions paper needs revising in the light of the discussion with Sir John Kerr on 3 January. I should like to see the Economic Advisers paper on the likely costs of accession as soon as it is ready.

- (v) Other Eastern and Central Europeans. The EC has an agreed policy on Bulgaria and Romania (exploratory talks with a view to Association Agreements), Albania (trade and cooperation agreement), Yugoslavia (suspend the trade and cooperation agreements, and sticks and carrots for the constituent parts) and the Baltic States (trade and cooperation agreements leading, in principle, to Association Agreements). EC membership is an - as yet largely unspoken - wish for most of these countries. We need to ensure that EC policies help entrench democracy and economic reforms without raising unrealistic expectations, and that we continue to be seen by the countries concerned as -

/along

along with Germany - their staunchest Community supporter.

- (vi) The former Soviet Union. Mr Wall has asked informally for advice on how much of the former Soviet Union might in theory (i.e. in terms of Article 237 of the Treaty of Rome, or Article W1 of the draft political union treaty agreed at Maastricht) be candidates for membership of the Community; and what the practical implications might be of the answer we give. This would be a private assessment, to provide the background against which public statements can be formed. My preliminary answer to the first question is that Belorus, Ukraine and Moldava would qualify; that a big question-mark hangs over Russia (Moscow is European, Vladivostock is not); and that the others do not qualify. The practical implications of membership for any of them for the foreseeable future, and Russia ever, look pretty daunting. The best public line may be to say that the Community needs to develop links with all the countries of the ex-Soviet Union in the way that best suits their needs and the Community's means, and that nothing should be ruled out in the longer term; but the Prime Minister went a bit further than this about Russia in his New Year message. We need a draft letter to No. 10 fairly soon.

3. Many of these issues need self-standing consideration, as indicated above. But the threads need to be drawn together in two ways:

- (i) in the draft minute we have in mind that the Secretary of State should send OPD(E) colleagues. The ECD(E) draft has been cleared with Sir John Kerr, subject to some amendments, and needs to be cleared within the FCO and by the Cabinet Office. I suggest that we do not seek to clear it elsewhere in Whitehall. It follows from earlier Ministerial correspondence, and will refer to more detailed work - e.g. on EFTA and the Southern tier - which will need Whitehall discussion. We should aim to submit a draft to Ministers shortly;
- (ii) as part of the paper on the road to the 1996 political union IGC commissioned by Mr Garel-Jones, of which I am circulating an outline shortly.

/4. ...

4. There is also Parliamentary business. You will want to look carefully at the draft papers we have prepared for the Lords Sub-Committee following the background briefing you and I gave them before Christmas. Mr Garel-Jones will be invited to give evidence later in their enquiry. We shall also need an agreed line, cleared with Ministers, before Mr Tait, Mr Goulden and I give evidence to the Commons Foreign Affairs Committee on 15 January on Eastern Europe.

5. These enlargement issues form part of a broader policy on European construction which will concern other parts of the FCO. There will also, I imagine, be regular Cabinet Office-led discussion. But enlargement itself has enough content and enough importance over the year ahead to need special handling. Work will be centred in ECD(E), but others will need to be involved. I think it might be helpful if I were to hold a fortnightly meeting to take stock of the issues, to commission further work as necessary, and to make sure we are properly prepared for FAC and other meetings on which enlargement will feature from now on. I hope ECD(I), Policy Planning Staff, Economic Advisers and Legal Advisers will attend regularly. I would much welcome attendance by WED, SED, Soviet Department and East European Department too, plus the European Secretariat of the Cabinet Office. There will need to be an UKREP input. Mr Bevan and Miss Legg might provide the Secretariat. Let us hold the first meeting at the end of this week, to discuss this minute.

*MHJ*

M H Jay

6 January 1992



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CONFIDENTIAL

FCS/92/012

CHANCELLOR OF THE EXCHEQUER

**ENLARGEMENT OF THE COMMUNITY: TIMETABLE**

1. I last minuted you and other OPD(E) colleagues on this issue on 6 September 1991. After the agreement at Maastricht, enlargement will be near the top of the Community's agenda in 1992. It will be prominent during our Presidency. *will request if required*
2. At our suggestion, the Maastricht European Council issued a declaration on enlargement. This confirmed the Community's openness to applications from all European democratic countries and agreed that accession negotiations "can start as soon as the Community has terminated its negotiations on Own Resources and related issues in 1992". This is an advance on the Community's previous position that there should be no accession negotiations until 1993 at the earliest, but we shall need to avoid any suggestion that preparatory work for accession negotiations should be postponed until after the own resources negotiations. It was also agreed at Maastricht that the Commission would produce a study on enlargement.
3. There are now five membership applications on the table: in order of application, Turkey, Austria, Cyprus, Malta and Sweden. Finland is likely to apply in early 1992, Norway may do so by the end of the year, and Switzerland has said that she will seek membership in due course. The Association Agreements signed recently with

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Czechoslovakia, Poland and Hungary state the possibility of eventual membership for these countries. Other Eastern Europeans, the Baltic States, and some other republics of the former Soviet Union may seek membership in the longer term. The draft Treaty agreed at Maastricht requires that, once the Treaty has come into effect, an applicant must join the Common Foreign and Security Policy and Interior/Justice pillars as well as the Community.

4. OPD(E) colleagues agreed in correspondence over the summer, ending with my minute of 6 September, that we should aim to bring the EFTAn applicants into the Community as soon as possible. They share much of our own political tradition, and a broad commitment to the market. They should be law abiding, and will be net contributors. As such they will tend to support our approach to the Community, although - as noted in earlier correspondence - they will cause problems for us in certain areas, particularly in social policy, environment, and agriculture, and there may be fisheries complications. The European Economic Area agreement between the EC and EFTA is designed to extend the Community's Single Market to the EFTA countries from 1993. The European Economic Area even if amended to take account of objections raised by the European Court of Justice, covers a large part of the ground of an accession negotiation and will facilitate EFTAn membership of the Community.

5. The Council will, partly on the basis of the formal Commission Opinion on each individual application, decide in principle to proceed to an accession negotiation, and will invite the Commission to submit a draft negotiating mandate. Accession negotiations will be on the basis of

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this negotiating mandate, once endorsed by the Council. In our view - which we are checking with the Commission and Council Legal Services - the assent of the European Parliament is also required before negotiations with the applicants can open. Other member states will probably also want an early sight of a study on enlargement which the Commission is preparing. We must encourage the Commission to produce it in time for discussion at the European Council in Lisbon, but discussion of this report is not a formal precondition of negotiations. We should try to avoid such linkage, though this will be difficult.

6. We are working closely with the Portuguese Presidency to ensure that the Commission produce quickly the outstanding Opinion on Sweden and on any other EFTAs who apply (those on Turkey and Austria have already issued), and that the European Parliament's assent is obtained if necessary. The way will then be clear for the Council (not necessarily the European Council at Lisbon) to ask the Commission to draw up draft mandates for negotiations with the EFTA countries. The sooner we have these on the table the better, so that we can seek Council agreement to them during our Presidency. We shall need to ensure - through full and early consultation in Whitehall - that the mandates reflect our national interests in particular sectors. Our tenure of the Presidency gives us the opportunity to influence both the timing of agreement on the mandates, and their content.

7. Agreement on the mandates under the UK Presidency would allow accession negotiations themselves to open in late 1992 or early 1993, provided the own resources negotiations had been concluded by then. We might be

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able to launch negotiations formally at or before the European Council in Edinburgh in December 1992. Failing that, we would aim to have Edinburgh agree the negotiating mandates and set a date for negotiations to start in early 1993, perhaps also setting a target date for accession. Allowing up to a year to complete separate, parallel negotiations and a further year for ratification, the EFTAs might enter the Community in 1995.

8. This is an ambitious timetable. It could conceivably be accelerated, but is more likely to slip. We must do all we can to keep up the pace. We want the first EFTAs to have joined before the next Inter-Governmental Conference in 1996. If Finland applies early in 1992 as expected, she is likely to join with Sweden and Austria. Those EFTAs who have not applied by the middle of 1992 (probably Norway and Switzerland) will find it more difficult to catch the first train. If they do apply, we shall want their applications to be processed in parallel with those of Austria, Sweden and perhaps Finland. We should continue to make clear to them privately that whether and, if so, when to apply is a matter for them. They must draw their own conclusions from the timetable now envisaged. But if they were to apply, we would support them.

9. We are agreed that all three Southern applicants present difficult problems. Turkish accession is not on for the foreseeable future for economic, demographic and political reasons.

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It will be important, if possible, for the Community to give the Southern applicants (and in particular, Turkey) a response which offers alternatives to membership; officials are considering various possibilities, and we may need a Ministerial discussion in due course.

10. The East Europeans are not yet ready for membership. But we must help them prepare. The Association Agreements with Poland, Czechoslovakia and Hungary, and the Association Agreements and the Trade and Cooperation Agreements under negotiation with the Baltic Republics and other Eastern European countries, will play an important part. The help which we are offering through the EC and the UK Know How Fund will also play an important role. Success in the GATT talks, and satisfactory reform of the CAP, will also be of direct relevance. The Community will also need to consider how best to develop relations with the newly independent Republics of Yugoslavia. As for the other Eastern European countries, the possibilities will depend on economic and political conditions in each.

11. We have won credit in Eastern Europe by championing closer relations with the Community. We must do the same for the former Soviet Union. The aim must be to develop relations with the new Republics which, within the Community's available resources, promote democracy and

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economic reform. We want a step by step approach, in which the relationship is developed according to the circumstances of individual republics and conditional on economic and political progress in each. The first step is likely to be Trade and Cooperation Agreements with the main Republics, perhaps with a political dialogue added. The Foreign Affairs Council broadly endorsed such an approach on 10 January. We can expect Commission proposals shortly.

12. Membership for the new Republics is an issue for the longer term. The Baltic states, Belarus, Ukraine and Moldova would qualify as European states under Article 237 of the Treaty of Rome, and the equivalent article of the draft political union Treaty agreed at Maastricht. I think one would have to argue that Russia would too. Georgia, Azerbaijan and Armenia might just qualify, but the Central Asian Republics would not. In practical terms, membership for any of the new Republics, with the possible exception of the Baltic states, looks implausible for the foreseeable future. It looks particularly difficult for Russia, which would be too big and too poor for the Community to accommodate in any conventional sense. But the pace of change in the Community, and in the former Soviet Union, makes it unwise to rule out any form of relationship in the longer term.

13. The first wave of EFTAn accession should be broadly containable within the Community's institutional structures as amended by Maastricht. But enlargement beyond that will bring difficult institutional questions onto the Community agenda. As you have noted, substantial enlargement could generate centripetal pressures. There will be calls from some for a revision

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of the decision-making process (including more QMV) and for moves towards a more centralised Community. We are developing our own thinking on this. We should discuss together in due course.

14. I am sending copies of this minute and enclosure to the Prime Minister, other OPD(E) colleagues and Sir Robin Butler.

*DH.*

(DOUGLAS HURD)

Foreign and Commonwealth Office

23 January 1992

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FCS/91/187

CHANCELLOR OF THE EXCHEQUER

Enlargement of the Community: Timetable

1. I am grateful to you and other OPD(E) colleagues who commented on my minute of 11 June on enlargement of the Community. Since then, the Swedes have made their formal application, and there have been momentous events in the Soviet Union. It is too soon to say how these will affect the enlargement question: but one result may be to add the Baltic Republics to the list of those who aspire to membership in the longer term.
2. Colleagues generally endorsed the strategy I proposed. Despite certain disadvantages identified by colleagues, we are agreed that, on balance, membership of those EFTA countries who want to join should advance UK interests, and that we should use our Presidency to take their accession forward. Exactly what we can hope to achieve under our Presidency will depend on developments meanwhile. The Portuguese (who precede us) may want to make progress themselves. If so, we should support them. We might then start to tackle the detail of negotiating mandates during our own Presidency. I agree with Peter Lilley that we should privately warn the Finns and Norwegians of the dangers of their missing the first boat: indeed, I have already spoken on these lines to the Norwegian and Finnish Foreign Ministers.

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3. I agree with those colleagues who stressed that EFTAN accession will not be an uncovenanted blessing for the UK, and that admitting more neutral countries could jeopardise progress towards a more coherent European foreign policy. Neutrality has different origins and a different basis in all the countries concerned, and is anyway a fairly cloudy concept in 1991. But we will continue to make clear to the neutrals that they (like all other applicants) must be ready to take on all the obligations of membership, including full participation in the Common Foreign and Security Policy, and we will continue to insist that defence matters should remain with NATO and the Western European Union, and not be absorbed by an expanded CFSP or the "Union".

4. Accession by at least some EFTANS is, in any case, probably inevitable. So there is a double reason for welcoming the prospect, and working to strengthen and broaden our relationship with Austria, Sweden and other potential applicants before they join. The Germans will already be doing so: we should not leave the field to them. We have already won points for our support for the European Economic Area (EEA). We must exploit this further. In the run-up to accession, we must identify areas where we and individual EFTANS should be able to work closely together as members of the Community. Where we think we may disagree, we should start now to try to convince them of the merits of our case.

5. We are also agreed that we should continue to support membership for the Eastern Europeans when they can meet the economic and political conditions. It is certainly in our strategic and political interest to bind the newly liberated countries of Central and Eastern Europe into the West through holding out the prospect of

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membership - and ultimately through membership itself. But their accession would be expensive, and as Michael Howard and Kenneth Baker have pointed out, there would be problems in the field of immigration and labour policy.

6. The Southern applicants (Turkey, Cyprus and Malta) pose particular problems. I do not think any member state thinks early Turkish membership is a realistic prospect. But my recent visit to Ankara reinforced my view that we should work to deepen Turkey's relations with the Community, and not close the door completely on membership.

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I plan to consult OPD(E) colleagues further in due course on the handling of the southern tier applications.

7. You made the important point that enlargement could increase the centripetal pressures within the Community, and that we must try to counter this. I agree. I shall write separately about how we might do this.

8. Finally, our public presentation of the enlargement issue remains important. Peter Lilley noted that we should get the most out of our support for enlargement by taking a high public profile. We have already gained credit in EFTA countries and Eastern Europe for this, and

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should continue to do so. But we must temper our enthusiasm during the Inter-Governmental Conferences since other member states may suspect our motives. Nor do we wish to provoke the aspirations of Southern applicants.

8. I am sending copies of this minute to OPD(E) colleagues and to Sir R Butler.

DH.

(DOUGLAS HURD)

Foreign and Commonwealth Office

6 September 1991

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TO PRIORITY FCO

TELNO 497

OF 231045Z DECEMBER 91

INFO PRIORITY UKREP BRUSSELS, STOCKHOLM, HELSINKI, COPENHAGEN, ACTOR  
INFO ROUTINE THE HAGUE, LISBON, BONN, PARIS

MY TELNO 481 (NOT TO ALL) : MRS BRUNDTLAND ON EC MEMBERSHIP.

## SUMMARY

1. MRS BRUNDTLAND SAYS SHE WILL DECLARE HER OWN POSITION ON EC MEMBERSHIP IN APRIL/MAY 1992. TIMETABLE FOR PARTY CONFERENCE DECISION NOT (YET) AFFECTED.

## DETAIL

2. ON 20 DECEMBER, AT HER FINAL BRIEFING THIS YEAR, PRIME MINISTER GRO HARLEM BRUNDTLAND ANNOUNCED THAT SHE WOULD DECLARE AS EARLY AS APRIL/MAY 1992 WHETHER SHE WISHED NORWAY TO APPLY FOR EC MEMBERSHIP AND FOR WHAT REASONS. SUCH A DECLARATION, WHICH EVERYONE EXPECTS TO BE POSITIVE, WOULD CLEARLY PUT PRESSURE ON LABOUR'S PARTY CONFERENCE TO VOTE THE SAME WAY. BUT MRS BRUNDTLAND ALSO REPEATED IN HER PRESS BRIEFING THAT SHE SAW NO REASON TO BRING THE PARTY DECISION ITSELF FORWARD FROM NOVEMBER. SHE AGAIN URGED THE STORTING TO APPROVE THE EEA AGREEMENT 'SO THAT NORWAY CAN TAKE ITS PLACE IN EUROPE TOGETHER WITH THE OTHER NORDIC COUNTRIES'. A TRADE AGREEMENT WOULD NO LONGER BE A PRACTICAL ALTERNATIVE.

## COMMENT

3. MRS BRUNDTLAND'S NEW MOVE ON THE EC DEBATE TIMETABLE WAS TYPICAL OF THE GENERAL TONE OF HER PRESS CONFERENCE, IN WHICH SHE SOUGHT TO SIGNAL UNBROKEN CONFIDENCE AND TO PROMISE INCREASINGLY FORTHRIGHT POLITICAL LEADERSHIP. HER MORE FORWARD TACTICS ON THE EUROPEAN QUESTION (CF. MY TUR) WERE ECHOED IN A WARNING TO THE CHRISTIAN PEOPLE'S PARTY OVER THE WEEKEND BY GUNNAR BERGE, LABOUR'S PARLIAMENTARY LEADER, WHO SAID THAT REJECTION OF THE EEA BY THE STORTING WOULD MAKE EC MEMBERSHIP AN IMMEDIATE ISSUE. BERGE ADDED THAT LABOUR'S PRESENT TIMETABLE SHOULD IN ANY CASE ALLOW AN EC APPLICATION TO BE MADE AND NEGOTIATIONS TO START IN EARLY 1993, BEFORE THE NEXT NORWEGIAN GENERAL ELECTION.

4. I HAVE NOTED THE INSTRUCTIONS IN YOUR TELNO 200 WHICH I BELIEVE I CAN MOST APPROPRIATELY CARRY OUT WITH BJORN TORE GODAL HIMSELF. THE EARLIEST APPOINTMENT I HAVE BEEN ABLE TO SECURE WITH HIM IS 3 JANUARY

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: I WILL REPORT FURTHER THEN.

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INFO ROUTINE PARIS, MOSCOW, UKREP BRUSSELS, WASHINGTON

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PARIS TELNO 913: EC ENLARGEMENT/BALTIC STATES

SUMMARY

1. GENSCHER SUPPORTS EC MEMBERSHIP FOR THE BALTIC STATES IN DUE COURSE.

DETAIL

2. ON HIS RETURN FROM A TOUR OF BALTIC STATE CAPITALS, GENSCHER GAVE A RADIO INTERVIEW ON 13 SEPTEMBER, IN WHICH HE SAID, AMONG OTHER THINGS, THAT THE THREE BALTIC STATES SHOULD BE ASSOCIATED WITH THE EC SINCE THIS WOULD HELP BIND THEM TO EUROPE WHILE OFFERING THEM THE PERSPECTIVE OF FULL MEMBERSHIP. QUOTE THEY WOULD NOT FORGIVE US IF WE DID NOT OPEN THE DOOR TO THE EC. UNQUOTE ASKED HOW LONG THE PROCESS WOULD TAKE, GENSCHER SAID THAT THE ASSOCIATION AGREEMENTS COULD BE CONCLUDED IN A FEW MONTHS. FULL MEMBERSHIP COULD TAKE PLACE QUOTE IN THE NEXT FEW YEARS DEPENDING ON THE COUNTRIES THEMSELVES AND THEIR CAPABILITIES UNQUOTE.

3. COMMENT: THIS IS NOT THE FIRST TIME THAT GENSCHER HAS SPOKEN ABOUT ENLARGING THE EC EASTWARD. ON THIS OCCASION HE WAS PROBABLY FIRED BY HIS ENTHUSIASM FOR THE BALTICS FOLLOWING HIS VISIT RATHER THAN BY A DESIRE TO CONTRADICT THE MORE GRUDGING LINE COMING OUT OF PARIS.

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INFO PRIORITY HELSINKI, OTHER EC POSTS, MOSCOW, WASHINGTON

MY TELNO 288: SWEDISH EC BID: STATEMENT BY PRIME MINISTER

SUMMARY

1. SWEDEN WILL APPLY ON 1 JULY FOR MEMBERSHIP OF THE EC. A REFERENDUM WILL BE HELD. SWEDEN REMAINS COMMITTED TO SUCCESSFUL CONCLUSION OF EEA NEGOTIATIONS.

DETAIL

2. AS EXPECTED (MY TUR) PRIME MINISTER CARLSSON TODAY INFORMED THE RIKSDAG IN A SPECIAL STATEMENT THAT SWEDEN WILL APPLY FOR EC MEMBERSHIP (TEXT FAXED TO ECD(E)). THE APPLICATION WILL BE DELIVERED TO THE DUTCH PRESIDENCY IN THE HAGUE ON 1 JULY.

3. THE STATEMENT EMPHASISED THAT THE ESSENCE OF SWEDEN'S NEUTRALITY WAS FREEDOM FROM MILITARY ALLIANCES. WHILE IT WAS LIKELY THAT SOME FOREIGN POLICY DECISIONS IN THE EC WOULD BE DETERMINED IN FUTURE BY QUALIFIED MAJORITY VOTING, THIS WOULD APPLY ONLY IN CERTAIN LIMITED AREAS. THE GOVERNMENT HAD CONCLUDED THAT THE EC WAS NOT LIKELY TO BE TRANSFORMED INTO A 'DEFENCE ALLIANCE WITH OPERATIVE MILITARY RESPONSIBILITIES' AND THAT ANY FUTURE DEFENCE COOPERATION WOULD CONTINUE TO HAVE DUE REGARD TO THE POSITIONS OF COUNTRIES THAT COULD NOT OR DID NOT WANT TO PARTICIPATE. THE EC'S DECISION-MAKING STRUCTURES ASSURED MEMBERS OF THE OPPORTUNITY TO SAFEGUARD FUNDAMENTAL SECURITY POLICY INTERESTS. EC MEMBERSHIP WAS, THEREFORE, COMPATIBLE WITH SWEDEN'S NEUTRALITY. SWEDEN SHARED THE COMMUNITY'S LONG-TERM GOALS, AS FORMULATED IN THE TREATY OF ROME AND THE SINGLE EUROPEAN ACT AND WISHED TO WORK FOR THEIR REALISATION TOGETHER WITH OTHER MEMBERS OF THE COMMUNITY.

4. FINAL APPROVAL OF AN AGREEMENT WILL BE SUBMITTED TO THE ELECTORATE IN THE FORM OF A REFERENDUM.

5. CARLSSON MADE A SPECIAL REFERENCE TO NORDIC COOPERATION

WHICH MUST NOT BE SET BACK BY THE PROCESS OF EUROPEAN INTEGRATION.

6. THE SWEDISH GOVERNMENT INTENDS TO PURSUE ACTIVELY A SUCCESSFUL CONCLUSION TO THE EEA NEGOTIATIONS.

7. THE MAIN OPPOSITION PARTY LEADER CARL BILDT WELCOMED THE GOVERNMENT'S DECISION, CALLING THE SWEDISH APPLICATION THE MOST IMPORTANT CHANGE IN SWEDISH FOREIGN AND SECURITY POLICY IN MODERN TIMES. BILDT STRESSED THAT THE HARD CORE OF NEUTRALITY POLICY, WHICH WAS DICTATED BY SWEDEN'S GEO-STRATEGIC POSITION, WOULD BE RETAINED, BUT LEFT NO DOUBT ABOUT THE FIRMFNESS OF HIS COMMITMENT TO MEMBERSHIP. LIBERAL AND CENTRE PARTY LEADERS ALSO SUPPORTED THE DECISION. THE LEFT, EX-COMMUNISTS, OPPOSED IT AS TOO HASTY. THE GREENS ALSO OPPOSED IT.

COMMENT

8. SWEDEN HAS NOW MADE THE EXPECTED DECISIVE COMMITMENT TO MEMBERSHIP, ON THE BASIS OF CONSENSUS BETWEEN THE FOUR MAIN POLITICAL PARTIES. THOUGH THE POLICY CHANGE IS MOMENTOUS THE REFERENDUM, WHICH IS LIKELY TO BE HELD IN CONJUNCTION WITH THE 1994 ELECTION, IS NOT AT THIS STAGE EXPECTED TO PRESENT A SERIOUS OBSTACLE.

9. DETAILED COMMENT FOLLOWS.

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PRIME MINISTER'S  
PERSONAL MESSAGE

SERIAL No. T94191

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CC OPS



10 DOWNING STREET  
LONDON SW1A 2AA

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THE PRIME-MINISTER

18 March 1991

*Dear Mr. President,*

Thank you for your letter of 1 March. The UK has consistently expressed its wish to develop EC/Turkey relations. We fully support the Commission's proposals in this respect, and have encouraged our partners to do likewise, most recently at the Foreign Affairs Council of 4 March, where Douglas Hurd emphasised that stronger links between the Community and Turkey were in the EC's interest as much as Turkey's. Turkey's key geographical position and your robust role during the Gulf Crisis are both, in our view, clear reasons why Turkey's relations with the Community should be enhanced. Like you, we attach particular importance to developing relations within the framework of the existing Association Agreement and to the unblocking of the Fourth Financial Protocol. This too was made clear to our partners on 4 March.

Strengthening links with Turkey is not of course a one way process. If the goal of a Customs Union is to be reached, the Community will in particular be looking for assurances that Turkish industry will support moves to improve access for EC firms to the Turkish market.

May I take this opportunity of assuring you that the UK will continue to press for movement to develop EC/Turkey relations.

*Warm regards,  
John Major*

His Excellency Mr. Turgut Ozal



*FN Scamif* *R14/3*  
Foreign and Commonwealth Office

London SW1A 2AH

14 March 1991

*Dear Charles,*

Letter from President Ozal : EC/Turkey

As I mentioned by telephone on 1 March, President Ozal of Turkey wrote to the Prime Minister on 1 March expressing Turkey's concern at the lack of progress in EC/Turkey relations. His explicit aim was to influence the discussion at the 4 March FAC. I enclose a copy of the message, a translation and a draft reply from the Prime Minister.

*Yours ever,*

*Christopher Prentice.*

(C N R Prentice)  
Private Secretary

Sir Charles Powell KCMG  
10 Downing Street



From: Prime Minister

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His Excellency Mr Turgut Ozal  
President of the Republic of Turkey

Thank you for your letter of 1 March. The UK has consistently expressed its wish to develop EC/Turkey relations. We fully support the Commission's proposals in this respect, and have encouraged our partners to do likewise, most recently at the Foreign Affairs Council of 4 March, where Douglas Hurd emphasised that stronger links between the Community and Turkey were in the EC's interest as much as Turkey's. Turkey's key geographical position and your robust role during the Gulf Crisis are both, in our view, clear reasons why Turkey's relations with the Community should be enhanced. Like you, we attach particular importance to developing relations within the framework of the existing Association Agreement and to the unblocking of the Fourth Financial Protocol. This too was made clear to our partners on 4 March.

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May I take this opportunity of assuring you that the UK will continue to press for movement to develop EC/Turkey relations.

SUBJECT CC MASTER  
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PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL NO. T64A/91

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TRANSLATION OF PRESIDENT OZAL'S LETTER TO THE PRIME MINISTER

Dear Prime Minister

On the eve of the Council on 4 March I would like to share with you my growing concerns about the evolution of relations between Turkey and the European Community; whereas Turkey merits better treatment from her European partners.

During the 1980s, Turkey set up a market economy, opened her economy to the world and, eliminating the negative effects caused by the military intervention of 1980, re-established democracy. Turkey, who right from the time of the Republic's foundation adopted a system of values which we all share, succeeded in these endeavours, and on 14 April 1987 applied for full membership of the Community. However, during this evolution the Community did not give a satisfactory response to her accession request or to her wishes to reactivate her Association Agreement under the cooperation programme proposed by the Commission in 1989. Since then, the Community has not been able to take up a position about this programme which is an indivisible whole and whose elements are interdependent.

In the meantime, as you know, Turkey showed once again at the time of the Gulf crisis her commitment to shared values and in doing so took important political and economic risks. In return, the Community granted us 175 million ecu in aid. While I am grateful for that token of concern, I must tell you that it is difficult for us to understand why Turkey has been discriminated against compared to the other countries who received aid, both with respect to the volume and the conditions of the aid granted.

I am sure you understand that our aspirations go further than emergency aid. In the framework of her Association Agreement and in accordance with the Commission's proposals, Turkey is trying to establish widespread cooperation with the Community in the fields of commerce, industry, finance, politics and culture.

In this regard we have subscribed to the Commission's proposals aimed at completing a Customs Union in the next four years. That is why you will understand our disappointment that our application for increased textile quotas has not received the desired response from the Community.

While our imports from the Community rose to \$9.3 billion in 1990 from \$6 billion in 1989, Turkish exports in the same period rose from \$5.4 billion to \$6.8 billion. Our trade deficit rose from \$600 million in 1989 to \$2.5 billion in 1990, demonstrating the extent to which our markets have opened. The Community have notified us that the increased textile quotas cannot exceed 160 million ecu in value, while at the same time they failed to reply to our proposal for a reciprocal liberalisation of trade in textiles to take place earlier than the planned date for the general Customs Union.

The barriers to our exports, the blocking since 1980 of the Fourth Financial Protocol, the non-application of our Association Agreement, the insufficient level of our political consultations are all so many examples illustrating the impasse in our relations.

Prolonging that impasse and continuing prevarication in finding solutions to our problems only makes their solution more difficult. It also affects the future of our relations with the Community as well as our bilateral relations with

its Member States.

Now that the Gulf War is over <sup>and</sup> it is a question of organising peace on a regional scale, the fact that Turkey is the only European and Mediterranean country associated with the Community with whom the Community has not deepened its contractual relationship, in contradiction to its declared intentions, illustrates the gravity of the situation and creates a profound dissatisfaction in Turkish public opinion and leads us to question the wishes which lie behind those actions.

That is why I had to ask you, in advance of the Foreign Affairs Council on 4 March, to be so kind as to instruct your Foreign Minister to try to ensure that the Council relaunches relations between the Community and Turkey.

Please accept, Mr Prime Minister, the assurances of my highest esteem.

Turgut Ozal  
President of the Republic of Turkey

Ankara, le 1er mars 1991.

Monsieur le Premier Ministre,

Je voudrais vous faire part, a la veille du conseil du 4 mars, de mes preoccupations grandissantes a l'egard de l'evolution des relations entre la Turquie et la communauté Européenne, alors que la Turquie n'a cesse de mériter un traitement meilleur de la part de ses partenaires Européens.

En effet, durant les années 80, la Turquie a mis en place un système d'économie de marché par ses propres efforts, a ouvert son économie au monde, et, éliminant les effets négatifs causés par l'intervention militaire de 1980, a rétabli sa démocratie. La Turquie, qui a adopté dès la fondation de la république le système de valeurs que nous partageons tous, a réussi ces entreprises, et a présenté sa demande d'adhésion a part entière a la communauté le 14 avril 1987. Toutefois, durant cette évolution, elle n'a pu trouver dans la communauté ni une réponse satisfaisante a sa demande d'adhésion, ni celle qui correspond a ses souhaits de réactiver ses liens d'association grâce au programme de coopération proposé par la commission en 1989. Depuis lors, la communauté n'a pas été en mesure de prendre une position sur ce programme qui constitue un tout indivisible et dont les éléments sont interdépendants.

Comme vous le savez, dans l'entretemps, la Turquie, à l'occasion de la crise du Golfe, a fait preuve une nouvelle fois de son engagement a l'égard des valeurs communes, et, ce faisant, a pris des risques politiques et économiques importants. En contrepartie, la communauté nous a accordé une aide de 175 millions d'ECU. Tout en lui étant reconnaissant pour cette marque d'intérêt, je me dois de vous préciser cependant qu'il nous est difficile de comprendre la discrimination dont la Turquie a fait l'objet parmi les pays bénéficiaires quant au volume et aux conditions de l'aide octroyée.

..../...

The Rt. Hon. John Major MP,  
Prime Minister,  
10 Downing Street,  
London SW1.

Vous comprendrez certainement que nos aspirations vont bien au-delà d'une aide de caractère exceptionnel. La Turquie cherche à établir dans le cadre de ses liens d'association et conformément aux propositions de la commission une coopération globale dans les domaines commercial, industriel, financier, politique et culturel avec la communauté.

A cet égard, nous avons souscrit aux propositions de la commission prévoyant l'accomplissement de l'union douanière dans l'espace des quatre prochaines années. C'est pourquoi vous comprendrez notre déception de voir que notre demande en vue de l'accroissement des quotas de textiles n'ait pas rencontré l'écho souhaité de la part de la communauté.

Alors que nos importations en provenance de la communauté se sont élevées en 1990 à 9.3 milliards de dollars contre 6 milliards en 1989, les exportations Turques pour la même période ont été respectivement 6.8 et 5.4 milliards de dollars. Le déficit commercial qui était de 600 millions de dollars en 1989, a atteint ainsi 2.5 milliards de dollars en 1990, témoignant à quel point nos marchés sont ouverts. La communauté vient de nous signifier, précisément dans cette conjoncture, que l'accroissement des quotas de textiles ne pouvait dépasser un montant de 160 millions d'ECU, tout en laissant sans réponse notre proposition pour une libéralisation réciproque de nos échanges de textiles à un rythme plus rapide que celui prévu pour l'ensemble de l'union douanière.

Les obstacles à nos exportations, le blocage depuis 1980 du IV Protocole financier, la non-application de nos accords d'association, le niveau insuffisant de nos consultations politiques sont autant d'exemples qui illustrent l'impasse dans laquelle se trouvent nos relations.

Le prolongement de cette impasse et l'aterrmoisement continu des solutions à nos problèmes, ne font que rendre plus ardu leur règlement et ne sont pas sans effet tant sur l'avenir de nos relations avec la communauté que sur nos rapports bilatéraux avec les états membres.

Au moment où la guerre du Golfe s'achève et où il s'agit d'organiser la paix à l'échelle de la région, que la Turquie soit le seul pays européen et méditerranéen

Page 3.

associé à la communauté, avec lequel celle-ci n'ait pas approfondi ses relations contractuelles contrairement à ses intentions proclamées, montre bien la gravité de la situation qui crée un malaise profond de l'opinion publique Turque, et qui nous conduit à nous interroger sur la volonté de la ce de traduire ses intentions en actes.

C'est pourquoi j'ai tenu, avant le conseil des affaires générales du 4 mars, à vous prier de bien vouloir instruire votre Ministère des Affaires Étrangères de tenter d'assurer au conseil la relance des relations Turco-communautaires.

Veillez agréer, monsieur le Premier Ministre, les assurances de ma très haute considération.

Turgut Ozal  
Président de la République  
de Turquie



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cc. (2)  
(letter only)

Prime Minister

COO

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PM/90/076

PRIME MINISTER

EC Enlargement

1. OD(E) discussed the implications of enlargement on 25 October. We agreed that I should report the outcome to you.
2. After a period of caution over public statements on the further enlargement of the Community, in recent months the Government have adopted a more forthcoming and positive line, particularly to encourage the Eastern European countries to move quickly towards stable, democratic and market-oriented systems of government. A readiness to countenance East European accessions implies a readiness to consider applications from EFTA countries. There is a growing view in Europe that the Community should not be an exclusive club, and that enlargement is inevitable. The prospect of enlargement is relevant to the forthcoming IGCs on EMU and political union. Now is a good moment to consider in more detail what enlargement might mean, what our objectives should be, and how our public line might be developed.
3. In OD(E) we agreed that enlargement in the direction of EFTA and, as they become ready, of the East Europeans is both inevitable and desirable, and should be encouraged. We also agreed that, given the Community's

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heavy workload up to 1992, we should maintain the Community consensus (which we helped to secure and which others show no wish to reconsider) that no applications should be considered before 1993.

4. Enlargement is of immediate relevance to the EMU debate, since the highly centralist approach of the Delors plan would make it harder for the East Europeans (and perhaps for some EFTA countries) to join: all the more reason to argue for our evolutionary, market-driven approach as the right way forward.

5. The implications for the CAP are important too. The Community impasse over GATT and agriculture illustrates the reluctance of our partners to consider reform. Some reforms will be essential if the GATT round succeeds. But the prospect of the accession of a series of countries with large agricultural sectors (and substantial scope for increased production) ought in due course to bring home to our partners that further reform will be inescapable if the costs of the CAP are not to cripple the Community.

6. Enlargement will involve costs as well as benefits. The Eastern Europeans will expect substantial financial help in adjusting to Community membership, in particular in building up their infrastructure. Colleagues also recognise that in areas such as social policy and the environment new accessions (particularly by Nordic countries) will increase the pressure for more extensive action at Community level, including more majority voting. This will have implications for domestic policy and for public expenditure.

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7. Turkey is in a category of its own. Colleagues recognised the need to keep the Turks in the Western camp, but believed that they could not be regarded as part of Europe geographically or culturally, and that Turkish membership of the Community would cause immense problems, [redacted] Privately other member states share this view. At a time when we are taking a positive general line on enlargement, the Turkish application will need sensitive handling. It underlines the desirability of our avoiding comment on the merits of particular accession bids, actual or potential. We shall have to find other forms of closer cooperation amounting to a special relationship in order to bind the Turks to the West.

8. We shall also need to look carefully at the implications of enlargement for population movement in Europe. East Europeans will be attracted in large numbers to the more prosperous West, and Britain will be one of the poles of attraction. When Spain and Portugal joined, the Community insisted on a long transitional period before allowing full free movement of workers. Similar arrangements may well be needed in due course for Eastern Europe.

9. Colleagues are clear that, notwithstanding the problems identified above, enlargement will be in Britain's overall interest. We should have no hesitation about putting the positive case publicly, provided that we are clear in our own minds about the likely costs and problems. It will be important not to

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do this in a way which suggests that our real motive is to slow down the development of the Community; this could encourage others to promote even faster integration (including more majority voting) before enlargement takes place. But it will be legitimate for us to point out the relevance of the prospect of enlargement to specific proposals under discussion in the two intergovernmental conferences.

10. Meanwhile we shall continue to make full public use of our determination that:

a. by next spring the EC/EFTA negotiations should result in the extension of the Single Market to EFTA countries on a basis which benefits the UK, the Community, and EFTA;

b. in the next few months the Community should conclude generous Association Agreements with Poland, Hungary and Czechoslovakia, as the most advanced of the reforming Eastern European countries.

11. In summary OD(E) concluded that:

- enlargement will be in our overall interest, though we should not overlook the problems it will bring;
- we can take the presentational high ground with our welcoming public line, while avoiding comment on the merits of particular applications;

/- where

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/- where

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- where the prospect of enlargement is relevant to negotiations within the Community (for example on EMU or political union) we should present our arguments in a way which avoids enabling others to claim that our motive in supporting enlargement is to slow down the Community's development.

/ 12. I enclose my paper for the meeting and the minutes.

13. Copies of this minute go to the Lord President of the Council, the Chancellor of the Exchequer, the Home Secretary, Secretaries of State for Energy, Employment, Trade and Industry, Environment and Transport, Ministers of State for Agriculture, Fisheries and Food, and Foreign and Commonwealth Office, the Solicitor General and the Parliamentary Under-Secretary of State, Department of Social Security (who were at the meeting) and to Sir Robin Butler.

DH.

(DOUGLAS HURD)

Foreign and Commonwealth Office  
31 October 1990

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10 DOWNING STREET

Prime Minister

MG  
/

Enlargement of the EC

You may like to  
glance at the  
minutes of OD(E)'s  
discussion of  
enlargement of the  
Community.

ODD 207x



10 DOWNING STREET  
LONDON SW1A 2AA

THE PRIME MINISTER

10 September 1990

*Dear Ambassador,*

Thank you for your letter of 28 August about my speech at Aspen. I was very glad to have confirmation that the Polish Government share my hopes for the future development of Europe.

I am happy to confirm our policy that the European Community should declare its readiness to welcome Poland and the other Central and Eastern European countries as members when they are able to assume the responsibilities of membership. As you point out in your letter, this is necessarily a long-term goal given the wide-ranging economic restructuring which will be required before Poland and the other countries can meet the obligations of membership. But this Government will lend its political support to your aspirations when the time is right.

For the immediate future, we believe that an Association Agreement is the best means of increasing Poland's links with the Community. We have argued for an early start to exploratory talks which we hope will lead to early negotiations. An Association Agreement would be an important achievement. It should provide Poland with the benefits of the Single Market which we shall complete in 1992, and establish a thorough political dialogue to help ensure that the divisions which have bedevilled our continent since 1945 become a thing of the past.

I also welcome the Polish Government's pledge of support for a 'European Magna Carta' of basic rights. I hope that this will be agreed at the CSCE Summit in the autumn. It will provide a foundation for our shared vision of a secure Europe based on democracy, the rule of law and market principles.

Yours sincerely  
Margaret Thatcher

His Excellency Mr Tadeusz ~~de~~ Wirion





Foreign and Commonwealth Office  
London SW1A 2AH

7 September 1990

Dear Charles,

Prime Minister's Aspen Speech:  
Letter from the Polish Ambassador

/ Thank you for your letter of 31 August. I enclose a draft reply from the Prime Minister to the Polish Ambassador, Mr Tadeusz de Virion, in reply to his letter of 28 August about the Prime Minister's Aspen speech.

Yours ever,

*Richard Gozney*

(R H T Gozney)  
Private Secretary

C D Powell Esq  
10 Downing Street

Draft Reply from the Prime Minister

To: HE Mr Tadeusz de Virion  
Ambassador of the Republic of Poland

*Time*

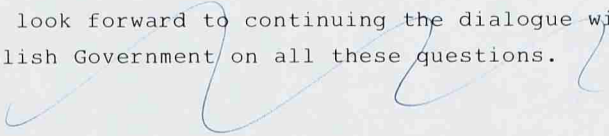
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I look forward to continuing the dialogue with  
the Polish Government on all these questions.

A handwritten signature in blue ink, consisting of several large, fluid, and somewhat abstract loops and curves, positioned below the typed text.

EURO POL: Enlargement of the European  
Community, Pt 3





10 DOWNING STREET

LONDON SW1A 2AA

*From the Private Secretary*

ACK 31 August 1990

I attach a copy of a letter the Prime Minister has received from Mr. Tadeusz de Virion, the Polish Ambassador.

I should be grateful if you could provide advice and a draft reply for the Prime Minister's signature, to reach me by Friday 14 September please.

(C. D. POWELL)

Richard Gozney, Esq.,  
Foreign and Commonwealth Office.

He

*The Polish Ambassador*

London, 28th August, 1990.

*Dear Prime Minister,*

I have the honour to refer to your Aspen speech of 5th July, 1990, and kindly inform you that my Government has studied its contents in depth. In the opinion of my Government your speech is an important contribution to the international debate on the future of Europe. It confirms the constructive and significant role played by Great Britain in the shaping of a safe and democratic international order.

The Polish Government welcomes with satisfaction the opinion expressed that the European Community should be open to all democratic countries in Central and Eastern Europe on condition of the consolidation of democratic institutions and adequate adjustment of their national economies.

Full membership of the European Community is the long-term objective of the Polish Government. This objective should be accomplished step-by-step, in a pragmatic manner, the intermediate stage being an agreement on association.

Poland recognises the major role of the European Community in restoring unity of all the democratic states in Europe, in achieving integration of their market economies and greater security, i.a. through the promotion of dialogue and political co-operation. Poland, just as Great Britain, wishes to build future Europe as a continent open to the outside world, enjoying increasingly better relations of partnership with the USA.

May I also assure you, Mrs. Prime Minister, that the Polish Government highly regards your proposal for the adoption of a "European Magna Charta" of civil rights at the summit meeting of 35 States in Paris later this year. Poland offers her support for this idea.

Please accept, Mrs. Prime Minister, the assurance of my highest consideration.

*With kind regards*

*T. de Virion*

Tadeusz de Virion

The Rt. Hon. Margaret Thatcher, MP,  
Prime Minister of the United Kingdom of  
Great Britain and Northern Ireland,  
10 Downing Street,  
London, SW1.

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MY TELCON WITH RAMSDEN WED: EAST GERMANY AND THE EC

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SUMMARY

1. FOREIGN MINISTER ASKS FOR REACTIONS TO RECENT DELORS/GENSCHER STATEMENTS. HE THINKS EAST GERMANY SHOULD TAKE ITS TURN WITH OTHER APPLICANTS. ✓

DETAIL

2. POOS ASKED ME YESTERDAY IF I COULD GIVE HIM ANY INDICATION OF BRITISH THINKING ON THIS SUBJECT BEFORE THE EC FOREIGN MINISTERS MEETING ON 20 JANUARY. HE WAS CONCERNED BY RECENT STATEMENTS BY GENSCHER AND DELORS WHICH SEEMED TO SUGGEST THAT AFTER AN EXERCISE OF SELF-DETERMINATION EAST GERMANY COULD TAKE ITS PLACE IN THE COMMUNITY WITHOUT FURTHER ADO. A BIG POPULAR VOTE IN EAST GERMANY FOR REUNIFICATION COULD BE QUICKLY FOLLOWED BY A VOTE IN FAVOUR OF BEING PART OF THE COMMUNITY. WHAT WOULD THE COMMUNITY THEN DO?

3. HIS OWN VIEW (NOT YET DISCUSSED WITH HIS COALITION PARTNERS) WAS THAT EAST GERMANY SHOULD TAKE ITS TURN IN WAITING FOR ACCESSION NEGOTIATIONS. HE DID NOT SEE WHY EAST GERMANY SHOULD TAKE PRIORITY OVER AUSTRIA AND HUNGARY. (N.B. LUXEMBOURG IS COMMITTED TO SUPPORT EARLY AUSTRIAN SUCCESSION AND HAS A NUMBER OF LINKS WITH HUNGARY WHICH POOS HAS VISITED THIS WEEK.) IF THERE WERE DIFFICULTIES OVER THE MEMBERSHIP OF NEUTRAL AUSTRIA, HOW MUCH MORE SO OVER EAST GERMANY AS A MEMBER OF THE WARSAW PACT. I SAID I THOUGHT OUR REACTION WOULD BE CAUTIOUS FOR ALL SORTS OF REASONS, AND WOULD LET HIM KNOW IF I COULD OBTAIN A MORE AUTHORITATIVE VIEW.

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FOR RESIDENT CLERK

DELORS INTERVIEW FOR THE IRISH TIMES

SUMMARY

1. MR DELORS SAYS IT IS TOO EARLY TO CHOOSE BETWEEN DIFFERENT SCENARIOS FOR THE POSSIBLE ENLARGEMENT OF THE COMMUNITY BUT EXPRESSES HIS PERSONAL VIEW THAT IF EAST GERMANY BECOMES A PLURALIST DEMOCRACY WITH A COMPETITIVE ECONOMY, IT WILL HAVE ITS PLACE IN THE COMMUNITY, CONFIDENCE THAT A CONSENSUS WOULD BE REACHED ON EMU, WHICH WOULD TAKE 10 YEARS TO ACHIEVE.

DETAIL

2. TO COINCIDE WITH A TWO-DAY MEETING IN DUBLIN OF THE COMMISSION WITH THE IRISH GOVERNMENT, THE IRISH TIMES ON 6 JANUARY CARRIED AN EXTENSIVE INTERVIEW WITH M DELORS IN WHICH HE DEALT EXTENSIVELY WITH EASTERN EUROPE. THE RESPONSE TO THE PROBLEM PRESENTED AN IMMENSE POLITICAL CHALLENGE TO THE IRISH AND SUBSEQUENT PRESIDENCIES. AFTER EXPLAINING THE COMMUNITIES RESPONSE SO FAR AND THE PRINCIPLES GUIDING IT (SELF-DETERMINATION, POLITICAL REFORMS, ECONOMIC MODERNISATION) HE SAID THAT A NEW PACKAGE WOULD BE NEEDED TO COVER THE RELATIONSHIP BETWEEN THE COMMUNITY AND OTHER EUROPEAN COUNTRIES, WHICH WOULD NOT FORGET THE COMMUNITIES OTHER RESPONSIBILITIES. BUT TIME WOULD BE NEEDED TO PROVE THE COMMUNITY'S CAPACITY TO HELP THEM, AND THEIR OWN CAPACITY TO EMBRACE DEMOCRACY AND A COMPETITIVE ECONOMY, AND TO PROPOSE FOR EACH EUROPEAN COUNTRY A TYPE OF ASSOCIATION UNDER ARTICLE 238. IF THESE STEPS WERE SUCCESSFUL, THE NEXT STEP WOULD BE A GLOBAL FRAMEWORK FOR ALL EUROPEAN COUNTRIES. BUT THIS WAS NOT THE TIME TO CHOOSE BETWEEN THE MANY POSSIBLE SCENARIOS ON EASTERN EUROPE.

3. ON GERMAN UNIFICATION DELORS REFERRED TO THE STRASBOURG DECLARATION AND THE FRG DECLARATION ON RATIFYING THE TREATY OF ROME THAT IF UNIFICATION WAS POSSIBLE THE COMMUNITY'S FRAMEWORK WOULD BE

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RECONSIDERED. IN HIS PERSONAL VIEW IF EAST GERMANY BECAME A PLURALIST DEMOCRACY WITH AN OPEN ECONOMY IT WOULD HAVE ITS PLACE IN THE COMMUNITY. IF THE OBSTACLES TO UNIFICATION- THE YALTA AGREEMENT, THE COLD WAR AND THE COMMUNIST REGIME -WERE ABOLISHED, THE PEOPLE OF EAST GERMANY WOULD BE POTENTIAL MEMBERS OF THE COMMUNITY. A POSSIBLE CHANGE IN THE MILITARY STATUS OF GERMANY WAS A SEPERATE QUESTION, THE ISSUE WAS THAT THE COMMUNITY IS OPEN TO EAST GERMANY UNDER THE PRINCIPLE OF SELF-DETERMINATION.

4. IN ANSWER TO QUESTIONS, DELORS SAID HE COULD NOT IMAGINE EUROPEAN UNITY WITHOUT THE CAPACITY TO TAKE CHARGE OF ITS INTERNAL SECURITY, IN IDEOLOGICAL, ECONOMIC OR MILITARY TERMS AND THAT THE QUESTION OF IRISH NEUTRALITY WAS ONE FOR EVERY IRISH CITIZEN TO REFLECT UPON.

5. ON EMU, THE IGC IN DECEMBER 1990 WOULD DISCUSS THE INSTITUTIONAL FRAMEWORK TO ENSURE POLITICAL AND DEMOCRATIC ACCOUNTABILITY. HE AGREED WITH MR HAUGHEY'S VIEW THAT THE PRIME MINISTER HAD NO PRINCIPLED OBJECTION TO EMU. THE PRIME MINISTER ALWAYS PARTICIPATED FULLY IN DISCUSSIONS OF EMU, AND A GROWING MAJORITY OF BRITISH PEOPLE WERE IN FAVOUR OF AN INTEGRATED EUROPE. IN TIME IT WOULD BE POSSIBLE TO REACH A CONSENSUS.

6. AT A JOINT PRESS CONFERENCE WITH MR HAUGHEY, DELORS REAFFIRMED THE NEED TO CONSOLIDATE THE COMMUNITY BEFORE ANY ENLARGEMENT. MR HAUGHEY ANNOUNCED THAT A GENERAL AFFAIRS COUNCIL SHOULD BE CONVENED LATER THIS MONTH, PROBABLY IN DUBLIN, TO DISCUSS THE COMMUNITY'S RESPONSE TO DEVELOPMENTS IN EASTERN EUROPE. THIS WOULD DISCUSS RECENT COMMENTS BY SECRETARY BAKER ON EASTERN EUROPE, THOSE OF PRESIDENT MITERRAND ON A POSSIBLE EUROPEAN CONFEDERATION, AND CHANCELLOR KOHL'S 10-POINT PROGRAMME, BUT IT WAS UNLIKELY TO RESULT IN SUBSTANTIVE DECISION.

7. RESIDENT CLERK: PLEASE PASS TO THE SECRETARY OF STATE'S PARTY AT CHEVENING.

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MIPT: COMMISSION OPINION ON TURKEY'S MEMBERSHIP APPLICATION.

FOLLOWING IS SUMMARY OF MATUTES' REPORT:

## INTRODUCTION

1. THE REPORT WILL AIM TO EXAMINE THE STRUCTURE AND DEVELOPMENT OF THE TURKISH ECONOMY AND THE POLITICAL SITUATION IN TURKEY. BUT 'MORE GENERAL CONSIDERATIONS CONCERNING CURRENT DEVELOPMENTS IN EUROPE AND THE COMMUNITY ARE AN ESSENTIAL PART OF COMMUNITY REFLECTION.' THESE ARE OF GREATER IMPORTANCE THAN IN THE PAST BECAUSE OF 'THE NEW AMBITIONS FOR EUROPEAN INTEGRATION AND THE INCREASED RIGHTS AND OBLIGATIONS OF MEMBER STATES.' THE TURKISH APPLICATION ALSO NEEDS TO BE SEEN IN THE CONTEXT OF OTHER ACTUAL AND POTENTIAL APPLICATIONS.

## GENERAL CONSIDERATIONS

2. SINCE THE THIRD ENLARGEMENT AND THE SINGLE EUROPEAN ACT, THE COMMUNITY HAS BEEN IN A STATE OF FLUX. THE COMMUNITY'S PRESENT OBJECTIVES - 'ECONOMIC AND MONETARY UNION AND PROGRESS TOWARDS POLITICAL UNION AS WELL AS REDUCING TENSIONS AND DIVISIONS IN EUROPE' - REQUIRE ALL ITS ENERGY. 'IMPROVEMENTS IN THE COMMUNITY'S DECISION-MAKING PROCESSES AND IN THE ROLE OF THE EUROPEAN PARLIAMENT' WILL BE ESSENTIAL 'IF ENLARGEMENT IS NOT TO WEAKEN THE OPERATION OF THE COMMUNITY'S INSTITUTIONS.' NOT UNTIL 1993 WILL THE COMMUNITY KNOW WHETHER IT HAS SUCCEEDED IN PROGRESSING TOWARDS THE OBJECTIVES OF THE SEA AND IN IMPROVING ITS INSTITUTIONS AND WHETHER IT IS THUS IN A POSITION TO RECONCILE ENLARGEMENT AND CONSOLIDATION. THIS IN ITSELF WOULD BE A SUFFICIENT REASON FOR NOT CONSIDERING NEW ACCESSIONS BEFORE THAT DATE. BUT THE COMMUNITY CANNOT LIMIT ITSELF TO SUCH AN ATTITUDE. A SET OF PROPOSALS IS REQUIRED WHICH MEANS THAT 'THE EC'S PARTNERS NEED NOT ABANDON THEIR AIM OF ACCESSION AND WHICH WOULD CONSTITUTE NEW STAGES ALONG THE ROAD OF CLOSER ASSOCIATION.'

## OPERATIONAL CONSIDERATIONS

## 3. TWO CRITERIA HAVE TO BE FULFILLED:

- THE CANDIDATE MUST BE ABLE TO MEET THE OBLIGATIONS OF MEMBERSHIP.
- THE EC MUST BE ABLE TO COPE WITH THE PROBLEMS OF INTEGRATION.

THESE FACTORS ARE PARTICULARLY SIGNIFICANT IN THE CASE OF TURKEY AS A LARGE COUNTRY WITH A POPULATION WHICH WILL BE BIGGER THAN THAT OF ANY PRESENT MEMBER OF THE EC BY THE YEAR 2000 AND A LEVEL OF DEVELOPMENT SUBSTANTIALLY LOWER THAN THE EC AVERAGE. DESPITE IMPROVEMENTS IN THE ECONOMIC AND POLITICAL SITUATION IN TURKEY, 'IT IS NOT CLEAR THAT THESE ADJUSTMENT PROBLEMS CAN BE OVERCOME IN THE MEDIUM TERM'

## ECONOMIC SITUATION

4. THE REPORT NOTES CONSIDERABLE IMPROVEMENTS IN TURKEY'S ECONOMIC SITUATION, IN PARTICULAR A GROWTHS RATE OF 5.2 PERCENT IN 1981-8 AND IN A CURRENT ACCOUNT SURPLUS LAST YEAR. BUT IT ALSO NOTES THAT 'STRUCTURAL DISPARITIES, MACRO-ECONOMIC IMBALANCES, HIGH LEVELS OF INDUSTRIAL PROTECTION AND LOW LEVELS OF SOCIAL PROTECTION' REMAIN. PURCHASING POWER IN TURKEY IS ONE THIRD OF THE EC AVERAGE. FIFTY PERCENT OF THE WORKING POPULATION IS EMPLOYED IN AGRICULTURE AND UNEMPLOYMENT IS HIGH GIVEN THE GROWING POPULATION. TURKEY WOULD HAVE SERIOUS DIFFICULTIES IN MEETING THE OBLIGATIONS OF EC ECONOMIC AND SOCIAL POLICIES.

5. FOR THE COMMUNITY, TURKISH MEMBERSHIP WOULD INVOLVE A CONSIDERABLE BURDEN ON THE EC'S STRUCTURAL FUNDS AS WELL AS PROBLEMS OVER ACCESS TO THE EC LABOUR MARKET.

## POLITICAL CONTEXT

6. THE REPORT ACKNOWLEDGES THE INTRODUCTION OF PARLIAMENTARY DEMOCRACY AND A NEW CONSTITUTION SINCE 1980. BUT THERE REMAINS 'A WEIGHT OF LEGISLATION WHICH, WHILE CONTAINING PROVISIONS SIMILAR TO THOSE WHICH PREVAIL WITHIN THE EC, HAS STILL TO BECOME OPEN TO THE WHOLE RANGE OF POLITICAL FORCES IN TURKEY AND TO TRADE UNIONS ... THE HUMAN RIGHTS SITUATION AND RESPECT FOR THE IDENTITY OF MINORITIES HAVE NOT YET REACHED EC LEVELS.'

7. 'EXAMINATION OF THE POLITICAL ASPECTS ... WOULD BE INCOMPLETE IF IT DID NOT CONSIDER THE NEGATIVE EFFECTS OF THE DISPUTE BETWEEN TURKEY AND ONE MEMBER STATE, AND ALSO THE SITUATION IN CYPRUS, ON WHICH THE EUROPEAN COUNCIL HAS JUST EXPRESSED ITS CONCERN ONCE AGAIN.'

## CONCLUSIONS

8. IT WOULD BE 'INAPPROPRIATE FOR THE EC - WHICH IS ITSELF UNDERGOING MAJOR CHANGES AND WHILE THE WHOLE OF EUROPE IS IN A STATE OF FLUX - TO BECOME INVOLVED IN NEW ACCESSSION NEGOTIATIONS UNTIL THERE HAS BEEN A RIGOROUS ASSESSMENT OF THE RESULTS AS A WHOLE OF THE SEA AND OF THE INSTITUTIONAL IMPLICATIONS.'

9. IN THE LIGHT OF THE POLITICAL AND ECONOMIC SITUATION, 'A FURTHER RAPPROCHEMENT OF BOTH POLICIES AND STRUCTURES' IS REQUIRED 'SO THAT THE ADJUSTMENT DIFFICULTIES WHICH WOULD INEVITABLY CONFRONT TURKEY SHOULD IT ACCEDE WOULD BE REDUCED.'

10. BUT THE EC MUST NOT LIMIT ITS RESPONSE TO AN APPLICATION WHICH HAS BEEN THE 'SUBJECT OF PUBLIC CONSENSUS' IN TURKEY, ESPECIALLY IN VIEW OF THE FACT THAT 'RAPPROCHEMENT WITH THE EC RUNS LIKE A LEITMOTIF' THROUGH RECENT TURKISH HISTORY. IT IS IN THE EC'S FUNDAMENTAL INTEREST TO HELP COMPLETE THE PROCESS OF POLITICAL AND ECONOMIC MODERNISATION. TURKEY, 'A EUROPEAN COUNTRY', IS ASSOCIATED WITH THE E C, A PARTNER IN NATO, OCCUPIES A STRATEGIC GEOPOLITICAL POSITION AND HAS A POSITIVE AND MODERATING INFLUENCE ON NEIGHBOURING COUNTRIES.

## RECOMMENDATIONS

12. THE REPORT THEREFORE RECOMMENDS A SERIES OF MEASURES WITHIN THE FRAMEWORK OF THE ASSOCIATION AGREEMENT WHICH WOULD 'INCREASE INTERDEPENDENCE BETWEEN THE EC AN TURKEY:'

- THE COMPLETION OF CUSTOMS UNION BY THE TARGET DATE OF 1995. THIS WOULD REQUIRE THE EC TO REVIEW ARRANGEMENTS FOR TRADE IN AGRICULTURAL AND TEXTILE PRODUCTS. CUSTOMS UNION WOULD ALSO BE AN OPPORTUNITY TO ASSOCIATE TURKEY WITH THE SINGLE MARKET AS IS ALREADY BEING DONE WITH EFTA.

- THE REVIVAL AND INTENSIFICATION OF FINANCIAL COOPERATION BEGINNING WITH THE RELEASE OF THE FOURTH FINANCIAL PROTOCOL. THE EC MIGHT ALSO REFLECT ON THE POSSIBLITY OF UNILATERALLY GRANTING LOANS PURSUANT TO ARTICLE 18 OF THE STATUE OF THE EIB FOR INFRASTRUCTURE PROJECTS OF INTEREST TO BOTH THE EC AND TURKEY.

- INCREASED INDUSTRIAL AND TECHNICAL COOPERATION INCLUDING RISK CAPITAL AND INTEREST RATE SUBSIDIES.

- THE INTENSIFICATION OF POLITICAL LINKS GOING BEYOND THE CURRENT

DIALOGUE WITH THE POSSIBILITY OF AD HOC PROCEDURES FOR ISSUES OF PARTICULAR INTEREST TO BOTH SIDES: AND THE STRENGTHENING OF CULTURAL LINKS TO INCLUDE TURKISH PARTICIPATION IN CERTAIN COMMUNITY PROGRAMMES.

13. THE REPORT CONCLUDES: 'TAKEN TOGETHER, THESE ACTIONS, AND THE SPIRIT IN WHICH THEY ARE IMPLEMENTED, WILL BEAR WITNESS TO THE WILL OF THE TWO PARTNERS TO BUILD THEIR FUTURE IN COMMON.'

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ÖSTERREICHISCHE BOTSCHAFT

 AUSTRIAN EMBASSY

18 Belgrave Mews West  
London SW1X 8HU  
Telephone: 01-235 3731-4

No. 5.70.03/8-A/89

London, 11th December 1989


*CNP 21/Kic*

Dear Mr. Powell,

The Austrian Secretary General for Foreign Affairs, Ambassador Dr. Thomas Klestil, attended the conference on "The Wider Europe, Relations between the EEC and EFTA", organised by the European League for Economic Cooperation on Wednesday, November 29, 1989.

The Austrian Embassy is pleased to forward to you the text of his speech ("European Integration - the view of a wider Europe") which might be of interest to you.

Yours sincerely,

  
Werner Ehrlich  
Minister

Mr. Charles Powell  
Prime Minister's Office  
10 Downing Street  
LONDON, S.W.1.

0029w

European Integration - the View of a Wider Europe  
Thomas Klestil  
Secretary General for Foreign Affairs, Vienna

European League for Economic Cooperation  
Conference on "The Wider Europe - Relations Between the EEC and EFTA"  
Wednesday 29 November 1989  
Midland Bank PLC, Poultry, London EC2



Mr. Chairman, Excellencies, Ladies and Gentlemen,

First I wish to thank Lord Rippon and the European League for Economic Cooperation for inviting me to present an Austrian view of a wider Europe, a Europe that, we hope, will be at the same time more integrated than we may ever have imagined.

To speak of developments in Europe these days is not an easy task. What seemed impossible yesterday is already happening today. The pace of change, especially in Eastern Europe, is so extraordinary that even the most vivid imagination is being surpassed by reality. Of course, when almost everything is possible, almost any prediction is legitimate.

Considering this situation I will try to give you an assessment from the vantage point of a country in Central Europe and to outline a few ideas on how we would like to see Europe developing in the future.

As I said, this is a time of dramatic changes not only in Europe but in the world at large. The bipolar system of the post-war era is being gradually replaced by a multipolar one. Ever since 1945 the world has been dominated by the struggle between East and West, a contest of strength as well as of values and ideas. Today, the struggle appears to be decided in favour of democracy, human rights and the market place and Great Britain played a decisive role in achieving this goal. Communism has lost its credibility. It has produced neither prosperity nor a better society. Now, while we are moving away from superpower confrontation we are increasingly confronted with global problems of human survival: hunger, disease, environmental degradation, drugs or terrorism. At the same time a more interdependent world is emerging, interlinking economic and

social processes on a global scale. Some people even talk about the end of the military-territorial world and the emergence of a 'trade world' where technology takes the place of ideology, where access to information and the ability to use it are the decisive factors of economic progress.

In Europe the new dynamism of Western European integration is matched only by the almost explosive force of change in the Eastern half of the continent. While Western Europe is about to transcend the confines of the nation state to achieve greater unity, Eastern Europe, engulfed in a process of liberation from Communist oppression, is rediscovering the vitality of nationalism in the struggle for independence. As totalitarian power structures are cracking and crumbling almost everywhere in Eastern Europe there reappear underneath the old maps and with them old rivalries which we had hoped were gone for good. This makes it all the more urgent for Europeans in East and West to join in a common effort to overcome the legacies of the past and work for a better future in greater unity.

The current revolutionary changes in Eastern Europe offer a historic opportunity to overcome the division of Europe. The gigantic but peaceful demonstrations we are witnessing daily on TV show us the enormous force of the movement for freedom sweeping across the Eastern part of the continent. To channel these energies in a constructive way will require all the statesmanship these nations and the international community can muster. Even under most favourable conditions this will be a process fraught with risks and dangers. The events in Eastern Europe have raised hopes that even under the best of circumstances will take many years, if not decades, to fulfill. To control this revolution of rising expectation will only be possible, if we succeed to instill in the minds and hearts of our fellow Europeans in the East a degree of hope and assurance which will give them the strength to endure the hardship and sacrifice the long march to genuine democracy, the rule of law and economic prosperity will require.

Such a process of peaceful change calls for a longer-term perspective and a concept of management of East-West relations. We must combine a vision of the future with a flexible but clearly focused approach and provide an underpinning of stability during the period of transition. NATO and the Warsaw Pact as well as the ongoing negotiations in Vienna on conventional forces and on confidence and security building measures will have to play an essential role in that regard. The CSCE process, the Council of Europe and most prominently the European Community together with the countries of EFTA and all the other members of OECD will be called upon to support that process of peaceful change.

Existing differences in economic strength and development of individual countries and regions and the related perceptions of first, second or even third class status will be one of the greatest difficulties for a wider Europe to cope with. These problems may even be compounded by the fact that power and influence in the future Europe are likely to be defined in economic rather than in military terms. The potential of conflict in the economic sphere may therefore increase considerably in the years ahead.

These problems are particularly severe with regard to Eastern Europe. Since economic structures and attitudes cannot be changed quickly, difficulties will persist long after the present euphoria about greater freedom will have passed. Reforms will be risky and will take years if not decades to succeed. Many of the necessary measures to improve the performance of Eastern European economies will, in the short run, rather lead to a deterioration of economic conditions. As old inefficient structures of central planning are desolving, new market economy structures may not yet function properly. As a consequence the period of transition will be most demanding in terms of economic management as well as political leadership, at the national and at the international level. The stakes are high for the countries of Eastern Europe who have embarked on the process of reform but also for the West who is

called upon to support it. If the process of economic restructuring fails, all of Europe, and not only Europe, will suffer the consequences. If it succeeds all will benefit.

By entrusting the EC Commission with the task of coordinating economic assistance to reform-minded Eastern European countries, the role of the European Community as the focal point of common Western efforts to help Eastern Europe has been rightly recognized. The European Community offers, I believe, the most impressive model for a future all-European system of co-operation and integration. I think that nobody is more aware of the magnitude of this challenge than the EC itself. To meet this challenge a further deepening of integration will be just as necessary as a further widening. Life, too, requires both. So does Europe.

Among the ideas put forward with regard to the widening of the European Community, the concept of concentric circles may be worth exploring. Lord Cockfield who was responsible for drawing up the programme for the Single European Market, once suggested that there might be an inner core of countries committed to full economic and political union, surrounded by states that were part of a solely economic union, bordered in turn by countries committed only to an expanded free trade area. The question, of course, who would belong to which circle, is not easy to answer. Another critical point would also be how the various circles would relate to each other and how movement from one to the other could be achieved. Provided that the European Community would not develop into a military union - a prospect which does not appear too likely in view of present events in Eastern Europe - I could well imagine that the first circle might include, together with the present EC member states, also neutral countries like Austria.

The answers the European Community will give to these and other questions concerning its own future will, without any doubt, have a decisive influence on our efforts to secure the future of Europe itself.

In charting the course for a wider Europe we have also to recognize that no other continent is as closely linked to all the others than Europe. In a recent speech before the Diplomatic Academy in Moscow, Zbigniew Brzezinski reminded his audience that Europe is not a geographical but a cultural and philosophical reality based on common values. And he added that the United States and the Soviet Union represent an extension of Europe to the extent that they partake in these values.

The nature of Europe's identity as a family of nations linked by common values is also reflected in its special relationship to America. The Atlantic dimension of the European security system clearly demonstrates this fact, a fact which is now increasingly recognized by the Soviet Union as well. While Europe and America are partners in the defence of freedom, they are increasingly competitors in the market place. The concern of the United States and others that the EC might develop into a "Fortress Europe" is an indication that the principle of freedom cannot be limited to the political sphere. European strength lies in its openness to the outside world, its acceptance of fair competition and its commitment to a liberal global trading system. To raise economic barriers when the Iron Curtain is being lifted would run counter to Europe's own principles.

George Kennan has recently pointed to two complex problems which, although primarily for the Europeans to solve, will require the involvement of the United States: first the short-term problem of preserving stability throughout the Central and East European region and secondly the long-term problem of working out a new political, economic and security framework for much of the remainder of the continent, to replace the old one, so deeply impregnated with Cold War concepts. I believe that President Bush and President Gorbachev will have these problems in mind when they will meet in a few days in the Mediterranean.

To solve the two basic problems will not only be a major challenge to NATO and the Warsaw Pact but to all states participating in the Conference on Security and Cooperation in Europe. In my view the CSCE process which had already a lot to do with the revolutionary changes in Eastern Europe offers an excellent framework for discussing the many issues related to a future all-European order of peace.

I do not intend to put before you the various models and shapes of a future Europe that have become the subject of intensive study by many think tanks on both sides of the Atlantic. But allow me to deal briefly with one aspect of this exercise which has a direct bearing on my country. In the Western, especially the American press, a number of articles have recently appeared that promote an "Austrian solution" for the countries of Eastern Europe. It is argued that following the Austrian example would assure Moscow that none of these countries would join an anti-Soviet alliance or otherwise threaten Soviet security. We do not believe that the creation of a belt of neutral and non-aligned states between Western Europe and the Soviet Union would be an attractive prospect for the nations that are supposed to become part of such a buffer zone. It would revive the notion of a "cordon sanitaire" or a "Mitteleuropa" situated between East and West but belonging to none. Such a concept would contradict the goal of building a future undivided Europe. Integration not separation has to be our objective. Only integration will bring durable peace and prosperity to our continent.

This does not mean that there is no room for regional initiatives and forms of co-operation. Quite to the contrary. We have to explore all possible avenues for such co-operation. But it has to be part of a larger concept; not a substitute for it. The quadrilateral meeting of senior ministers from Hungary, Italy, Yugoslavia and Austria that took place recently in Budapest, the initiative by Hungary and Austria for a joint World Exhibition in Vienna and Budapest as well as the General Conference of European Regions which has just met in Vienna are only three examples. The successful work of associations

of neighbouring provinces of different countries such as the Working Group Alps-Adria dealing with practical regional problems across national borders points into the same direction.

In addressing the historic task of overcoming the division of Europe, Western Europe will have to overcome its own internal divisions. This includes also the division between the European Community and the European Free Trade Association. EFTA countries have always been aware of the importance of such an endeavour and have made great efforts to narrowing the gap between the two groups.

Before speaking about EFTA's future let me briefly refer to its past. The idea of creating a European Free Trade Association was first discussed in 1958 after the "Maudling negotiations" between the newly founded European Economic Community and the seven other Western European countries ended in failure. The EEC at that time was not prepared to accept the idea, launched by the "outer seven", to form a free trade area covering all of Western Europe. It was thought impossible to reconcile the concept of the Treaty of Rome aiming at a single market and ultimately at political union with the concept of free trade and economic co-operation without creating supranational institutions. Today, three decades later, the two concepts are still as fundamentally different as they used to be.

Since April 1984 EFTA countries have tried to develop their bilateral relations with the European Communities on the basis of the Luxembourg Declaration which aimed at the creation of a homogenous, dynamic European Economic Space. This exercise has led to a number of bilateral and multilateral agreements in specific fields, but has remained of rather limited scope. The gap between EC and EFTA has in fact considerably widened since the Community is pressing ahead with the completion of its internal market. EFTA therefore seeks a more substantial participation in EC endeavours.

The proposals of President Delors in his speech before the European Parliament on 17 January 1989 marked the beginning of a new dialogue. As you know EFTA-countries and the EC-commission are now

exploring the content and the institutional framework of an agreement which should create a common European Economic Space comprising all 18 member states of EC and EFTA. In these talks the EC-Commission has adopted a global approach including the four freedoms (free movement of goods, services, capital and persons) as well as flanking policies. However, agriculture has been excluded and not all EFTA-countries accept the idea of a customs union. These are serious shortcomings which will have economic as well as institutional consequences for the shape of the European Economic Space.

The conditions the EC Commission has attached to the establishment of an EES raise also a number of difficult and complex questions. The EC-Commission expects EFTA-countries to accept the relevant *acquis communautaire* of the past and to integrate it in their legal systems, without enabling these countries to be equal partners in terms of decision making in the future.

This is an essential and vital issue of the whole Delors-process. The participation of EFTA countries in joint decision-making with the EC, in substance as well as in form, will have to be solved in a positive way. The process of integration will obviously not end with the completion of the Internal Market. Therefore, we must make sure that the autonomy of decision-making will not lead to a situation where EFTA countries are left with no other choice, but to accept whatever the EC has already autonomously decided.

So far no satisfactory solution for real EFTA-participation in the EC-decision-making process is in sight. According to the Commission's view only some consultative mechanism, the so-called decision shaping, can be envisaged. The EC insists on its autonomy of decision making and pursues a two-pillar concept where the EC would be the one pillar and EFTA the other. EFTA would have to speak with one voice and only to the Commission as the only negotiator on the EC side, a procedure which could seriously limit the so-called "osmotic" effects of consultations.



I hope that the exploratory talks between the EC Commission and EFTA countries will clarify the possibilities and limits of the global approach. As matters stand now, we can't see how an European Economic space agreement will actually provide for full participation of EFTA-countries in the internal market. Significant improvements of EC-EFTA integration with respect to substantial parts of the four freedoms would, of course, be valuable and welcome but ultimately such an arrangement should not be considered as a substitute for EC-membership. In order to participate in EC-integration as equal partner with equal rights, Austria for instance, irrespective of the outcome of the Oslo-Brussels process, which it fully supports, will nevertheless continue to pursue its efforts to attain EC-membership.

For a country at the crossroads of East and West, Austria has a long tradition of participating in European integration. As a pluralistic Western democracy with a free market economy, post-war Austria has always shared the basic values of the free nations of the world. Soon after regaining its full independence Austria joined the Council of Europe. Together with Great Britain it was a founding member of EFTA. Since 1972 it is linked to the European Communities by a free trade agreement. With more than seventy percent of all its international economic transactions being carried out with the European Communities, Austria has a bigger stake in the emerging internal European market than some of the EC Member States. It should therefore not have come as a surprise that Austria submitted its application for EC membership in July of this year. In seeking membership Austria does not only follow an economic imperative. Its application also reflects the country's conviction that growing European unity is the most effective means of safeguarding peace and prosperity.

Austria does not go empty-handed to Brussels. As a highly industrialized country, it would be a net contributor to the EC budget - a point which should not remain unnoticed in London.

Austria would also contribute to the transfer of resources within the Community and thus participate in the financing of economic and social structures in EC member states.

To play an active and constructive role in fostering a climate of stability and prosperity in Europe has always been a tenet of Austrian foreign policy. Over the past 35 years, permanent neutrality has become part of Austria's identity. It has also been widely recognized as Austria's specific contribution to peace and stability in Central Europe. We are convinced that neutrality serves not only our own interests, but that of Europe as well.

As you may know, Austrian neutrality commits us not to accede to military alliances and not to permit foreign military bases on our territory. The decision to adopt the status of permanent neutrality was taken in 1955 by a sovereign act of Parliament, without external pressure. Austrian neutrality is not mentioned in the Austrian State Treaty, nor is it guaranteed by any foreign power. Therefore, there are no foreign custodians or interpreters of Austria's neutrality.

The wish to maintain our neutrality does in no way diminish our resolve to accept the rights and duties of a member of the European Community. Concerning those largely hypothetical cases where neutrality may prevent us from fully participating in EC-decisions, we are convinced that a way can be found to safeguard Austria's interests without compromising those of the EC. Austria would do everything in its power to ensure that its actions would not hinder the functioning of the Community.

As far as the political finality of the European Community is concerned, it is quite obvious that at the present stage the concept of "European Union" means different things to different people. If European Union means a community of values, a common commitment to democracy and a free market economy, common endeavours to seek for peaceful solution in international conflicts, and common efforts to promote development, then of course, there is no reason why a permanently neutral country should not be able to take part in such a union.

We are, of course, aware of the fact that the Community may not deal with the question of enlargement prior to 1993. We are not discouraged by such a prospect. The normal procedure concerning our application has been set in motion and we will make good use of the time available in order to prepare ourselves as thoroughly as possible for the forthcoming negotiations. We are glad to note that an inter-directorial working group has already been established by the Commission in order to deal with the Austrian application.

We will pursue our application with vigor and determination. We are confident that the political environment created by the dynamism of European integration in the West and the historic developments towards democracy, human rights and the rule of law in the East will be conducive to our efforts to join the European Community. The more the danger of war on this continent recedes, the more the commitment to the same basic values takes root in the whole of Europe, the better will be the chances of achieving our objectives of full and equal participation in the process of European integration.

Subject cc roster  
OPS



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SFW

cc FCO

10 DOWNING STREET  
LONDON SW1A 2AA

THE PRIME MINISTER

28 September 1989

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T170/89

Dear Mr. Ozal,

Thank you very much for your letter of 20 September which your Foreign Minister, Mesut Yilmaz, passed to me during the IDU Conference in Tokyo last week. It was useful to have your ideas on Turkey's application for membership of the European Community.

As you point out, we expect the Commission to report to the Council before the end of this year. I cannot of course give you my reactions until we have received it. But I can assure you that, when the time comes, we will give it our most careful consideration, together with other member states. I will certainly bear in mind the points you raise in your letter.

Yours sincerely  
Margaret Thatcher

His Excellency Mr. Turgut Ozal

EM

Subject CC MASTER  
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Confidential

To FC

Rj: Ankara, UKREP Smetsch

M. P.T: Turkey's application - for EC membership

PRIME MINISTER'S  
PERSONAL MESSAGE  
Ankara, 20th September, 1989  
TRIAL No. T 1644/89

Dear Prime Minister,

I was hoping to be present at the IDU Meeting in Tokyo which would have given me the opportunity and the pleasure of seeing You again. However, at the last moment I had to change my plans. I would, therefore, like to take up through this message, an important issue which I had hoped to discuss with You. It is about our application for full membership to the EC and our expectations thereof. In fact it is to request once again Your kind attention and assistance.

Our application has entered an important phase, as the Commission is expected to submit its report to the Council before the end of this year. It has a vital significance for us that the Commission's opinion should be a definitive one and have positive content, acknowledging the eligibility of Turkey for full membership. Turkey has answered in detail all the questions posed by the Commission to finalize its report. I may, therefore, say that the Commission is now in possession of all the data and information on our economic and social situation and outlook. I am firmly convinced that on the basis of all this work, the Commission should now be in a position to produce a final report.

Such a final report should enable us to make progress on the long process of our adhesion. What we must try to avoid is the stagnation of our full membership process right at its initial stages.

We are aware that the Community is now deeply involved in efforts aimed mainly at further consolidating the EC, and that, above all, the realization of the internal market by the year 1993 consumes much of the efforts of the member countries.

On the other hand, we should also take into consideration the firm expectation of our public opinion for a timely progress of our application. The Turkish people, encouraged by our economic liberalization and deeply involved in adaptation to the Community, rely on the unique nature of our relations with the EC for a positive evaluation of our application on its own merits.

Being conscious of all these factors, we deem it possible to reconcile Your concerns with our expectations. In this context, once past the stage of the opinion of the Commission, we are aware that the process of our accession may take some time, including the time necessary for the Council to take a decision on the opening of negotiations, as well as the duration of the negotiations themselves.

Indeed, time is also what we need as well to prepare ourselves for integration without causing difficulties for the Community. However, my country needs also a definite signal in not too distant a date as to where she stands on her full membership. An unduly prolonged uncertainty on this issue may not only render the eventual integration of Turkey to the EC more difficult but also affect the domestic thinking and economic options of my country.

A declaration of the political will of the Community before 1993 will serve to clear any doubts in this regard and will give the necessary impetus to our integration process. It will encourage the inflow of foreign capital into Turkey, helping her to attain a higher level of development which in turn should alleviate the burden on member countries. Such a signal may also permit, among others, to assist us in realizing the customs union with the EC within the foreseen time frame.

Allow me, Prime Minister, to reiterate that, in view of the strong consensus in Turkey in favour of full membership, our public is awaiting a positive development. At this stage, it can only be realized by a final Commission report acknowledging the eligibility of Turkey for full membership and opening the way to the further phases of accession.

I should be very grateful if You would be so kind as to do Your best in assisting us in the fulfillment of these expectations.

With kind regards,

TURGUT OZAL

Prime Minister of  
the Republic of Turkey

The Right Honourable Margaret Thatcher M.P.  
Prime Minister of the United Kingdom of  
Great Britain and Northern Ireland

Prime Minister

The Austrians have been pressing hard for the 'Communique' to congratulate Austria on presenting its application to the EC.

I have advised John W. that we cannot accept this. We can welcome Austria's close links with the EC



through EFTA and  
take note of  
America's application.

Others are content  
with formulae, but  
Alois Mock may  
raise the point with  
you.

C.D.P.

The argument to me is - what-  
happens when Turkey also asks  
for the same phrase. not

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Handwritten initials: "KLS" and "C/S" with a large "PC" below them.

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

10 August 1989

**A WIDER EUROPEAN COMMUNITY**

Thank you for your letter of 7 August to Caroline Slocock enclosing a draft paper prepared for eventual circulation to OD(E). The Prime Minister was grateful for this material which she has noted without comment.

Paul Gray

Richard Gozney, Esq.,  
Foreign and Commonwealth Office.

Handwritten initials "R" in the bottom right corner.



10 DOWNING STREET

Prime Minister 2

You saw this is an  
earlier box, but  
I wasn't clear  
whether you had  
finished with it.

CRS

9/8

ce/PC

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Prime Minister

Foreign and Commonwealth Office

London SW1A 2AH

7 August 1989

You may want to touch on this in your meeting tomorrow with the Foreign Secretary.

CPS 7/8

Dear Caroline,

"A Wider European Community"

In Charles Powell's letter of 25 April he reported that the Prime Minister, on seeing the minutes of the OD(E) 20 April discussion of Sir Geoffrey Howe's 17 March minute, wished to be kept closely in touch with further work on actual/potential applications for EC membership, and to be consulted before any conclusions were reached.

Further in-house work in the FCO has been done since 20 April, and the enclosed draft paper has been prepared for eventual circulation in OD(E). FCO officials have also prepared the enclosed note on the Neutrality issue raised by the Austrian Application delivered in Brussels on 17 July. Some OD(E) discussion of both papers will probably be needed in the autumn, but it has occurred to the Foreign Secretary that the Prime Minister might like to see them now, in view of her August contact with Chancellor Vrantisky. For convenience I also enclose a copy of Sir G Howe's 17 March paper.

The Foreign Secretary has not yet had an opportunity to study these papers in detail or to discuss them with officials. But his instinctive view in advance of such discussion is that a wider Europe is unappealing from the UK point of view.

He suspects that the accession of Austria might be difficult in view of

- (a) her neutrality
- (b) her historical links with Germany
- (c) the likelihood that her accession would be the catalyst for further applications.

Yours sincerely,

*Richard Gozney*

(R H T Gozney)  
Private Secretary

Miss Caroline Slocock  
10 Downing Street

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OD(E) (89)

COPY NO

July 1989

CABINET

DEFENCE AND OVERSEA POLICY COMMITTEE

SUBCOMMITTEE ON EUROPEAN QUESTIONS

EFTA AND MEMBERSHIP OF THE COMMUNITY

Note by the Foreign and Commonwealth Secretary

Introduction

1. An earlier paper "A Wider European Community?", circulated under cover of my minute of 17 March (FCS/89/051) took a first look at possible enlargement of the Community, briefly considering the UK interest in relation to each potential applicant, the wider implications of the cross linkages between applications, and possible compromises short of major enlargement. At our meeting on 20 April (OD(E) (89) 3rd Meeting) we agreed that,

we needed a fuller analysis of our general attitude to enlargement, particularly in respect of present members of EFTA. This note therefore, considers:-

*temporarily retained*

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- (a) the UK's economic interest in EFTAN membership of the Community;
- (b) the implications of EFTAN membership in political, institutional and non-economic policy areas.

### Background

2. Prompted on the EFTA side by a desire (largely economic, but also political) not to be left behind by developments within the Community, in particular the Single Market, the EC and EFTA are currently in the process of exploring the options for a closer partnership. But further EFTAN applications for EC membership, following the Austrian application on 17 July, cannot be excluded. Norway is likely to reapply within a few years. Sweden might well not be far behind. Finland and Iceland would have to look more closely at accession if the other three joined. Among EFTA members, only Switzerland is likely to set its face firmly against membership for the foreseeable future.

### Economic Implications of EFTAN Membership

3. The EFTA economies are relatively small (total 1988 GDP \$691 bn cf EC \$4745 bn) but well developed (average 1988 GDP per capita \$21,500 cf EC average \$14,600). Collectively they are already the Community's largest trading partner (\$220 bn two-way trade in 1988; EC exports \$114 bn, EC imports \$106; compared with EC two-way trade of \$136 bn and \$60 bn with the US and Japan).

4. There is therefore a strong EC, and UK, economic interest in the closest practicable trading relationship with EFTA. A tariff-free trade area (in industrial goods) has already been established. Removing remaining non-tariff barriers could be expected to produce increased EFTA economic growth, and sharply lower EFTA prices. Consequent

acceleration in EC/EFTA trade might initially add about 0.2% to EC12 GDP, probably followed by larger, albeit unpredictable, gains. The greatest gains for the Community would probably come from the opening up of public procurement, and the services markets, in EFTA. The UK should achieve at least its fair share of such gains. The boost to UK exports might be around \$450 m, compared with increased imports of some \$150 m, a net gain of \$0.3 bn (compared with a trade deficit with the EFTAs of \$11.8 bn in 1988).

5. Accession, rather than just closer trade links, would produce other changes. All the EFTAs except Iceland would be net contributors to the budget of an enlarged Community. Their combined net contributions (which, on 1992 forecast data, and unchanged EC policies, might be some 5 becu - 0.6% of their GDP), might reduce the UK's net contribution (after abatement) by some 400 mecu. But the question is whether EC policies would be unchanged by EFTA accessions.

#### LIKELY EFTAN ATTITUDES TO COMMUNITY ISSUES

##### Internal Market, Trade and Competition Policy

6. Within an enlarged Community the EFTAs would generally be useful additions to the liberal camp on core Single Market issues. Some (eg Austria, Sweden) might, however, be on the opposite side from the UK in most deregulation/harmonisation debates. All have economies more regulated than the UK's. All would wish to maintain substantial State aids (Austria, Norway and Sweden have large public sectors); and on competition policy only Sweden would favour an interventionist Commission role. Liberalisation of services (in particular transport) might also be slowed.

### Agriculture

7. On agriculture there would be serious difficulties. The EFTANs all protect their agriculture sectors very highly, with support prices typically considerably higher, and import restrictions stricter, than under the CAP. Ex-EFTAN members of the Community would therefore be a serious brake on CAP reform and hence the reform of agricultural trade in the GATT. The EC Budget effect of this would significantly erode the UK gains from EFTAN net contributions.

### Structural Funds

8. Paradoxically, ex-EFTAN members of the Community would be strong supporters of increased resource transfers from richer to poorer areas of the Community. Indeed some EFTANs (Norway and Sweden in particular) have already indicated a willingness to contribute to structural funds from outside the Community - in order to buy Southern member states' support for closer EC/EFTA cooperation. As EFTAN accessions would leave the UK well below the average per capita income in the enlarged EC, we might be in a better position to prevent a further erosion of our share of structural fund receipts. But this gain would be very unlikely to outweigh the cost of an overall increase in Structural Funds.

### Aid

9. On average the EFTANs spend a considerably larger proportion of their GDP on official aid (0.59%) than does the EC (0.45%) or the UK (0.32%). Several EFTANs spend very high percentages (Norway 1.12%, Sweden 0.87%), and there is widespread political support for such policies. While the EFTANs might be useful allies in seeking to improve the quality of EC aid, they would certainly support an expansion of EC aid volumes (beyond that which would be almost



automatic on enlargement). This could be costly to the UK.

### Social Issues

10. Partly because of generally left of centre governments, partly a result of social organisation and custom, all potential EFTA applicants would find themselves in the opposite camp to us in EC debate on social issues. For instance, worker participation on company boards is already a legal requirement in Austria, Norway and Sweden, and consultation on major decisions is mandatory in Finland also. Workers' rights are strongly enshrined in law: in all these countries, there is a statutory right to bargain collectively and strike, along with statutory minimum holidays and provisions for parental leave. In 3 EFTA countries there is a legal right to work; in 2 a statutory minimum wage (see details at Annex A).

### Environmental Issues

11. The EFTAs also have rigorous environmental policies. They would be likely to press for very strict environmental standards within an enlarged Community; strongly to support giving enforcement powers to a European Environment Agency; and to argue for Community financing of environment programmes in poorer member states.

### Institutional Issues

12. The general institutional difficulties in an enlarged Community (unwieldy Council and Commission leading to pressure for an informal steering group, and more powers for the Commission; proliferation of languages) were outlined in the previous paper. In terms of the long-term structure of the Community, accession by EFTAs might be expected to reduce pressures for greater integration, at least on political issues. But in the economic sphere the picture

would be different: Austria and Sweden have strong traditions of central direction of the economy, and the Austrians in particular would be unlikely to have much difficulty with monetary union given the current de facto union of the Schilling and the Deutchmark.

13. Decision making by Qualified Majority (QM) would also be affected significantly by EFTA membership. If all but Switzerland joined, Austria and Sweden would probably have 4 votes, Norway and Finland 3 and Iceland 2. A QM would probably be 65 out of 92 votes (cf 54 out of 76 at present), and a Blocking Minority (BM) therefore 28 votes (cf 23 at present). The net budget contributors (UK, FRG, France plus the EFTAs except Iceland) would have enhanced voting power (44 votes, compared with 30 now), but ex-EFTAs would exercise it with less rigour (eg on Structural Funds). The economic liberals (UK, Netherlands, FRG: 25 votes) would lose their current BM. On agriculture the UK and Netherlands (15) would need to attract 13 more votes for a BM: not even the support of Denmark and Spain (11) on particular issues would suffice.

#### Political Issues

14. Politically, Norway or Iceland as NATO members would pose almost no difficulties within the Community. As East/West neutrals Austria, Sweden and Finland would however, be concerned not to compromise their neutrality. This could act as a brake on the development of political cooperation and of a defined political and security role for the Community within the Atlantic Alliance; and would complicate US/Community relations. And in respect of Austria and Finland the Russians might claim that Treaty provisions give them a droit de regard.

Deductions

15. It is thus clear from the above that:

(a) initially, EFTAn membership of the Community would be likely to be modestly in the UK's economic interest, notably in trade terms (the net budgetary gain is uncertain);

(b) overtime there would, however, be substantial costs in political and institutional terms, and in both economic and non-economic policy areas.

Squaring the Circle

16. Are the advantages summarised at 15(a) worth going for, given the likelihood that they would not prove durable, and would be outweighed by the disadvantages of 15(b)? Could one obtain the advantages without the accompanying disadvantages? The major economic advantages come from full integration of the EFTAns into the Single Market. The additional UK economic advantages of their full EC membership are much more debatable: the initial budgetary gains for the UK are likely over time to be significantly eroded, and perhaps reversed, by increased spending on structural funds, aid, the environment and social policies, and by the budgetary consequences of a further brake on CAP reform. On the other hand, the major UK disadvantages spring from EFTAn accession, and would not appear in arrangements short of membership.

17. The UK's interest would therefore best be served by arrangements which fell short of EFTAn accession, but allowed EFTA full access to the Single Market. This broadly is the aim of the current EC/EFTA discussions. There are still difficult issues, both substantive and institutional (not so much mechanisms for EFTAns to influence EC decision making, as problems of enforcement and dispute settlement

across the EC/EFTA boundary). And it is still an open question whether a customs union is feasible or desirable: a common external trade policy could require new mechanisms for decision making, and might be desirable only for non-agricultural goods. But it is clear that the more open the EC/EFTA trading relationship the better for the UK; and that our political interests would also be well served by the success of the current process.

### Conclusions

18. (i) with the exception of Norway, EC accession by EFTA states would be a mixed blessing;

(ii) the UK should not therefore encourage new EFTA applications (other than by Norway); and should continue to react cautiously to the Austrian application; but

(iii) the UK should strongly support, for economic and political reasons, the closest possible relationship between the EFTAs and the Community, short of membership.

AUSTRIAN APPLICATION FOR EC MEMBERSHIP

"PERPETUAL NEUTRALITY" AND THE STATE TREATY

Austrian Application

1. The Austrian letter of application of 17 July states:

"....

Austria presents this application on the understanding that her internationally recognised status of permanent neutrality, based on the Federal Constitutional Law of October 26, 1955, shall be maintained and that also as a member of the European Communities by virtue of the Treaty of Accession she will be in a position to fulfill her legal obligations resulting from her status of permanent neutrality and to continue her policy of neutrality, as a specific contribution towards the maintenance of peace and security in Europe." In effect the Austrians appear to be seeking a permanent derogation from certain obligations of the Treaty of Rome and the Single European Act in order to guarantee maintenance of their "perpetual neutrality".

Austrian Neutrality

2. As the letter makes clear, Austria's "perpetual neutrality" derives from the Federal Constitutional Law, in which "Austria declares of her own free will her perpetual neutrality. Austria will maintain and defend this with all means at her disposal. For the securing of this purpose in all future times Austria will not join any military alliances and will not permit the establishment of any foreign military bases on her territory."

3. Although the Constitutional Law is formally autonomous, domestic, legislation, the Austrians consider maintenance of their "perpetual neutrality" an international obligation by virtue of their having notified all members of the UN at the time. And the 1955 Moscow Memorandum (of talks between

the Soviet Union and Austria) - which set out the basis on which the Russians would agree to withdraw from Austria, and to sign the State Treaty - recorded an undertaking by the Austrian Government to make a declaration "in a form which will oblige Austria internationally to practice in perpetuity a neutrality of the type maintained by Switzerland". Our Legal Advisers consider that although substantively the Memorandum was overtaken by the State Treaty and the Federal Constitutional Law, it established a continuing legal obligation on Austria (at least to the Soviet Union) to maintain its neutrality.

#### State Treaty

4. The Austrian State Treaty of 1955 was signed by Austria and the Four Great Powers - France, UK, USA and the Soviet Union. It makes no reference to neutrality. On the basis of the Moscow Memorandum, the Soviet Union continues to link neutrality and the State Treaty, and hence to strengthen its claim to a droit de regard over the maintenance of Austrian neutrality. But the three western co-signatories to the Treaty successfully resisted any legal association between the State Treaty and "perpetual neutrality".

5. Article 2 of the State Treaty provides that the Great Powers will respect the independence and territorial integrity of Austria. Article 4 (headed "Prohibition of Anschluss") prohibits political or economic union between Austria and "Germany", "in any form whatsoever". Austria undertakes inter alia not to "promote political or economic union with Germany, or to impair its territorial integrity or political or economic independence". There is legal debate on the implications of these Articles for Austrian membership of the Community (in particular whether membership of the Community implies "economic union with Germany"; and indeed whether the "Germany" of the State Treaty can be taken to mean, in this context, the FRG - our view is that the FRG is not the same as "Germany" and is not

the successor to the Reich). Legal Advisers have concluded that there is no absolutely compelling legal argument either way on the compatibility of the State Treaty and membership.

Implications for the Austrian Application to the EC

6. The main issue is therefore Austrian insistence on maintaining "perpetual neutrality". The Austrians are seeking acknowledgement in a Treaty of Accession that "perpetual neutrality" is an obligation "accepted for the purpose of maintaining peace and international security" within Article 224 (EEC), so enabling them to rely on this Article to avoid obligations under the Treaties which are inconsistent with their neutrality. The Austrians have not sought to argue that "perpetual neutrality" is an obligation "arising from agreements concluded before the entry into force of this Treaty" (Article 234, EEC), presumably since the same Article obliges member states to "take all appropriate steps to eliminate the incompatibilities" (between the previous obligation and the Treaty). Our legal advice is not only that Austria is under an obligation (at least to the Soviet Union) to maintain its neutrality (although it does not necessarily follow that it is the type of obligation, such as the UN Charter, envisaged in Article 224); but also that the wide wording of Article 224 would allow Austria to claim a broad exemption from obligations under the Treaty, especially as the exact scope of Austrian neutrality is not well defined and they apparently regard its definition as a matter only for them. It is therefore a political question whether we are prepared to allow a prospective member state to do this.

7. Austria's neutrality cannot be compared with Ireland's. Austrian "perpetual neutrality" is firmly rooted in the post-war settlement between East and West; is enshrined in fundamental Austrian domestic legislation; and is an obligation to the Soviet Union and arguably wider. Irish neutrality is a political policy stemming from Anglo/Irish

history, and is not required by the Irish constitution. The Irish firmly rebut comparison between the two.

8. In practice, Austria might seek to absolve itself from action under the Treaty which it saw as prejudicing its neutrality (in particular trade measures under Article 113 for political or security reasons). Neutrality is not likely to impinge on routine EPC cooperation. But Austria might find difficulty subscribing to certain essentially Western positions of the Twelve: about 40% of EPC activity is related to East/West issues. In the CSCE context the Austrians have already made it clear that they would wish to remain members of the Neutral and Non-Aligned (NNA) Group. They argue (rather implausibly) that the process of change now underway in Eastern Europe will, in any event, make such labelling irrelevant in the timescale of their accession to the Community. Austria may therefore look for a derogation, possibly formalised in a Treaty of Accession, perhaps undertaking to stay silent - and thus not prevent consensus in EPC - provided it is accepted that Austria will not implement certain decisions. This might be difficult for us to accept.

9. However, the real issue is less the operation of the present Community, and more its future development. As the Austrians appear determined not to be drawn closer into the Western camp, their membership of the EC would be likely over time to cause increasing strains within the Community and in the trans-Atlantic relationship. And Austrian neutrality is likely to impede, and perhaps render impossible, the evolution of a security/defence dimension to the EC. With the future structure of European defence, within NATO, as yet unclear, it would be unwise to foreclose any option, and have to rely solely on the potential of WEU.

European Community Department (External)  
25 July 1989



## A WIDER EUROPEAN COMMUNITY?

### Introduction

1. Though no new members will be admitted until after 1992, the possibility of further enlargement of the EC thereafter is a topic of renewed debate. A diverse range of countries aspire to membership, and the Community will shortly begin considering how their aspirations should be handled. This paper briefly considers:

- (a) the UK interest in respect of each potential applicant, considered separately (a static analysis);
- (b) an examination of the linkages between the various potential applications, and their possible cumulative implications for the Community, and UK interests (an outline dynamic analysis); and
- (c) the possibilities for compromise solutions, short of major enlargement.

### Background

2. The only current application is Turkey's, on which the Commission's Opinion, or perhaps an interim report, is expected this year. But Austria is likely to apply this summer; Malta has said she will submit an application soon; there are indications that Cyprus may follow suit; and a Norwegian application in the early 90's is on the cards. The other EFTA countries are seeking closer "integration" into the Single Market. The Norwegians and Swedes would wish to go further in this direction than their partners, and if frustrated would be the more likely to apply for Community membership. Within EFTA only Switzerland, Iceland and Finland have said they do not intend to apply in the foreseeable future.

3. The prospect of a series of applications partly reflects the success of the Community in recent years in projecting a more dynamic image, but also reflects fears in neighbouring (and particularly EFTA) countries of the potential consequences of exclusion from the Single Market. Taken singly, admitting almost any of the potential applicants would present economic or political difficulties. Taken cumulatively they raise for current member states the prospect of substantial changes to the Community; and substantial costs, political and economic. The decisions faced by the Community are more radical than those posed by the two most recent enlargements (to 10 and then 12), and more akin to the first enlargement - with the proviso that these precedents make it that much more difficult to bar the door.

#### The Potential Applicants

4. Each potential applicant's current position is summarised below. Turkey, Malta, Cyprus, Norway (and Morocco) were covered more fully in the paper "Further Enlargement of the European Community?", circulated to OD(E) in October 1987: only an update is given here. A fuller analysis of the Austrian case is at Annex A.

##### (a) Turkey

Turkey applied to join the Community in late 1987. The Commission's Opinion is in preparation, and M. Delors has spoken of a "first report" this year. Thinking among those close to Prime Minister Ozal appears to have evolved from insisting that only a firm acceptance of eventual Turkish membership within a specified time-frame will do to stressing that the important element for Ozal is that negotiations with the Community should begin, so that he can use them as a lever for internal economic reform. Economically, Turkish accession would be very costly to the UK: we estimate that Turkish membership would have cost

current member states about 6 becu in 1988 - UK share, after abatement, perhaps some 500 mecu. But an outright rebuff from the Community would be seen as a political affront to Turkey's European aspirations and role in NATO.

(b) Malta

Malta intends to apply fairly soon. The Maltese economy is so small - and relatively strong - that absorption would present no particular difficulties.

(c) Cyprus

The Cypriots are considering an early application - although we have warned them that it would be difficult to envisage the Community agreeing to address the question seriously in advance of some settlement of the intercommunal dispute. Economically, assimilation of Cyprus would not be difficult for the Community or costly for the UK: politically it would be difficult to admit Cyprus without Turkey.

(d) Norway

Norway nearly acceded to the Community with the UK, Ireland and Denmark. Though the negative referendum result then left bitter memories, there is a growing feeling in Norway that Community membership should again be the goal. A further referendum would be needed, and no Norwegian government is likely to pursue membership without wide public support. The present Government published a 1987 White Paper to stimulate internal debate on the implications of the Single Market, but did not wish membership to be an election issue until 1993. The Conservative opposition however favour an early application, so the issue will be debated in this year's election campaign. The accession of Norway, a firm NATO ally who would be a net contributor to the EC budget, would be in the UK's interest, economically and politically.

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(e) Austria

The Austrians are likely to apply by July. All sectors in Austria (the major political parties; the industrial, business and agricultural sectors; and the trade unions) appear to be in favour. They consider that adaptation to EC membership would pose few economic problems, in view of the considerable existing EC/Austrian economic inter-penetration. Conversely they believe that their economic interest will be harmed if they are not "integrated" into the Single Market, and that EC/EFTA harmonisation/cooperation arrangements will not go far enough. They believe other EFTA countries will eventually come to the same conclusion, and are anxious to beat the rush. Politically they believe they have a Western European vocation, and can act as a useful link with East Europe; and that their "perpetual neutrality" and the State Treaty are no bar to membership. For the UK, the economic effects of Austrian accession would be broadly neutral: the complications would be political (see Annex A).

(f) Sweden

The present Swedish government continue to regard Community membership as incompatible with Swedish neutrality. But they too stimulated a domestic debate with a 1987 White Paper, and Swedish business interests are generally in favour of accession. In the longer term, particularly if another EFTA country had acceded, and especially if that country were a fellow neutral, the government might well change its mind. Swedish membership would not create new economic costs for the UK; but Swedish neutrality would create political inhibitions analagous to those which Austrian accession would bring.

(g) Iceland

Iceland has consistently ruled out membership on economic grounds. With an economy heavily dependent on fisheries, the Icelanders could not contemplate participation in the Common Fisheries Policy which would open their fishing

grounds to other Community vessels. Icelandic accession would have little economic impact on the UK in areas other than fisheries (where the impact would be adverse): politically, as a NATO ally, Iceland's membership would create few problems.

(h) Finland

The Finns have shown no sign of seriously considering accession. Their full membership of EFTA was delayed until 1986 by Soviet pressure. Although recent developments within the Soviet Union and in East/West relations have given them more room for manoeuvre, the Finnish government confirmed in autumn 1988 that they regard membership of the EC as incompatible with their neutrality and that their target is closer EFTA/EC relationships. However, they would have to look more closely at possible accession were Austria and Sweden to apply.

(i) Switzerland

The Swiss government confirmed in September 1988 that they do not contemplate applying for membership in the foreseeable future - they prefer to stand aside from the Community, as from the United Nations. Their form of direct democracy would be unworkable in the Community. They also have deep-rooted objections to free movement of persons from EC member states. They operate a more highly supported/protected agricultural sector than the EC. Though they have major investments in many member states, and have taken a number of bilateral steps to get closer to the Community, they are likely to be the back-markers on EC/EFTA cooperation whenever the establishment of more formal links, EC/EFTA or even intra-EFTA, is at issue.

UK Balance Sheet

5. As with Norway, the immediate economic and commercial impact on UK interests of accession to the Community by

Finland, Sweden, Switzerland or Austria, with their comparatively highly developed industrial economies, would be likely to be generally beneficial, although detailed analysis would be required before reaching a definitive view in each case. The costs to the UK of accession by Cyprus, Malta or Iceland would be small: the costs of Turkish accession very large. From a political point of view accession by Norway would be a plus, whereas any of the Mediterranean or EFTA neutral or non-aligned countries would cause difficulties: the specific case of Austria is discussed in more detail at Annex A: the general issue is addressed at paras 10/11 below. But a static analysis clearly is misleading: there are complex cross-linkages between the various potential applications which could give a dynamic to the process of enlargement; and the cumulative effect on UK interests (economic and political) of several accessions would clearly be much greater than the sum of the effects considered singly.

#### Cross-Linkages

6. There are 3 obvious, and one more speculative, linkages:

(a) North/South

Norway is the least problematical potential applicant. But even if a case was made for exceptional fast-track procedures because of Norway's previous successfully completed accession negotiations, the Turks might see Norwegian accession, ahead of them, as a slap in the face. This would probably be manageable without a major rift with Ankara, given the 1973 excuse; but similar queue-jumping by Austria, Malta, Cyprus or Sweden (all non-NATO members) would not.

(b) North/North

The Turkish problem aside, the accession of any one EFTA country might produce a domino effect among the others. In this context too Norwegian accession could

conceivably - though with difficulty - be ring-fenced, but Austrian accession could not, for it would bring another neutral into the Community, so weakening the Swedish rationale for remaining outside (and the possible Community rationale for resisting Swedish accession). In the longer term that would put pressure on Finland, and again make it difficult to refuse her. There would similarly then be no convincing rationale for excluding Iceland, leaving among present EFTA members only Switzerland outside the Community.

(c) South/South

Admitting even one or two "northern" EFTA countries would be likely to increase the support of some "southern" members, particularly Italy and Greece, for further balancing southern accessions - perhaps Malta and Cyprus without Turkey. But Cypriot or Maltese accession without Turkish accession would cause serious problems in Ankara. Conversely Turkish accession would make Cypriot accession almost inevitable, and it would then be difficult to find a convincing rationale for not admitting Malta.

(d) East/West

It has been suggested that in the longer term, and if Community membership had expanded widely, some East European countries - in particular Yugoslavia and Hungary - might consider applying for membership. For the foreseeable future this is unlikely, and should be discouraged. Yugoslavia has an Association Agreement with the EC similar to those with other Mediterranean countries, and is not treated as a State Trading Country: but her current economic and internal political status makes her a highly unattractive candidate. And despite the economic and political reforms underway in the Soviet Union and some East European countries, their economies are likely to remain centrally directed, and their political systems far from pluralistic democracies

as understood in Western Europe.

### Cumulative Effects

7. Maximally, such a series of linked accessions could eventually produce a Community of 21 members, excluding only Switzerland, the 4 micro-states (Andorra, Monaco, San Marino and Liechtenstein), and Eastern Europe. Such a Community would obviously be considerably more heterogeneous, disparate and unwieldy than the present one, and would impose new economic burdens on the UK. Moreover, few if any of the additional members would willingly embrace the UK's deregulatory Single Market approach (eg on services); even the Austrian economy is affected by seriously structural rigidities; pressure for EC "social dimension" activity would be increased by any of the possible accessions; and progress on CAP reform (and consequent EC Budget rationalisation) would be considerably harder in an enlarged Community.

8. For Southern aspirants, semi-permanent or permanent "transitional" measures would be required, relieving the new member of some of the costs and obligations of membership; enlargement which included a significant increase in the size of the Community's economically underdeveloped regions (eg the admission of Turkey) would be costly in terms of further increases in the Structural Funds; and new Southern states would be likely to flout Community law, particularly in the Single Market area, whether or not they were formally permitted to do so (thus denying to the UK the principal benefit of further enlargement). Such tendencies in the existing Community have been limited by the fact that difference in per capita GNP are relatively small, and the poorest member state, Portugal, represents only 3% of the Community's population. Concessions to poorer member states have been limited to exceptional measures (eg differential time-scales for implementation of the directive on liberalisation of capital



movements) or special measures, built into general legislation (eg on agricultural structures), to help poorer regions without prejudicing the overall principle. If, however, such exceptions were to cover a much larger area and population the likely result would be either a variable geometry Community (ie with a much wider range of optional policies than at present) or a Community of two tiers, moving at different speeds.

9. This would have institutional consequences, not least for representation. Any member state contributing to the budget, however marginally, would have to have some say in its management (so reducing UK voting weight). But it is hard to imagine that it would be the general view, or acceptable to the UK, that a member state participating in only a restricted range of Community activities should have a voting weight on all Community policy issues based only on a relative population size, as now. Whatever the voting arrangements, a Council of more than twelve member states would be hard to manage, and the annual agricultural price fixing an even more laborious and painful affair. A European Council - or General Affairs Council - much larger than at present would be a very unsatisfactory forum for giving overall direction to the Community, and if more than one (or two) new members joined, a small steering group of fully participating member states might well emerge, formally or informally. A Commission further expanded to reflect enlargement would be cumbersome, even if all member states nominated only one Commissioner. Yet a practical effect of substantial enlargement would probably be pressure for more delegation of power to the Commission, if only to ensure that business got done. (Major enlargement would also exacerbate the language problem, with additional staffing consequences - though Norwegian accession would strengthen the anglophone camp.)

10. The accession of almost any of the potential new member states could also affect the development over time of a more

defined political and security role for the Community within the Atlantic Alliance. Only Norway would pose no such problem.

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The EFTA

neutrals (Austria, Sweden, Finland) would seek assurances that their neutrality would not be compromised by EPC decisions, and would a fortiori have difficulties with a security dimension. The Community would be faced with deciding between rejecting these applicants or limiting its political/security horizons. The more such new applicants were admitted, the more horizons would be limited; but even Austrian accession would probably require significant compromise in this area, for Austrian neutrality, as a function of the East/West divide, is much more subject to Soviet scrutiny than is Irish neutrality, which is a function of Irish relations with the UK.

#### Deductions

11. The above linkages, and their possible cumulative effects, suggest that:

(a) admission of Norway would strengthen the Community economically and politically, would not derail the further development of EPC, but would need to be skilfully managed to avoid unwelcome consequences vis-a-vis Turkey or other EFTA countries. And ring-fencing the Norwegian case would not be easy.

(b) Beyond Norway, any further accession has serious inherent difficulties. And the admission of Austria as well as Norway would probably lead to further expansion to include several EFTA countries, with consequent

pressure for "balancing" accessions by Mediterranean States, and so fundamentally affect the working and future development of the Community.

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(d) A rigid two-tier structure among full members of an enlarged Community is unlikely to work: the Turks could not be excluded from a nascent inner politico-security layer but would not qualify for the inner politico-economic layer. Conversely Austria (and the EFTA neutrals) would not want to participate in the inner politico-security layer, but would qualify for the inner politico-economic layer. But it would hardly be possible to secure this differentiation in the context of accession negotiations. The probable consequence would therefore be the development over time of a form of variable geometry with different countries forming the inner and outer rings for the two areas of cooperation. This would be at best messy; at worst unworkable.

#### Possible Half-Way Houses

12. This points to a policy of considerable caution about any further enlargement, except for Norway. But turning down any eligible candidate would not be easy, and - as the 1987 paper noted in the case of Turkey - it would be important to ensure that rejection of further applications did not breed resentments, divisive of Western Europe and of NATO, and destructive of EC/EFTA cooperation. The various aspirations reflected by the likely applications need to be recognised, and managed, through some improvement of the

current relationship between the Community and its neighbours. Options might include:-

- (a) Closer bilateral arrangements. The Community could provide a package of bilateral EC/Turkey measures (including a beefed up Association Agreement); push ahead with more extensive bilateral bridging arrangements with EFTA countries particularly in areas covered by the Single Market; in parallel upgrade the Community's Agreements with Malta and Cyprus; and develop the European Parliament's links with the countries in question. This could be expensive for the Community particularly in relation to Turkey (though less costly for the UK, than wide EC enlargement), and would be unlikely to satisfy Turkish, Mediterranean or EFTA aspirations in full.
- (b) New institutional EC/EFTA arrangements. If the Swedes can over-rule Swiss opposition and Austrian indifference, EFTA might acquire a greater institutional underpinning, which would permit the development of closer links between the EC and EFTA collectively. This would suit us well, and we might seek to encourage it during the process of dialogue which is likely to follow the EC/EFTA Ministerial meeting on 20 March. But the problem of the Mediterranean aspirants would remain.
- (c) A Super Association Agreement between the EC and all aspirant members collectively is just conceivable. The latter would not sign the Treaty of Rome, but would have open trade access to the Community (subject no doubt to special arrangements for agricultural products), and perhaps freedom of movement of persons/establishment within defined limits; they might participate in EC research, environmental and cultural etc programmes; and they could enjoy close association with EPC (probably involving a measure of consultation, rather than just briefings, as at present). Super Association Councils

might take place at regular intervals. There would still have to be, as at present, some resource transfers from the Community to the poorer super-associates, but it might be possible also to contrive some such resource transfers from Northern to Southern super-associates (eg Austria/Sweden to Turkey). A package on these lines might stand a better chance of satisfying the Southern aspirants, and rather less expensively (in the case of Turkey) for the UK than a plethora of expanded bilateral arrangements. But Northern aspirants would find it less attractive than (a) or (b); and the disparate super-associates might find difficulty in forming a coherent group.

(d) Look beyond the Community framework to new European structures (perhaps in parallel to elements of (a), (b) or (c)). Admission to an enlarged and revitalised WEU which became the forum for European defence and security cooperation within the Alliance might sufficiently mollify the Turks to make it feasible to develop much closer EC/EFTA economic (Single Market) links which would not extend to Turkey. This could in turn lead to a two-tier form of collective Association Agreement, perhaps making it feasible to use the outer layer as the framework for a new relationship between the Community and certain Eastern European states (once they have proved their economic and political credentials), without in any way jeopardising either Western security cooperation or the task of completing the Single Market.

### Conclusions

13(i) The Community faces increasing pressure to admit new members post-1992. We need to begin to develop an outline UK response.

(ii) Norwegian accession, taken in isolation, would be in

the UK interest and would pose few problems.

- (iii) Austrian accession is less obviously in the UK interest, given the high probability that it would make a much wider enlargement inevitable.
- (iv) Wide enlargement would be likely to produce, de facto or de jure, a variable geometry two-tier Community, which would be hard to manage, and would fall short of a genuine Single Market.
- (v) Turkish accession would have particularly high economic costs for the UK and the Community, but an outright rebuff would be dangerous in terms of political and strategic interests.
- (vi) The Turkish factor, and growing EFTA aspirations, suggests a need for lateral thinking about new structures, built onto the Community's outer walls. Some way of deepening the EC's relationship with its neighbours will be required.

**THE AUSTRIAN CASE**

1. The Austrians are likely to seek Parliamentary approval this spring to apply for Community membership this summer.

**ECONOMIC ASPECTS**

2. If Austria was a member of the Community the small balance of payments gains to Austria would be broadly counterbalanced by budgetary gains to the Community. In financial terms there would be neither advantage nor disadvantage to the UK in Austrian membership. However, the UK at present has a significant trade deficit with Austria, which, in part, reflects Austrian restrictive and protective practices. The UK would therefore stand to gain from Austrian membership of the Community, not least in the services sector, including the freedom for professionals to practise in Austria. Overall it appears that there could be some modest economic advantage to the UK in Austrian accession. But there would be a high risk that it would slow the process of internal Community liberalisation (in particular of the CAP).

**POLITICAL ASPECTS**

3. The major difficulties that the UK and other existing Community members would face if Austria were to apply for membership are political. The key factor is Austria's "perpetual neutrality", which was covered by the Soviet - Austrian Memorandum of 15 April 1955 (the so called Moscow Memorandum), recording the results of conversations between Austria and the Soviet Union before the signature of the State Treaty (by the UK, US, USSR and France) on 15 May 1955, and was then enshrined in Austrian domestic law in the Constitutional Law on Nationality of 26 October 1955. The Russians have now warned the Austrians that they do not see

that they do not see neutrality, and the State Treaty, as compatible with EC membership.

4. The Austrians however take the view that the State Treaty does not prohibit them from membership of international organisations (unlike the Swiss, they are UN members), and they are firmly of the view that neutrality is quite separate from the State Treaty. They note that there is already one neutral (Ireland) in the Community (though they admit that the basis of Irish neutrality differs from their own). But they have said that they could have difficulty in associating themselves with certain acts of the Community - such as trade measures against third countries for political reasons. They would be likely to seek as part of their accession arrangements some form of derogation which would absolve them from any Community obligation which would run counter to their neutrality.

5.

Moreover if the Russians acquiesced in Austrian membership they would be likely to state that nothing Austria did within the Community should prejudice her neutrality. This coupled with the State Treaty, could enable them to claim a droit de regard over future Community development. (Arguably, they might come to see their interest as lying in acquiescing to Austrian accession, in the hope of using it to prevent the development of a security/defence dimension to the Community - but there has been no sign of this as yet.)

HANDLING

6. The Germans would be unlikely to oppose Austrian accession, while the French are unlikely to favour it but may not be prepared to say so. The US (the other Western signatory to the State Treaty) are currently taking a relaxed view, virtually encouraging Austria to apply for

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membership, though this could change once the wider implications are appreciated. It is too early to judge how the debate will go, and there are clear risks in the UK taking too high a profile. However, unless the Community decides to accept no more members (except perhaps Norway) because of the cumulative effect of several accessions, there remains a risk that - as over Greece - member states will not summon the political will to refuse an Austrian application.

7. The short term problems of handling an application this summer should however be manageable, for the Community could without difficulty stand by its view that until 1993 consolidation must take preference over enlargement. The two interim tasks would be for the Commission to produce an economic Opinion, and for the Community to quiz the Austrians on how they would square their continuing neutrality with the continuing development of the Community.

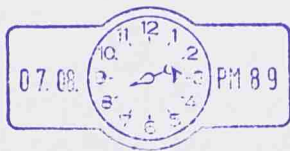
Foreign & Commonwealth Office

17 March 1989

EUCO PA: Engagement

PT3

Attachment to  
Grogan/Stein  
7/8/89





10 DOWNING STREET  
LONDON SW1A 2AA

From the Private Secretary

25 April 1989

Dear Stephen,

A WIDER EUROPEAN COMMUNITY

The Prime Minister has seen the minutes of OD(E) of 20 April where there was a discussion of the implications of several current applications for membership of the European Community. She has commented that she would wish to be kept very closely in touch with further work and to be consulted before any conclusions are reached.

I am copying this letter to Alex Allan (H M Treasury), Neil Thornton (Department of Trade and Industry) and Trevor Woolley (Cabinet Office).

Yours sincerely,  
C. D. Powell

C. D. POWELL

Stephen Wall, Esq.,  
Foreign and Commonwealth Office



10 DOWNING STREET

(2)  
Prime Minister

Enlargement of the EC

You may like to see the minutes of the recent discussion of EC Enlargement in OD(=). The Committee plans to return to the subject. But given some of the views expressed, you may want to be

Yes - definitely  
no

consulted about  
further work. There is  
evidence of failure to  
take account of the  
strategic implications of  
rejecting Turkey.  
There is also a  
balance between the  
increased difficulty of  
assembling a blocking  
minority in an  
enlarged Community, and  
the reasonable expectation  
that an enlarged Community  
will be less federalist. C.D.P. 24/4



FILE MEMO

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

28 February 1989

Thank you for your letter of 23 February telling me about your work for the Turkish Government. It was useful to know about this.

CHARLES D. POWELL

Norman Blackwell, Esq.

KK

CONFIDENTIAL  
FM PARIS  
TO IMMEDIATE FCO  
TELNO 253  
OF 241943Z FEBRUARY 89  
INFO PRIORITY UKREP BRUSSELS, VIENNA, ANKARA

EC ENLARGEMENT: FURTHER FRENCH VIEWS

SUMMARY

1. CONFLICTING EVIDENCE ABOUT FRENCH THINKING POINTS TO LACK OF COORDINATION AND ABSENCE OF ANY POLITICALLY AGREED LINE - OTHER THAN THAT NOTHING CAN HAPPEN THIS SIDE OF 1992. BUT SOME SENIOR OFFICIALS ARE CLEARLY CONCERNED ABOUT THE POSSIBLE DOMINO EFFECT OF AN AUSTRIAN APPLICATION AND THE PARTICULAR PROBLEMS LIKELY TO BE POSED BY TURKEY. RECOMMENDATIONS FOR FOLLOW-UP.

DETAIL

2. AS BACKGROUND TO THE SECRETARY GENERAL OF THE AUSTRIAN MFA'S VISIT TO LONDON NEXT WEEK AND THE FORTHCOMING EC/EFTA MEETING, WE HAVE MADE FURTHER EFFORTS DISCREETLY TO PROBE FRENCH THINKING ON ENLARGEMENT.

3. EARLIER APPROACHES TO THE QUAI (EG ANDREANI AND DESCOUEYTE) GAVE EVERY IMPRESSION THAT THE ISSUES HAVE NOT BEEN SERIOUSLY ADDRESSED. BUT MY OWN CONVERSATION WITH SCHEER ON 23 FEBRUARY (RECORD BY BAG TO KERR) REVEALED THAT HE AT LEAST - PARTLY NO DOUBT BECAUSE OF HIS BRUSSELS EXPERIENCE - IS VERY ALIVE TO THE POSSIBLE DIFFICULTIES AND TO THE NEED FOR THE 12 TO GET THEIR ACT TOGETHER BOTH ON TURKEY AND IN ADVANCE OF A PROBABLE AUSTRIAN APPLICATION IN 1990. AS A CONTRIBUTION TO THIS PROCESS HE SAID THERE SHOULD BE PREPARATORY DISCUSSIONS INVOLVING A FEW OF THE PRINCIPAL MEMBER STATES. (THIS ECHOES WHAT DUMAS SAID AT CHEVENING LAST JULY). SCHEER EFFECTIVELY CONFIRMED THAT CURRENT FRENCH POLITICAL THINKING IS TO KICK THE BALL INTO TOUCH UNTIL AFTER 1993, NOT LEAST TO AVOID DAMAGE TO BILATERAL RELATIONSHIPS. BUT HE WAS CLEARLY WORRIED THAT THE COUNCIL OF MINISTERS MIGHT BE DRAWN INTO TOO WARM A REPLY AND CONCERNED ABOUT THE HOSTAGES TO FORTUNE WHICH SUCH A LINE COULD OFFER, ESPECIALLY IN RESPECT OF OTHER ASPIRANTS. HE WENT ON TO SAY THAT IT WAS BOTH INCONCEIVABLE THAT TURKEY COULD EVER BE ADMITTED BUT POTENTIALLY VERY DAMAGING INDEED TO BE FORCED TO SAY SO. MUCH REFLECTION WAS NEEDED.

4. THIS CANDOUR HAS NOT BEEN APPARENT IN OTHER RECENT CONTACTS, BUT GUEHENNO (HEAD OF THE QUAI CENTRE D'ANALYSE ET DE PREVISION, I.E. PLANNING STAFF) SHOWED SOME INTEREST DURING A RECENT DISCUSSION WITH THE MINISTER AND WE KNOW THAT A PRELIMINARY PAPER ON ENLARGEMENT HAS BEEN PREPARED ON HIS SIDE.

5. BASTELICA (MME CRESSON'S CABINET) ON THE OTHER HAND PLAYED A STRAIGHTER BAT TO COUNSELLOR (AGRICULTURE AND ECONOMIC) EARLIER THIS WEEK ASSERTING THAT MITTERRAND'S PUBLIC POSITION OF CLOSING THE DOOR UNTIL AFTER COMPLETION OF THE SINGLE MARKET WAS PERFECTLY SATISFACTORY IN THE SHORT TERM AND THAT NO-ONE HAD THOUGHT BEYOND IT YET. THE FRENCH STARTING POINT WAS STILL THAT EVERY DEMOCRATIC EUROPEAN COUNTRY WAS IN PRINCIPLE ENTITLED TO SEEK MEMBERSHIP OF THE COMMUNITY AND THAT THERE WERE ESTABLISHED PROCEDURES FOR DEALING WITH SUCH APPLICATIONS AS AND WHEN THEY WERE MADE. ON THE POSSIBLE COMPLICATIONS OF THE AUSTRIAN STATE TREATY AND NEUTRALITY QUESTIONS BASTELICA SAID THAT THERE HAD BEEN AN INCONCLUSIVE TECHNICAL ANALYSIS BUT NO POLITICAL DECISIONS (SCHEER AND I MERELY TOUCHED ON THESE ASPECTS: HE MADE IT CLEAR THAT FOR HIM THE MAIN ISSUE WAS NOT SO MUCH WHAT WAS SPECIFIC TO AUSTRIA AS THE EFFECT THAT AUSTRIAN ACCESSION WOULD HAVE ON THE DYNAMIC PROCESS OF COMMUNITY DEVELOPMENT AS A WHOLE, AND ESPECIALLY ON THE QUESTION OF TURKISH ACCESSION. I SHOULD ADD THAT THIS WAS INTERLARDERED WITH SOME CAUSTIC OBSERVATIONS ABOUT THE DECISION OVER GREEK ENTRY).

6. WE RAISED WITH BASTELICA THE SPECIFIC QUESTION OF WHAT HAD BEEN SAID TO OZAL IN DECEMBER, REFERRING TO THE READ-OUT GIVEN BY THE FRENCH AMBASSADOR IN ANKARA. BASTELICA SOUNDED SURPRISED AT THIS AND SAID THAT AS FAR AS HE KNEW THE LINE HAD BEEN STUDIOUSLY NON-COMMITTAL: THE TURKS THEMSELVES WOULD WANT TO GIVE THE IMPRESSION OF A POSITIVE FRENCH REACTION, PARTLY TO DISPEL DOUBTS ON THE PART OF OTHER MEMBER STATES. HE DID NOT, HOWEVER, GIVE ANY ENCOURAGEMENT THAT THE FRENCH WOULD DO MUCH PUBLICLY TO DAMPEN THE CLIMATE OF EXPECTATION, THOUGH HE HINTED THAT THEY WOULD BE HAPPY ENOUGH FOR SOMEONE ELSE TO TAKE ON THAT ROLE. WE MADE IT CLEAR THAT WE WERE NOT VOLUNTEERING, BUT WERE SIMPLY ANXIOUS THAT THE ISSUES SHOULD BE THOUGHT THROUGH IN GOOD TIME.

#### COMMENT AND RECOMMENDATION

7. THE FACT THAT WE ARE BEING TOLD DIFFERENT THINGS BY DIFFERENT PEOPLE ON THIS ISSUE SEEMS MORE SYMPTOMATIC OF LACK OF COORDINATION THAN OF ANY ATTEMPT TO DISSEMBLE. THOSE LIKE SCHEER AND GUEHENNO WHO ARE THINKING ABOUT THE PROBLEMS HAVE EITHER PARTICULAR PERSONAL OR



FUNCTIONAL INTERESTS (IE DIRECT EXPERIENCE OF THE WORKINGS OF THE COMMUNITY OR LONG TERM PLANNING RESPONSIBILITIES). YOU WILL WANT TO CONSIDER IF THERE IS ANY MILEAGE IN SOME LIMITED PARTICIPATION DISCUSSION AS HINTED AT BY SCHEER, WHILE RECOGNISING THAT THE RISK THAT IF WE GIVE THE IMPRESSION OF LEADING A CAMPAIGN SOME IN THE FRENCH ADMINISTRATION WILL BE TEMPTED TO HIDE BEHIND US WHILE SIMULTANEOUSLY URGING US ON. PREVIOUS COMMUNITY DECISIONS ON ENTRY HAVE SHOWN CLEARLY HOW DIFFICULT INDIVIDUAL MEMBER STATES FIND IT TO BE ROBUST IF THEIR BILATERAL RELATIONS MIGHT BE AFFECTED. THE RIGHT FOLLOW UP SEEMS TO ME FIRST A DISCUSSION ON THE PLANNERS NET (COOPER'S WILL HAVE TALKS WITH GUEHENNO ON 9 MARCH) AND LATER FOR YOU TO AIR THE ISSUES PERSONALLY WITH DUMAS, AT YOUR MEETING WITH HIM AT CHEVENING IN MAY. WE SHALL, OF COURSE, KEEP IN TOUCH WITH THOSE CONCERNED AND I SHALL FOLLOW UP WITH SCHEER AS THINGS MOVE FORWARD.

FERGUSON

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Strictly Private & Confidential

TO: Mr. Charles Powell

DATE: February 23, 1989

FROM: Norman Blackwell

TURKISH APPLICATION FOR EEC MEMBERSHIP

In case there is any sensitivity from my history at No. 10, I thought I should let you know that I have agreed - with some of my colleagues in other European countries - to assist the Turkish Government in evaluating and developing its strategy for entry into the EEC.

This is obviously an unusual - probably unique - role for a management consulting firm like McKinsey to undertake. Our role is purely as an advisor to Mr. Ozal; and we will not directly engage in lobbying or public relations activities. Nevertheless, we have approached this commitment with a due sense of caution, and have the right to withdraw at any stage if we conclude that the objective no longer appears appropriate.

I have had an initial discussion with Mr. John Kerr at the FCO to fill him in on the background and seek his guidance; and I will obviously maintain discrete contact. However, I thought you should be aware of this in case you have any particular comments or reflections.

*Norman Blackwell*

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FROM UKREP BRUSSELS

FOREIGN AFFAIRS COUNCIL, LUXEMBOURG, 25 APRIL 1988

EC/TURKEY ASSOCIATION COUNCIL: INTERIM REPORT

SUMMARY

1. THE EC REACHED AN AGREED POSITION FOR THE ASSOCIATION COUNCIL AFTER AN AMENDMENT HAD BEEN MADE TO THE PRESIDENCY'S INTRODUCTORY STATEMENT INDICATING THAT CYPRUS WAS AN ISSUE WHICH AFFECTED RELATIONS BETWEEN THE EC AND TURKEY AND AFTER GREECE HAD MADE A UNILATERAL STATEMENT FOR THE FAC MINUTES ON THE 4TH FINANCIAL PROTOCOL.

2. BUT TURKEY REFUSED TO TAKE PART IN THE ASSOCIATION COUNCIL IF CYPRUS WAS REFERRED TO IN THESE TERMS. WHEN THEY FAILED TO PERSUADE GREECE TO ACCEPT ANY MODIFICATION TO THE AGREED COMMUNITY POSITION, THE PRESIDENCY WERE FORCED TO POSTPONE THE ASSOCIATION COUNCIL. THE DINNER WILL, HOWEVER GO AHEAD AS PLANNED AND A DECISION WILL BE TAKEN ON RE SCHEDULING THE ASSOCIATION COUNCIL.

3. FURTHER REPORT TO FOLLOW IN LIGHT OF DEVELOPMENTS.

DETAIL

4. THE GREEK RESERVE ON THE EC POSITION FOR THE ASSOCIATION COUNCIL WAS DISCUSSED OVER LUNCH. PANGALOS (GREECE) CLAIMED THAT THE REFERENCES TO HUMAN RIGHTS IN THE PRESIDENCY'S INTRODUCTORY STATEMENT WERE RATHER FEEBLE. HE PROPOSED THAT THE REFERENCE TO CYPRUS AND HUMAN RIGHTS IN PARA 5 OF THE STATEMENT SHOULD BE SUPPLEMENTED BY THE PHRASE 'TWO ISSUES WHICH AFFECT RELATIONS BETWEEN THE EC AND TURKEY'. GREECE ALSO WISHED TO MAKE A UNILATERAL STATEMENT FOR THE FAC MINUTES AS FOLLOWS:

'THE GREEK DELEGATION STATES THAT, WITH REGARD TO THE 4TH FINANCIAL

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PROTOCOL, THE WITHDRAWAL OF ALL TURKISH FORCES FROM CYPRUS AND THE RESTORATION OF HUMAN RIGHTS IN TURKEY ARE A PRECONDITION FOR GREEK APPROVAL'.

5. GEENSCHER (GERMAN PRESIDENCY) SAID THAT HUMAN RIGHTS WERE ALREADY ADEQUATELY COVERED IN PARA 2 OF THE INTRODUCTORY STATEMENT. HE THEREFORE SUGGESTED THAT THE REFERENCE TO HUMAN RIGHTS IN PARA 5 SHOULD BE OMITTED. PANGALOS SAID THAT HE COULD AGREE TO THIS PROVIDED THAT HIS PROPOSED ADDITION CONCERNING CYPRUS WAS RETAINED. GENSCHER AGREED. THERE WERE NO COMMENTS FROM OTHER MEMBER STATES.

6. DISCUSSION OF THIS ITEM ON THE FORMAL FAC AGENDA WAS CORRESPONDINGLY BRIEF. PANGALOS READ OUT THE GREEK MINUTE ENTRY AS IN PARA 4 ABOVE AND GENSCHER READ OUT THE REVISED TEXT OF PARA 5 OF THE INTRODUCTORY STATEMENT. PINHEIRO (PORTUGAL) REMINDED THE COMMISSION THAT THEY HAD AGREED TO PRODUCE A STUDY OF THE EFFECTS OF CONCESSION TO THIRD COUNTRIES ON THE COMMUNITY'S TEXTILE INDUSTRY. THIS WAS AN URGENT PROBLEM. GENSCHER TOOK NOTE AND THE EC POSITION WAS AGREED.

7. THE ASSOCIATION COUNCIL DID NOT, HOWEVER, TAKE PLACE AS SCHEDULED AT 1830 HOURS INSTEAD THE FAC RE-CONVENED AT 2030 HOURS AND GENSCHER REPORTED THAT THE TURKISH DELEGATION HAD DISCOVERED FROM PRESS REPORTS THAT THE EC INTENDED TO INCLUDE IN ITS INTRODUCTORY REMARKS THE STATEMENT THAT CYPRUS WAS AN ISSUE WHICH AFFECTED EC/TURKEY RELATIONS. THEY WERE NOT PREPARED TO TAKE PART IN THE ASSOCIATION COUNCIL IN THOSE CIRCUMSTANCES. IN THEIR VIEW THIS WAS WORSE THAN THE POSITION IN 1986 WHEN THE COMMUNITY HAD BEEN DIVIDED 11 TO ONE. THE PRESIDENCY HAD POINTED OUT THAT THIS WAS NOT A JOINT POSITION. BUT THE TURKS COULD ONLY ACCEPT A REFERENCE TO CYPRUS AS ONE OF A NUMBER OF ISSUES, AND THE STATEMENT THAT THESE WERE ISSUES OF INTEREST TO THE TWO SIDES. GENSCHER SAID THAT HE HAD BEEN VERY RELUCTANT TO MAKE THE CHANGE AT LUNCH TIME. HE WOULD BE HAPPY TO REVERT TO THE ORIGINAL PRESIDENCY TEXT BUT INVITED OTHERS TO COMMENT.

8. I APOLOGISED FOR THE FACT THAT PARLIAMENTARY BUSINESS HAD FORCED YOU TO RETURN TO LONDON. BUT YOU HAD INSTRUCTED ME TO SAY THAT WE HAD HAD NO PROBLEMS WITH THE ORIGINAL TEXT AND HAD ONLY ACCEPTED THE AMENDMENT BECAUSE IN OUR VIEW IT MADE NO MATERIAL DIFFERENCE. PANGALOS SAID THAT THE REFERENCE TO CYPRUS AFFECTING EC/TURKEY RELATIONS WAS SIMPLY A DESCRIPTION OF THE SITUATION AS IT WAS. THEY COULD NOT ACCEPT ITS DELETION SIMPLY BECAUSE THE TURKS OBJECTED. THEY COULD ALWAYS MAKE THEIR OWN STATEMENT.

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9. NIEMAN (NETHERLANDS) SUGGESTED THAT 'OF INTEREST' COULD BE SUBSTITUTED FOR 'AFFECTS' AND 'THE TWELVE' FOR 'THE COMMUNITY'. PANGALOS REPEATED THAT HE COULD NOT ACCEPT THE SMALLEST AMENDMENT. RUGGIERO (ITALY) SUGGESTED THE PROBLEM MIGHT BE RESOLVED IF THE TEXT WERE REARRANGED SLIGHTLY TO MAKE IT CLEAR THAT A NUMBER OF ISSUES, EG THE GULF WAR, EAST/WEST ETC AND NOT JUST CYPRUS AFFECTED EC/TURKEY RELATIONS. AGAIN PANGALOS INTERVENED TO SAY THAT HE COULD NOT ACCEPT ANY AMENDMENT IN RESPONSE TO TURKISH PRESSURE. A POINT OF PRINCIPLE WAS AT STAKE. THE EC COULD NOT CHANGE AN AGREED POSITION SIMPLY BECAUSE OF PRESSURE FROM A THIRD COUNTRY.

10. GENSCHER THEN TRIED A TOUR DE TABLE. BELGIUM, UK, NETHERLANDS, ITALY, IRELAND AND GERMANY SAID THAT THEY COULD ACCEPT THE ORIGINAL PRESIDENCY VERSION OR THE AMENDMENT AS PROPOSED BY ITALY. PORTUGAL, LUXEMBOURG AND FRANCE SAID THAT THEY COULD ACCEPT THE ORIGINAL VERSION BUT AGREED WITH GREECE THAT TO CHANGE THE TEXT IN THE FACE OF TURKISH PRESSURE WOULD SET A BAD PRECEDENT. DENMARK AND SPAIN APPEARED TO SIT ON THE FENCE.

11. GENSCHER MADE A FURTHER ATTEMPT TO PERSUADE GREECE TO ACCEPT THE ITALIAN AMENDMENT BUT PANGALOS WAS IMMOVABLE AND NOTED THAT THREE OTHER DELEGATIONS HAD OPPOSED A CHANGE IN THE COMMUNITY POSITION. TINDEMANS (BELGIUM) THEN SUGGESTED THAT THE PRESIDENCY SHOULD SPEAK ON ITS OWN AUTHORITY AS IN 1986, WHILE GENSCHER PROPOSED THAT HE READ OUT THE FIRST FOUR PARAGRAPHS OF THE INTRODUCTORY STATEMENT AND OMIT THE 5TH PARA ALTOGETHER. I SUPPORTED THIS SUGGESTION, POINTING OUT THAT THE 5TH PARA DEALT WITH EPC MATTERS AND WAS NOT PART OF THE COMMON COMMUNITY POSITION FOR THE ASSOCIATION COUNCIL. SCHEER (FRANCE) AGREED AND SUGGESTED THAT THE DINNER BE DROPPED AS WELL. WITH INCREASING IMPATIENCE PANGALOS REJECTED BOTH IDEAS. THE EC'S CREDIBILITY WAS AT STAKE. THE RESPONSIBILITY FOR ANY FAILURE TO HOLD THE COUNCIL RESTED WITH TURKEY. TYGESEN (DENMARK) TRIED ANOTHER DRAFTING AMENDMENT. PANGALOS ASKED HOW HE COULD BE EXPECTED TO GO BACK TO ATHENS SAYING THAT HE HAD AGREED TO CHANGE A COMMUNITY POSITION UNDER PRESSURE FROM THE TURKS.

12. FINALLY GENSCHER SUGGESTED THAT THE DINNER AT LEAST SHOULD GO AHEAD. THERE WERE NO OBJECTIONS TO THIS. AFTER CONSULTING THE TURKISH DELEGATION, HE RETURNED TO THE COUNCIL TO ANNOUNCE THAT THE ASSOCIATION COUNCIL WOULD NOT TAKE PLACE THAT DAY, BUT THAT THE DINNER WOULD GO AHEAD AND THAT A DECISION WOULD BE TAKEN ON SETTING A NEW DATE FOR THE ASSOCIATION COUNCIL. HE WAS CAREFUL TO LEAVE OPEN

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WHETHER THIS WOULD BE TOMORROW (26 APRIL) OR AT SOME LATER DATE.

CAMPBELL

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Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister  
 You might glance at  
 paras. 12-22 which deal  
 with the questions raised  
 by Turkey's application.

23 November 1987

Jean Charles,

C.D. 23/11

not

Further enlargement of the European Community?

The Foreign Secretary last month circulated to OD(E) the enclosed paper assessing where the UK interest lies in relation to current or future applications for EC membership. He has now suggested that it might be useful for the Prime Minister to see the paper before Copenhagen, in case the issue of enlargement comes up there. Its conclusions evoked no dissent in OD(E), and were specifically endorsed by the Chancellor and the Secretary of State for Trade and Industry, and by the Defence Secretary, whom the Foreign Secretary consulted in view of the Alliance angle. The most important conclusions are of course those which concern the Turkish application.

A copy of this letter goes to Trevor Woolley in the Cabinet Office.

Yours ever,

(A C Galsworthy)  
Private Secretary

C D Powell Esq  
 10 Downing Street

## CONFIDENTIAL

### FURTHER ENLARGEMENT OF THE EUROPEAN COMMUNITY?

#### Summary

1. An analysis of the UK cost/benefit of possible further EC enlargement; arguing that Norway's membership would be in the UK interest (paras 3-6); that the questions of Maltese, Moroccan or Cypriot membership are, for different reasons, unlikely to be given serious consideration in the Community (paras 7-11); that Turkey's membership would be counter to UK economic interests (paras 12-13), would transform the Community in ways which might be against our political interests (paras 14-20), and will be opposed by most present EC members; and that a compromise, short of accession, will be required (paras 21 - 22). Policy deductions: a case for discreet UK encouragement for a Norwegian re-application for EC membership, and - in due course - for the full development of the EC/Turkey Association Agreement (paras 23 - 25).

#### Introduction

2. Demands for further EC enlargement are growing. For Switzerland, Austria and Sweden, Community membership remains a distant prospect; but Norway is likely to re-apply in the mid/late 1990s; the new Nationalist Party Government in Malta has already indicated a wish for eventual membership; Morocco has formally registered its interest; Cyprus is toying with the idea; and a Turkish application is being processed in Brussels. From the EC's point of view, expansion has some attractions, particularly if it enlarged the area of democratic stability in Europe. But at what cost? This paper attempts a UK cost-benefit analysis, considering the economic and political impact of Norwegian, Maltese, Moroccan, Cypriot or Turkish accession, but concentrating on the Turkish application, as the most pressing issue.

#### Norway

3. Of these five cases, a Norwegian application would be the most warmly received, would cause fewest problems in negotiation, and would probably result in early accession. Norway is readily



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assimilable, with a population of 4.1 million and GDP per capita of almost \$14,000, (cf the EC average of \$8,000). Domestic political and constitutional considerations make an application very unlikely until after Norway's 1993 election, but feasible thereafter, and highly probable by the late 1990s.

4. The terms of Norwegian membership have already been negotiated once. The main stumbling blocks in 1972 were fisheries and oil; these are likely to be less problematic now, particularly in view of the new Common Fisheries Policy (CFP) negotiated by the UK. Under the 1979 EC/Norway Fisheries Agreement the Community is allowed to fish in the Norwegian Economic Zone (and vice versa) subject to agreed Total Allowable Catches, and quotas, and this agreement should easily be absorbed into the CFP. The prospect of free access to EC markets and the growing strength of the fish farming (as opposed to traditional fishing) lobby may also serve to reduce domestic opposition to Norwegian membership. Agriculture could cause Norway transitional problems if in the meantime her support were to remain 30% above CAP levels, but the Nordics are already under pressure in GATT negotiations. And Norway is conscious of the need to adapt to developments in the EC internal market in order to maintain exports to the EC (now 65% of total Norwegian exports, equivalent to 17.6% of her GDP). Thus for the UK Norwegian accession would bring few economic disbenefits, other than perhaps marginally (3 OM votes) increasing resistance to full CAP reform. The economic advantages to the UK of a further widening of the EC market, and the strengthening of the Community's Northern tier through the accession of a country making little call on structural funds and likely to abide by the terms of the EC Treaties (and her own accession terms) and be a substantial net contributor to the Community budget, are clearly much stronger. Our economic interest lies in having Norway in.

5. The political arguments go the same way. Though Norway could be expected to share many Danish attitudes, eg on environment and nuclear energy, which would be difficult for the UK, her Parliamentary democracy or NATO membership are not in question, and her attitudes on national sovereignty issues would be similar to ours. Norway could be expected to play a full and constructive

part in Political Co-operation - indeed her present exclusion from it is a major cause of her renewed interest in EC membership.

6. In short, Norwegian EC membership would be in the UK interest. The arguments in respect of Malta, Morocco and Cyprus are very different, but equally straight-forward.

Malta

7. The Maltese economy is so small (population 360,000 - similar to Luxembourg, - per capita GDP \$3,300, 41.5% of EC average) that absorption into the EC would present no particular difficulties. On the worst assumptions (ie high resource transfers per head), direct costs would be very small: agriculture and fisheries contribute less than 5% of Malta's GDP.

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8. Fortunately, a sensible alternative to Maltese membership already exists. The EC-Malta Association Agreement of 1970, envisages progress to an eventual customs union (similar to that just negotiated with Cyprus). The Maltese can - and should - be encouraged to aim for this if they are serious in wanting a closer relationship with the EC. The Maltese may argue that this is not a satisfactory alternative to membership; but we must be careful to avoid implying any commitment to eventual membership.

Morocco

9. The economic arguments against Moroccan membership are overwhelming. Her population of 22 million is growing at a rate of 2.4% a year. But her GDP is only \$12 billion, of which industry accounts for only about 20%; and GDP per capita only some \$600 - less than one-third that of Portugal. Morocco is heavily indebted.

10. Fortunately her application is effectively ruled out of court by geography: Article 237 of the EEC Treaty states that "Any European state may apply", and Morocco is not European. The Community's current response to Morocco therefore is negative. But in order to avoid delivering an outright rebuff, the Community will be offering to consider ways of beefing up the existing Cooperation Agreement to constitute a closer association. Customs Union, and perhaps closer political consultation, may be worth exploring. The Moroccan application is a political signal of interest in increased alignment with Europe: we should ensure that the Community gives an appropriate response. But EC membership is not on.

Cyprus

11. Though the Cypriots currently claim that they do not envisage an application, it remains a possibility we cannot discard. With a population of 660,000, GNP per capita of \$3,800 (47% of EC average) and progress towards Customs Union with the EC already in train, assimilation of Cyprus would probably not be too difficult. But politically, the Community could not respond favourably to a Cypriot application unless also saying "Yes" to Turkey; and Customs Union and close association remains the appropriate course.

Turkey

12. The question of possible Turkish accession is much the most complex. Comparisons with Norway pinpoint the problems. Both are NATO members. But whereas Norway, as a small (4 million), rich (per cap GDP \$14,000) unquestionably European, democratic country would be easy to absorb, with few costs to the UK, Turkey is large (50m),

poor (per cap GDP \$1,000 - 14% of the current EC average), largely Asian (98% Muslim) in culture, and with little democratic tradition and still fragile respect for human rights. Moreover, the economic disparity between the existing Community and Turkey is unlikely to narrow naturally in the foreseeable future. Turkey's economy has made significant progress under the current administration, but still operates on a very flimsy base. Furthermore, although her economic growth is likely to continue to exceed the EC average, her very rapid population growth - well over 2% p.a. - is certain to do so, so that by 2000 her population will reach 70 million, but her per capita income, if outside the EC, will remain well below that of the poorest member states (and probably still some 15% of the EC average). The high birth rate and relative poverty would also entail large influxes of migrant workers into other Community countries in the event of Turkish accession, a consideration which the Commission themselves see as a crucial reason for excluding Turkey. Turkey furthermore has a high proportion of its labour force in agriculture, is a net exporter of agricultural produce, has large regional imbalances, an industry as yet not ready to compete in a free market, and high inflation and foreign debt.

13.

Had Turkey been a member of the Community in 1986 net transfers from Northern to Southern Member States would have increased from \$5 billion to \$7.5 billion: this probably under-estimates the real extra cost to the North for Turkish claims would have led to a reduction of \$1 billion in net receipts by other Southern Member States, whose clamour for compensation might have led to a still larger overall increase. The gap between Northern and Southern Member States in GDP per capita in 1986 would have grown from \$4482 to \$5840.

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14. A political case for supporting Turkey's application is nonetheless sometimes made, eg by Americans, in terms of the merits of consolidating the South-Eastern flank of NATO, and Turkey's European and pro-Western orientation. In fact the likelihood that Turkey, if rejected by the Community, would in practice abandon the substantial benefits of Alliance membership and turn towards the Soviet Union or the Middle East is small. But Turkish prestige is engaged, and a rebuff would certainly risk triggering the forces of nationalism and Islamic conservatism which are already stirring.

*Temporarily Retained*

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15. However, one also has to consider the political effects on Western Europe and hence the Alliance of the changes to the Community which would result from Turkey's admission. For, while Norwegian accession would change the Community hardly at all, and only in ways beneficial to the UK, Turkish accession would change it rather radically, to our political as well as economic disadvantage.

How would the Turks change the Community?

16. The foundations of the Community are a body of Community law (the Treaties and rules made under them) directly and equally applicable in all member states; and a Community budget to which all member states contribute. Turkish accession would obviously put considerable strain on common budgetary arrangements, but it would also be likely to accelerate the erosion in practice of the principle of a market regulated by common laws. At present the cost of (mainly Greek) non-compliance is bearable, Greece being a small economy. In 1985 Greece was served 69 formal notices of infringement (out of an EC total of 503), a total only (narrowly) exceeded by France and Italy, and her record has been getting steadily worse. However, Greece's population is one-fifth of Turkey's; she has a total GDP of only about \$35 billion, compared to Turkey's \$56 billion; while her GDP per capita is over three times that of Turkey. For the most populous EC country - which Turkey would be by the time of any possible accession - to emulate Greece would be much more damaging. Yet Turkey could not in practice afford to comply without seeing her infant industries swamped. She

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would be likely - like the Greeks - to pay lip-service to the law, and demand heavy financial compensation - again like the Greeks: even if such compensation were provided, she would probably not practise free movement of goods, services, and capital - just as the Germans and others would resist free movement of Turks. And the Turkish example would greatly encourage further back-sliding by other Mediterranean member states.

17. The result, *de jure* or *de facto*, would be a two-tier Community. Some argue that, by admitting the Greeks, we have already started down this path, but that is as yet unproven: the inclusion of Turkey could well tip the balance decisively. Moreover Turkey's size and significance would make the damage to our interests resulting from the inevitable creation (and its inevitable inclusion in) a second tier, of those with more rights than responsibilities, far greater than if such a tier were limited to Greece and Portugal. While there already are many examples of Community legislation containing provision for differential application, the de facto route to a two tier Community would introduce increased uncertainty and complexity into EC law; in particular cases the outcome might be open to challenge as contrary to the principles of the Treaty of Rome; and the fiction of a unified corpus of law would be even more blatant. The de jure route would mean Northern tier countries, no longer able to tolerate accelerating contempt for central elements of the Treaty of Rome, concluding that the obligations in question, especially as amended in the Single European Act, reached too deep into the Community's economic and legal fabric to be capable of two permanently different levels of interpretation, and that a separate framework was necessary for those activities which were originally envisaged as within the sphere of the Community, but in which some members had now shown themselves unable or unwilling genuinely to participate. The willingness of the FRG, as the EC's principal contributor, to follow the *de facto* route, sustaining present EC financial arrangements, while turning a blind eye to increasing Turkish and other breaches of EC rules, must be doubtful. Yet the *de jure* route would entail a major political upheaval, not least because there is no provision in the Treaty of Rome for expulsions, and those wishing to form an inner core would therefore have to abrogate the existing Treaties. So the *de jure* route looks

politically still more unattractive than the de facto one.

Should we mind a two-tier Community?

18. For the UK, the immediate economic effects of the emergence of a two-tier Community would not be particularly serious: 80% of our exports to the present EC go to the countries likely to remain in the upper tier. But the vision of a single large internal market, the achievement of which is strongly in the UK's economic interest, would have faded, whichever route were followed. The de jure route would be economically less damaging to us than the de facto route, for formalising the two tiers would provide a legal and sustainable way of limiting resource transfers from the first to the second tier via the EC Budget; whereas the de facto route would leave the Northern tier vulnerable, as at present, to demands for budgetary compensation from the South for market-opening measures, even though such measures would be applied by the Southern tier even less than at present.

19. As the Prime Minister's paper on "Europe: The Future", presented to the June 1984 European Council suggested, some (variable geometry) forms of two-tier community are obviously in our political interest: we might, for example, welcome the emergence of a European Defence identity, provided that the Alliance was thereby strengthened, and we would lose no sleep over Irish self-exclusion. But the political effects of the emergence of the particular form of two-tier Community which would be likely to result from Turkish accession would do serious damage, and particularly in Bonn (leaving aside the turbulence of the transitional period if, for economic reasons, the de jure route were chosen). For this would not be a question of a group of like-minded member states deciding to act together on a project (eg Airbus) not covered by Community competence or one on which (eg ERM) all partners do not yet agree - such forms of two-tier activity cause no greater qualms in Bonn than in London - but rather recognition, de facto or de jure, that despite massive FRG financial support some member states were making it impossible for the Community any longer to follow the path laid down in the Treaties. The long-term effect on FRG policies is not easy to predict; and it may be over-alarmist

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to suggest that the price for securing Turkey's current Western orientation by the EC membership route might be a change in the FRG's orientation. But there can be no doubt that the arrival of Turkey would fundamentally change the Community, and that this would change FRG attitudes to it, in ways which could well be unwelcome to the UK, and damaging to the Alliance.

UK attitude in EC discussion of the Turkish application

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OF THE PUBLIC RECORDS ACT

24. To reduce the risk of invidious Turkish comparisons, and a perceived rebuff, it will be important that the processing of a Norwegian application should not start until a compromise on the Turkish application has been struck. But the probable timing of any Norwegian application (para 3 above) is such that this is unlikely to cause problems in practice. We need not therefore be deterred from discreet encouragement of the Norwegians, in the medium term.

#### Conclusions

25. (a) Norway's membership of the EC would strengthen the Community and be in our economic and political interests; a re-application is unlikely before 1993, but would evoke little opposition and should in due course be discreetly encouraged;
- (b) the Moroccan application, and possible bids from Malta or Cyprus, raise problems of diplomatic handling, but no issues of substance, for none of these countries will be seen as a credible candidate;
- (c) Turkish membership of the EC would run counter to our economic interests; evokes major opposition; and would affect the Community in ways damaging to our political interests - the wrong sort of two-tier structure would emerge, de jure or de facto;
- (d) but Turkey should not, given her NATO Southern Flank role, be rebuffed: we should in due course work for the compromise of a carefully structured further development of the Association Agreement, together with improved political consultation arrangements.

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Qz.05913

MR POWELL (10 Downing Street)

Ceuta and Melilla

The Prime Minister asked in Cabinet this morning about the status of Ceuta and Melilla within the European Community. I understand that Ceuta and Melilla are not considered by Spain as dependent territories but as a part of its metropolitan territory. The attached note, agreed with the Foreign and Commonwealth Office, summarises the position within the Community.

I am sending copies to Lyn Parker (FCO) and to Trevor Woolley.

*D F Williamson*  
D F WILLIAMSON *ms*

23 July 1987

CONFIDENTIAL

②  
*Prime Minister*  
CDP  
23/7.

## Ceuta and Melilla

1. Article 25 of the Spanish and Portuguese Act of Accession provides that:

- the Acts of the Institutions of the Community apply to Ceuta and Melilla;

except that

- Ceuta and Melilla are not covered by the Customs Union or the common agricultural and fisheries policies.

2. It is open to Spain to ask that Ceuta and Melilla be included at a later stage in the Community's customs territory. Other alterations to the arrangement applicable to Ceuta and Melilla can also be made at the request of a member state or on a proposal by the Commission. In both cases the Council must decide unanimously and the European Parliament has to be consulted.

3. Although Ceuta and Melilla are not part of the Community's customs territory, goods originating there enter Spain duty-free, and duties imposed by other member states are being reduced on the same schedule as those applying to Spanish goods.

4. The arrangements in Protocol No. 2 applying to fisheries and agricultural products are complex, but are intended to ensure that Ceuta and Melilla are treated no worse than Mediterranean countries enjoying preferential access to the Community.

MR. ROWELL 

MOROCCO: EC MEMBERSHIP

David Williamson phoned from Brussels to say that the President of the Community and the President of the Commission have received a long letter from King Hassan. This is regal and discursive and it is not quite clear whether the letter is an application for membership.

In Brussels they are taking the line that the letter requires careful analysis and they would not want to anticipate that. In answer to the question whether membership was discussed with the Prime Minister, they are saying that his speeches referred to his wish for a closer relationship with the European Community.

I have given this information to Bernard Ingham.



D.R.N

20 July 1987

PMMADE

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file  
bc PC  
SM

10 DOWNING STREET  
LONDON SW1A 2AA

cc: Tsy  
MAFF  
DTI

From the Private Secretary

14 April 1987

The Prime Minister has seen your letter of 13 April about the Turkish application for membership of the European Community. She has asked what is meant by the suggestion that the Community should respond in a 'low key'. She has also commented that the two or three years you suggest it would take for preparation of a Commission Opinion is far too long, even given the excessive bureaucracy of the Commission. Finally, she has commented that she would prefer Turkey to be in the Community, since it is of supreme strategic importance.

I am copying this letter to Trevor Woolley (Cabinet Office).

(P.A. BEARPARK)

Lyn Parker, Esq.,  
Foreign and Commonwealth Office

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BM

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cc PL



Foreign and Commonwealth Office

London SW1A 2AH

13 April 1987

*Prime Minister*<sup>2</sup>

Dear Andy,

Turkish Application for Membership  
of the European Community

We understand from Brussels that Mr. Bozer, the Turkish Minister with responsibility for relations with the EC, is likely to bring with him the formal Turkish application to join the Community when he calls on M Tindemans tomorrow.

It has been apparent for some weeks that the Turks were likely to apply once Ozal returned to Ankara. The Community is in no condition to absorb Turkey. But we need to handle the application in a way that protects our interests and promotes Turkey's relations with the West. There has been no formal discussion in the Foreign Affairs Council but most member states believe that the Community should respond in a low key. *What does that mean?* Article 28 of the EC-Turkey Association Agreement envisages a possible Turkish application for membership. Article 237 of the EEC Treaty sets out the procedure for handling an application: it should be referred to the Commission for an Opinion. The Presidency and most other member states will want to follow this course. It would be difficult for the Greeks to impede it - though they may try to do so - as it is a purely procedural step. It does not imply that any view is being taken on the merits of the application.

Preparation of a Commission opinion can be expected to take a long time (two or three years); and the Commission are likely to be extremely cautious in their eventual Opinion both because of the cost to the existing Community and its policies and because of doubts about Turkey's ability to comply with EC Obligations. (Turkish per capita income is much lower than that of Portugal and one seventh that of the Community average.) The Greeks will seek to block progress. The European Parliament will continue its criticisms about human rights. The Germans are extremely concerned about the free movement of labour. No member state is in favour of Turkish membership.

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The line we propose to take on the record in response to press enquiries will be simply to state that the Turkish application should be dealt with in accordance with Article 237 of the Treaty ie reference to the Commission for an Opinion. Unattributably we will refer to the Prime Minister's remarks to the press after the London European Council that the Community has yet to digest Spain and Portugal.

I am copying this letter to Trevor Woolley (Cabinet Office).

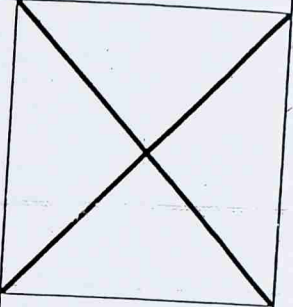
Yours sincerely,

A handwritten signature in dark ink, appearing to read 'L Parker', with a wavy underline.

(L Parker)  
Private Secretary

P A Bearpark Esq  
PS/10 Downing Street

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DEPARTMENT/SERIES	PREM 19	Date and sign
PIECE/ITEM ..... (one piece/item number)	4131	
Extract details: minutes and a Attachment from Craddock to Powell dated 24 October 1986		
CLOSED UNDER FOI EXEMPTION .....		
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*CPD 2*



Foreign and Commonwealth Office

London SW1A 2AH

20 June 1986

*Time Answer  
this deals  
with a point  
which you raised. It  
seems to be going  
in the right direction.*

*ms*

Dear Charles,

EC/US: Enlargement

Thank you for your letter of 18 June, enquiring how we intend to react to the US proposal for a levy-free quota for corn and sorghum.

*CPD  
20/6*

On 16 June (Luxembourg telno 174, enclosed) we succeeded in persuading the Foreign Affairs Council to agree to the following strategy:

- any unilateral US action affecting exports to the US would be met by equivalent EC action affecting a similar value of US exports; but
- ways should be found - without compromising the EC's essential interests - to help the US not to take action. The Commission have been invited to look for solutions that would allow both sides to refrain from retaliatory measures.

In the margins of the meeting we impressed on the Commission the need to make an early positive offer to the Americans. The Commission have agreed and have told us in confidence that they will be seeking to make an effort to find a solution which would take account of the following points:

- the US at present are exporting about 2.5 million tonnes of cereals to Spain;
- US exports of corn gluten feed and cereals to the EC10 at present are running at about 7.5 million tonnes per annum;
- the US will henceforth be able to export corn gluten feed to Spain (which they have not been able to do hitherto).

On that basis the Commission will be indicating to the Americans that, if their cereals and cereals substitutes exports to the Community fell below a certain figure before the Article XXIV:6 negotiations had been brought to a conclusion, the Community would reduce accordingly the levy on US cereals exports to Spain. This is in effect a variant of the idea of a levy-free quota for corn and sorghum. We have made clear to the Commission that they must give the Americans enough hope of a negotiated outcome for the 1 July

/deadline

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deadline to be deferred. They accept this. They have not revealed the detail of their offer to other member states though the others know that a serious negotiating effort is now to be made.

The key to agreement will be the threshold volume of US exports. Delors made clear in the Foreign Affairs Council that the original United States proposal of a 13 million tonnes duty free quota was unrealistic. He is quite right: this is well above the level of US exports to the Community in 1985. But we have made plain to the Commission that the threshold below which levies on US cereals exports to Spain would be reduced will have to be high enough to be attractive to the Americans. If it were possible to achieve an interim solution on these lines, the prize would be considerable, as the Article XXIV.6 negotiations on the trade effects of enlargement would come to a conclusion subsequently on a global, not a sectoral, basis. We have throughout insisted to the Americans that they cannot claim a potential loss of trade in cereals without off-setting against that the considerable benefits they will secure from reduction in Spanish and Portuguese external tariffs on manufactured goods (tariffs were reduced by 10% on 1 March 1986, and will be reduced by a further 12.5% on 1 January 1987). Article XXIV.6 of the GATT makes clear that "in providing for compensatory adjustment, due account shall be taken of the compensation already afforded by the reductions brought about in the corresponding duty of the other constituents of the union."

We have told the Americans that, at our behest, the Commission will now be making a serious negotiating effort to find an interim solution that might avoid US measures and EC counter-measures. Contacts are already taking place and De Clercq and Yeutter have arranged to meet in Washington on 29 and 30 June. At the same time, they will be making a final effort to resolve the continuing difficulties with the US over EC exports of semi-finished steel products and US trade in citrus. All this means that a serious effort will also have to be made on the American side, despite strong protectionist pressures in Congress in the run up to the mid-term elections. The Americans have welcomed our efforts and are well aware that the way in which the enlargement problem is managed will have a major impact on the prospects for a successful launch of a new GATT round.

I am copying this letter to Michael Gilbertson (Department of Trade and Industry), Ivor Llewellyn (MAFF), and David Williamson (Cabinet Office).

*Yours ever,  
Colin Budd*

(C R Budd)  
Private Secretary

C D Powell Esq  
PS/10 Downing Street

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Le VC  
cpc

10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

18 June 1986

EC/US ENLARGEMENT

The Prime Minister has seen a copy of Washington telegram no. 1596 about continuing problems with the US over enlargement of the Community. She finds the suggestions made in paragraph 4 of that telegram for exploiting the United States' proposal for a levy-free quota for corn and sorghum interesting and will be grateful to know how we intend to react to it.

I am copying this letter to Michael Gilbertson (Department of Trade and Industry), Ivor Llewellyn (MAFF) and David Williamson (Cabinet Office).

(CHARLES POWELL)

C.R. Budd, Esq.,  
Foreign and Commonwealth Office.

CONFIDENTIAL  
 FROM WASHINGTON  
 TO IMMEDIATE FCO  
 TELNO 1596  
 OF 140326Z JUNE 86  
 INFO IMMEDIATE UKREP BRUSSELS

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*I hope we are taking some action with comments on reply.*

EC/US: ENLARGEMENT

SUMMARY.

1. WITH BOTH SIDES DUG IN ON THEIR POSITIONS OF PRINCIPLE WE STAND LITTLE CHANCE OF HELPING THE AMERICANS OFF THEIR SELF-CREATED HOOK OF THE JULY DEADLINE. NEED FOR PRAGMATIC IDEAS: WHY NOT A TIME LIMITED AND POSSIBLY DEGRESSIVE LEVY-FREE QUOTA WHICH WOULD TAKE US PAST THE AMERICAN ELECTION AND AVOID A TRADE WAR WITH IMPLICATIONS FOR US PROTECTIONIST LEGISLATION AND THE GATT ROUND?
2. I AM DISTURBED NOT ONLY BY THE APPARENT COMPLETE LACK OF PROGRESS ON THE SPANISH ENLARGEMENT ISSUE, BUT BY THE DEARTH OF IDEAS ABOUT WHAT TO DO ABOUT IT. I ENTIRELY AGREE WITH OUR LINE THAT A WAY SHOULD BE FOUND TO ALLOW THE US TO POSTPONE OR AVOID THE ACTION THREATENED IN JULY/AUGUST BUT, AS WOODS IMPLIED IN LONDON (YOUR TELNO 1084) AND AS OUR CONTACTS HERE STATE CATEGORICALLY, THERE IS NO INTEREST HERE IN PUTTING THINGS OFF WITHOUT SOME SATISFACTION FOR THE US. WE ENJOIN THE COMMISSION AND OTHERS TO THINK IMAGINATIVELY ABOUT THIS, BUT NOBODY SEEMS EVEN TO BE TRYING TO HAVE IDEAS AND THE COMMISSION THEMSELVES NOW CANDIDLY ADMIT THAT THEY HAVE BEEN UNWILLING EVEN TO CONSIDER THE AMERICAN PROPOSAL FOR A LEVY-FREE QUOTA FOR CORN AND SORGHUM ON THE GROUNDS THAT IT IS CONTRARY TO THE EC'S GLOBAL APPROACH TO THE ARTICLE XXIV.6 NEGOTIATIONS (PARA 6 OF UKREP TELNO 2078). THIS IS DEPRESSING WHEN, AS FORELIDING RECOGNISED IN THE LAST ARTICLE 113 MEETING (UKREP TELNO 1971) THE SITUATION IS VERY SERIOUS AND THE POLITICAL PRESSURES VERY STRONG. ALTHOUGH THE AMERICANS ARE LARGELY RESPONSIBLE FOR THE EXCESSIVE HEAT THAT THIS WHOLE ISSUE HAS GENERATED AND THE JULY DEADLINE IS A HOOK OF THEIR OWN CREATION, WE ARE ALL IN GREAT DANGER OF BEING IMPALED ON IT.
3. I HAVE NO DOUBT THAT RESPONSIBLE PEOPLE IN THIS CAPITAL ARE LOOKING FOR A WAY TO GET OFF THE HOOK. BALDRIDGE SAID AS MUCH TO ME LAST NIGHT AND CONDEMNED THE MACHO POSTURING ON BOTH SIDES. HE WAS ALSO CRITICAL OF DENMAN AND OTHERS IN THE COMMISSION FOR REFUSING TO DISCUSS WAYS OF MANAGING THE ISSUES INVOLVED BUT RATHER STICKING CLOSELY TO STANDARD EC POSITIONS. AS WOODS MADE CLEAR IN LONDON, THE AMERICANS FEEL THEY ARE GETTING NO HELP FROM THEIR EC INTERLOCUTORS IN SEEKING PRAGMATIC SOLUTIONS INSTEAD OF DEBATING IRRECONCILABLE PRINCIPLES. THERE IS NO DOUBT A RECIPROCAL FEELING IN BRUSSELS. BUT IT DOES SEEM, AS SEEN FROM HERE, THAT IF AS MUCH TIME AND ATTENTION WERE GIVEN TO SEEKING A PRAGMATIC SOLUTION AS IS BEING GIVEN TO MAINTAINING POSITIONS OF PRINCIPLE, WE SHOULD HAVE A BETTER CHANCE OF AVOIDING THE SERIOUS CONFRONTATION THAT NOW LIES AHEAD OF US.

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4. WE HAVE ALREADY ADVANCED FROM HERE SOME IDEAS INCLUDING ASSURANCES TO THE US THAT THERE WILL BE NO OILS AND FATS TAX AND A WITHDRAWAL OF THE 1984 NOTIFICATION TO THE GATT ON CORN GLUTEN FEED. BUT THE IMMEDIATE OBJECTIVE MUST SURELY BE TO GET WITHOUT DAMAGE (AND WITHOUT PREJUDICE TO THE EC'S POSITION) PAST THE US JULY DEADLINE AND INDEED PREFERABLY PAST THE NOVEMBER ELECTION. IN THIS CONTEXT I DO WONDER WHY MORE ATTENTION HAS NOT BEEN PAID TO THE POSSIBILITY OF ADAPTING AND TURNING TO GOOD USE THE US PROPOSAL FOR A LEVY-FREE QUOTA FOR CORN AND SORGHUM. FOR EXAMPLE COULD THE EC NOT MAINTAIN ITS POSITION ON THE GLOBALITY OF ARTICLE XXIV.6 NEGOTIATIONS WHILE TAKING THE AMERICANS PAST THEIR CRISIS POINT BY OFFERING A LEVY-FREE QUOTA (FOR QUANTITIES TO BE NEGOTIATED AND POSSIBLY DEGRESSIVE) FOR A LIMITED PERIOD, PERHAPS SET IN RELATION TO THE TIME THE GLOBAL ARTICLE XXIV.6 NEGOTIATIONS SHOULD TAKE THE AMERICANS COULD HARDLY COMPLAIN, SINCE THEY HAVE SAID MANY TIMES THAT THE RELIEF/COMPENSATION OFFERED TO THEM ON CORN AND SORGHUM WOULD BE FOLDED INTO THE OVERALL ARTICLE XXIV.6 NEGOTIATIONS (EVEN THOUGH THEY DO NOT ACCEPT, CERTAINLY AT THIS STAGE, THAT INDUSTRIAL CREDITS CAN BE USED TO OFFSET AGRICULTURAL DEBTS). AT WORST THE COMMUNITY WOULD BUY TIME AND TAKE US BEYOND THE AMERICAN ELECTION. AT BEST THE TIME THUS BOUGHT COULD ENABLE A LONG TERM SOLUTION TO BE REACHED AND WOULD IN ANY CASE AVOID THE FALLOUT FROM AN EC/US TRADE WAR ON CURRENT PROTECTIONIST LEGISLATION, WHICH HAS FAR TOO GOOD A CHANCE OF PASSING BETWEEN NOW AND THE ELECTION, AND ON THE HOPED-FOR LAUNCH OF THE GATT ROUND IN SEPTEMBER.

5. CONTACTS IN USTR TELL US, INCIDENTALLY, THAT THEY ARE CONSIDERING THE OPTION OF SIMPLY ACCEPTING THE EC PHANTOM TARIFF AS NOTIFIED TO THE GATT (REQUIRING THE EC TO FILL IN THE BLANKS ON AGRICULTURE) WITHOUT SEEKING ANY REDUCTIONS TO THE EXISTING EC10 TARIFF. WHILE GIVING AWAY THEIR POINT OF PRINCIPLE, THIS WOULD PREVENT THE EC FROM CLAIMING AN INDUSTRIAL CREDIT FOR USE ON AGRICULTURE AND ENABLE THE US TO CLAIM THAT, HAVING BACKED ITS INDUSTRIAL CREDITS IN THE HIGHER TARIFFS, THE EC THUS OWED THEM FULL COMPENSATION IN RESPECT OF THE AGRICULTURAL LEVIES. THE HIGHER THE FIGURES THE EC FILLED IN FOR THE BLANKS, THE HIGHER THE COMPENSATION DUE. WE CANNOT TELL HOW SERIOUS AN OPTION THIS IS, BUT USTR ARE TAKING IT SERIOUSLY ENOUGH TO RUN THE FIGURES THROUGH THEIR COMPUTER TO SEE WHAT THE EFFECTS WOULD BE FOR US EXPORTS.

WRIGHT:

FRANC EXTERNAL  
CCD(S)  
NAD



10 DOWNING STREET

*From the Private Secretary*

8 January 1986

I enclose a copy of a letter to the Prime Minister from Senor Gonzalez about Spain's accession to the EEC. I think I am right in saying that we have already had a copy by other means. I do not think any reply is needed.

(C.D. Powell)

Colin Budd, Esq.,  
Foreign and Commonwealth Office

SM



SPANISH AMBASSADOR

24 BELGRAVE SQUARE  
LONDON SW1X 8QA

210  
cc PE  
EJP  
8/1

7th January 1986

*Dear Charles,*

On my return from spending Christmas and the New Year in Spain, I found waiting for me some unopened correspondence which it was presumed was of a personal nature. Unfortunately, it included a letter addressed to the Prime Minister by Señor González, President of the Spanish Government.

I hasten to send it with my apologies for the delay, which I should be grateful if you would kindly convey to Mrs Thatcher when you bring the letter to her notice.

*Yours sincerely*  
*Jose J. Puig de la Bellacasa*

JOSE J. PUIG DE LA BELLACASA.

Mr. Charles D. Powell,  
Private Secretary to the Prime Minister,  
10 Downing Street,  
LONDON. SW1.



010  
Qz.04773

MR JAY

cc: Mr Powell (10 Downing Street)

Mr Stark  
Mr Mallaby  
Mr Unwin  
Mr Holroyd

REVISED RESPONSIBILITIES OF EUROPEAN COMMISSIONERS AFTER ENLARGEMENT

I understand that the responsibilities of the Spanish and Portuguese Commissioners and the main changes in the responsibilities of the existing Commissioners are:-

Senor Marin	Social Affairs, education and training	From Mr Sutherland
	Employment	From Herr Pfeiffer
Senor Matutes	Credit and investment (DGXVIII)	From Herr Pfeiffer
	Small and medium businesses	From Herr Narjes
Senor Cardoso E Cunha	Fisheries	From Mr Andriessen
Herr Pfeiffer	Regional Policy	From Mr Varfis
Mr Sutherland	Relations with the European Parliament	From Mr Varfis
Mr Andriessen	Forestry	From Mr Clinton Davis
Mr Varfis	Co-ordination of the structural funds	New dossier
	Consumer protection	From Mr Clinton Davis

My conclusions from this are that Senor Marin has obtained a reasonably important portfolio covering employment and social affairs; that the United Kingdom Commissioners have come out very well, as Lord Cockfield has lost nothing and Mr Clinton Davis has

lost only forestry and consumer protection but retained both environment and transport; that Herr Pfeiffer and, in particular, Mr Varfis, have reduced responsibilities. The changes reflect very clearly Monsieur Delors' policy of keeping the more important dossiers in the hands of those who are doing well and reducing the responsibilities of those who are making little impression.

*D F Williamson*

D F WILLIAMSON

3 January 1986

UNOFFICIAL TRANSLATION.

Madrid, 13th December 1985

The Right Honourable  
Mrs Margaret Thatcher,  
Prime Minister of the  
United Kingdom of Great Britain  
and Northern Ireland,  
LONDON.

*ce Master  
Ops.*

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T.232c/85

Dear Prime Minister,

On the completion of the Parliamentary process to approve the Treaty covering Spain's and Portugal's accession into the European Communities, I wish to take this opportunity to express my satisfaction and that of the Spanish Government on this decision, which confirms the will of your country to make the Europe of the Twelve an early reality.

I am aware, Prime Minister, that your personal efforts, and those of your Government as a whole, have been decisive in achieving this objective within the narrow confines of the calendar. For this, I would like to express my appreciation and acknowledgment, which I would ask you to convey to Parliament.

For their part, I can assure you that the Spanish people are ready to assume their Community responsibilities, facing with the remaining Member States any challenge that the future of Europe may present.

I am sure that we can all congratulate ourselves on this important event, which will make for greater cordiality in the relations between our two Governments and peoples.

With cordial greetings,

(Signed) Felipe González Márquez.

*El Presidente del Gobierno*

Madrid, 13 de diciembre de 1985

Excma. Sra. Margaret Thatcher  
Primer Ministro del  
Reino Unido de Gran Bretaña e  
Irlanda del Norte  
LONDRES

Señora Primer Ministro:

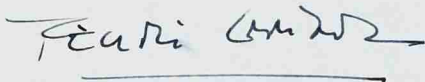
Una vez culminado en el Parlamento de su país el proceso de aprobación del Tratado de Adhesión de España y Portugal a las Comunidades Europeas, quiero hacerle llegar mi satisfacción y la del Gobierno español por esta decisión, que confirma la voluntad de su país de convertir en pronta realidad la Europa de los Doce.

Me consta, Señora Primer Ministro, que su esfuerzo personal y el de todo su Gobierno han sido decisivos para facilitar el logro de este objetivo dentro de los estrechos márgenes que ofrecía el calendario. Permítame por ello que le transmita mi aprecio y mi reconocimiento, que le ruego haga extensivos al Parlamento en su conjunto.

Le reitero que, por su parte, el pueblo español está dispuesto a asumir sus responsabilidades comunitarias, afrontando juntamente con los demás países miembros los desafíos del futuro de Europa.

Estoy seguro de que podemos congratularnos por este importante acontecimiento que contribuirá a hacer más cordiales las relaciones entre nuestros Gobiernos y nuestros pueblos.

Reciba con tal motivo, Señora Primer Ministro, un cordial saludo,



Felipe González Márquez.

RESTRICTED



file  
bc PC  
BI  
CR

10 DOWNING STREET

*From the Private Secretary*

22 November 1985

**SPANISH TELEVISION INTERVIEW BY THE PRIME MINISTER**

Thank you for your letter of 21 November conveying the Foreign Secretary's strong recommendation that the Prime Minister should give a brief interview to Spanish television to mark Spain's accession to the European Community.

BF/

The Prime Minister would be willing to do this but is simply not able to do so before Friday 13 December. There is no time at all within the next two weeks. Would you please ascertain that Spanish television can manage the date of 13 December.

(Charles Powell)

Colin Budd, Esq.,  
Foreign and Commonwealth Office.

RESTRICTED

SAW

cc: Mr. Powell

① ● ② P

② PRIME MINISTER

SPANISH TV INTERVIEW

You have agreed to do the above and this has to be done before Friday 6 December. You are in Luxembourg on 2 and 3 December. Tim will be negotiating for you to make your statement in the House on Thursday 5 December which is already looking pretty full with Cabinet, Questions, MPs etc. This leaves Wednesday 4 December, the day you have The Queen to dinner.

Assuming you do not have to make your statement in the House that afternoon and if I arrange a hair appointment first thing (you will of course be having another one in the evening before The Queen's dinner) would you be prepared to do this interview that morning? They have asked for 15 minutes but I will, as usual, have to allocate 1 hour.

Agree to Spanish TV interview from 1130 - 1230 on Wednesday 4 December?

CR.

Caroline Ryder  
22 November 1985

BEMBEA



10 DOWNING STREET

Caroline,

The PM has  
now agreed to this.

Can we find a  
time in early December  
please?

C DP.

cc of  
BI  
✓  
①



Foreign and Commonwealth Office

London SW1A 2AH

21 November 1985

*M. S. M.*

Dear Charles,

*Prime Minister  
we discussed this at a diary  
meeting, & you asked what other  
Heads of Government were doing. Most  
will give the interview. Agree to  
do so?  
CDP*

Spanish TV Interview by the Prime Minister

Spanish television have asked to interview the Prime Minister for a series which they are preparing to mark Spanish accession to the EC. They have asked all European Community Heads of Government to appear. So far the French, Italians, Dutch, Greeks and Danes have agreed. The Germans have yet to make up their mind, but seem likely to concur.

*[Germans have not agreed]*

The Spanish Government hope very much that the Prime Minister will take part. The Private Secretary to the Spanish Prime Minister told HM Ambassador in Madrid that Felipe Gonzalez very much hoped that the Prime Minister would agree to the request. Since then, the Spanish Foreign Minister has written to the Secretary of State to ask him to support it.

Time is short. The Spaniards want to finalise their programme by the end of the first week in December. Were they to interview the Prime Minister, they would presumably want to do so within the next two weeks. They have asked for an interview lasting about 15 minutes.

The Foreign Secretary hopes that, if her diary permits, the Prime Minister could agree. It would be unfortunate if the Prime Minister were the only Head of Government not to appear. More important, the interview would fit in well with our general strategy of presenting as constructive and welcoming an attitude to Spanish accession as possible. We have had to take hard stances in various parts of the negotiations on Spanish accession. Without wanting to rewrite history, it would be useful to remind Spanish public opinion that we were amongst the first and strongest supporters of Spanish accession. We would ask the Spaniards to give us their questions in advance. The proposed interviewer is widely known, serious and respected.

I would be grateful if you could let me know whether the Prime Minister is prepared to agree to the Spanish request.

*Yours ever,  
Colin Budd*

(C R Budd)  
Private Secretary

C D Powell Esq  
10 Downing Street



CONFIDENTIAL

GPC



QUEEN ANNE'S GATE LONDON SW1H 9AT

15<sup>th</sup>  
November 1985

Dear Geoffrey,

EDD  
15/11

MACAU

Thank you for your letter of 31 October in which you responded to mine of 16 October. I am glad that you have already instructed your people to make a further approach to the Portuguese with a view to encouraging them to tighten up the criteria for granting Portuguese nationality to Macau residents and that you are linking this with further representations to them about the need to make further efforts to clamp down on the fraudulent issue of passports in Macau. I note that you do not propose to initiate direct talks with immigration officials in Macau about the issue of Portuguese passports due to the concerns of the Governor of Hong Kong. I hope, however, you will continue to encourage officials in Hong Kong to monitor the situation so that we can keep an eye on what is going on there ourselves. This is a point which my officials have already made to yours.

I am content to wait for the outcome of your latest demarches with the Portuguese before having a meeting. However, I remain concerned about what precisely we can do, particularly if the Portuguese in the end feel unable to move in the direction we wish.

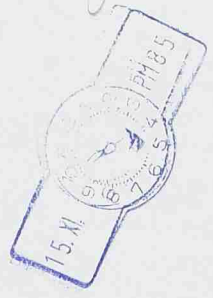
I am copying this letter to the Prime Minister.

Yours,  
Douglas.

The Rt Hon Sir Geoffrey Howe, QC, MP

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EUROPO2 Enlargement : P23





10 DOWNING STREET

THE PRIME MINISTER

8 November 1985

Dear Senor Suarez,

Thank you for your letter of 25 September.

I entirely agree that, with the accession of Spain and Portugal, the European Community should focus more closely on its relations with Latin America. I agree with you too that the Institute of European/Latin American Relations should provide a useful forum for informal and open discussion.

You mentioned procedural difficulties about the financing of the Institute. These are being pursued between the Commission and member states in Brussels. We have to scrutinise every request for funds very closely. But we shall certainly bear your comments in mind during further discussion of this subject in Brussels.

Yours sincerely  
Margaret Thatcher

Senor Suarez.

2



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L03AD Q

10 DOWNING STREET

*From the Private Secretary*

7 November 1985

PRIME MINISTER'S REPLY TO SENOR SUAREZ

Thank you for your letter of 7 November enclosing a draft reply to Senor Suarez's letter of 25 September.

You should be aware that the Prime Minister finds it incomprehensible that it takes from 3 October to 7 November to produce a short, non-committal reply to a letter.

CHARLES POWELL

Peter Ricketts, Esq.,  
Foreign and Commonwealth Office.

dg



GRPPS  
Foreign and Commonwealth Office

London SW1A 2AH

7 November 1985

Dear Charles,

Prime Minister's Reply to Sr Suarez's Letter  
Concerning the Europe/Latin American Institute (IRELA)

I enclose a draft reply from the Prime Minister to Sr Suarez's letter of 25 September seeking UK support in the EC for IRELA. This could be sent via our Embassy in Madrid 'under flying seal'. I am sorry for the delay in sending you this reply.

IRELA (a forum of academic/journalistic cooperation) was launched in 1982, formally founded in October 1984 and has now been given a headquarters in Madrid by the Spanish Government. It aims to promote contact and understanding between Latin America and Europe through a programme of conferences, workshops and publications.

However, as Sr Suarez's letter implies, there is a difference of view between the Commission and some member states (including ourselves) on the funding of this Institute from the Community Budget.

It will take some time to resolve this problem; but it need not hold up a non-committal reply from the Prime Minister to Sr Suarez.

Yours ever,

(P F Ricketts)  
Private Secretary

Peter Ricketts

C D Powell Esq  
PS/10 Downing Street

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM: Prime Minister

Reference

DEPARTMENT: TEL. NO:

SECURITY CLASSIFICATION

TO: Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

Sr Suarez  
 c/i Institute de Relaciones  
 Europeo-Latinamericans  
 University Buildings  
 Alceda  
 Madrid  
 Spain

Copies to:

*W3 ADK*

PRIVACY MARKING

SUBJECT:

.....In Confidence

Thank you for your letter of 25 September.

CAVEAT.....

I entirely agree that, with the accession of Spain and Portugal, the European Community should focus more closely on its relations with Latin America. I agree with you too that the Institute of European/Latin American Relations should provide a useful forum for informal and open discussion.

You mentioned procedural difficulties about the financing of the Institute. These are being pursued between the Commission and member states in Brussels. We have to scrutinise every request for funds very closely. But we shall certainly bear your comments in mind during further discussion of this subject in Brussels.

*CR*

Enclosures—flag(s).....



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CC PE

FCS/85/281

CDO 311X

SECRETARY OF STATE FOR THE HOME DEPARTMENT

Macau

1. Thank you for your letter of 16 October in which you echoed your predecessor's concern about the practical and political implications of the advantages enjoyed by Portuguese passport holders in Macau after Portugal accedes to the European Community next year.

2. As I explained in my minute of 20 September, in view of the concerns expressed by the Governor of Hong Kong and endorsed by the Executive Council we do not propose to initiate direct talks with the immigration officials in Macau about the issue of Portuguese passports there. But I entirely agree that it is essential to do all we can to encourage the Portuguese to tighten up the criteria for granting Portuguese nationality to Macau residents. I have instructed our Ambassador in Lisbon to make a further approach to the Portuguese, emphasising our concern and suggesting a possible way forward agreed with your officials. I have also instructed our Ambassador to make clear that we expect the tightening of criteria for the granting of Portuguese nationality to be accompanied by further efforts to clamp down on fraudulent issue of passports. We shall be calling in the Portuguese Ambassador in London to put the same points to him.

3. I should be glad to discuss what further measures might be taken, but think that it would be best to await the Portuguese response to the demarches we are making. If, in the meantime, you have any suggestions, I should be glad to consider them.

4. I am copying this letter to the Prime Minister.

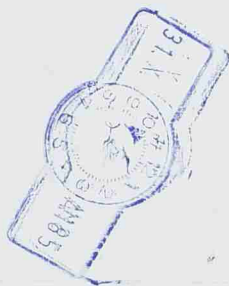
Foreign and Commonwealth Office

31 October 1985

GEOFFREY HOWE

CONFIDENTIAL

EUR. POL: Embogenent: Pt 3.





CONFIDENTIAL

ccgc



QUEEN ANNE'S GATE LONDON SW1H 9AT

16<sup>th</sup> .  
October 1985

Norm

Dear Geoffrey,

MACAU

Thank you for your letter of 20 September in which you responded to one of 30 August from my predecessor.

Perhaps I may restate our perception of the matter, why we find it worrying, and why your letter does not seem to match our worries.

As matters stand any Macanese who can get hold of a Portuguese passport one way or the other in Macau will *prima facie* be able to come to the United Kingdom or any other part of the European Community in due course and live and work as of right. Estimates of the number of macanese entitled to claim Portuguese nationality in Macau are set at 85,000 but I imagine that cannot be regarded as a definite number. Of course set against the number of Spaniards and nationals of Portugal the figure is small, but that is not the point. We have to take account of the pressures that are likely to lead people to want to come to this country. Some people from Spain and Portugal will no doubt want to come and work here, but there is no reason to think there is great pressure to emigrate to the United Kingdom from those countries. On the other hand, with Macau perhaps returning to the control of China at the same time as Hong Kong it may well be that there will be many Macanese of Portuguese nationality who will decide that Europe rather than Macau is the place to be and if, as I understand it, they speak English, they will naturally seek to come here if the way is open for them to do so. Moreover, Hong Kong BDTs may try to obtain Portuguese passports by whatever means in order to gain a right of entry to the United Kingdom. What the net result on immigration from that quarter of the world will be is, of course, difficult to predict and indeed it may well be relatively small, but then again it may not, and in any event even relatively low levels of immigration from there are unlikely to be attractive politically.

There is, however, a second and perhaps more pressing concern - the impact of all this on our general stance on Hong Kong BDTs. You say in your letter that there is no question of the position of Macau affecting the arrangements we have agreed for Hong Kong. I am not sure whether by that you mean that our arrangements with China will be unaffected, which is true, or that Hong Kong is no worse off than Macau in its general relationship with the Community. This may be true of the relationship of Hong Kong as a whole to the European Community (in, for example, trade) but when looked at from the point of view of an individual BDT it is more than open to doubt. Surely it is clear that

The Rt Hon Sir Geoffrey Howe, QC., MP.

/cont .....

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- 2 -

we may come under some pressure, because of the position of Portuguese nationals in Macau, to allow freer access to the United Kingdom to Hong Kong BDTCs than is presently permitted. I gather in fact that the Hong Kong Government, at least at official level, has already indicated that it may be expected to press for this as a result of public opinion over there. I am sure we should resist such pressure but in doing so we are likely to attract a lot of adverse criticism.

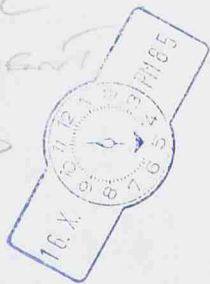
These then are our concerns, and I must press you to do all you can with the Portuguese to encourage them to tighten up the criteria for granting Portuguese nationality to Macau residents. Equally important, it will be for them to clamp down on the corrupt issue of passports, since from our point of view there is little point in the Portuguese having tight criteria for granting Portuguese nationality if it is really not necessary to acquire it to gain a passport. Perhaps we could discuss what can actually be done. Having succeeded in avoiding large scale immigration from Hong Kong as a consequence of the negotiations and having refused to accept more than a modest number of Vietnamese refugees from the camps we really should not drift into a position in which the unintended consequence of Portuguese accession is the potential immigration of large numbers from Macau.

A copy of this letter goes to the Prime Minister.

Cover,  
Doyl.

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Euro Pol  
ENLARGEMENT  
PT 3



Senor SUAREZ



BMC

14/10

1715/100

- a) 2210
- b) 28/10
- c) 5/11

10 DOWNING STREET

*From the Private Secretary*

3 October 1985

I enclose a copy of a letter to the Prime Minister which appears to be from the former Spanish Prime Minister Senor Suarez, seeking UK support in the EC for a European/Latin American Institute.

I should be grateful for a draft reply.

(C.D. Powell)

Colin Budd, Esq.,  
Foreign and Commonwealth Office

dy

*Suárez*

Madrid, 25 de Septiembre de 1985

The Rt. Hon.  
Margaret Thatcher M.P.  
The Prime Minister  
10 Downing Street  
LONDRES

*C3/10*

*Dida su vida amiga y Forastera querida*

Le escribo estas líneas como miembro del Consejo Internacional del recientemente establecido Instituto de Relaciones Europeo Latinoamericanas (IRELA), cuya sede ofreció el Estado Español.

Como ya sabe, esta Institución, financiada por el Parlamento Europeo, a través de la Comisión, tiene como finalidad el fortalecimiento de las relaciones entre Europa Occidental y América Latina, tanto en el plano económico como en el político y el cultural.

Este Instituto, al que considero un instrumento muy útil para la discusión informal y abierta a nivel político de los problemas y posibilidades entre las dos regiones, y cuyo costo además es prácticamente insignificante, ha despertado favorables expectativas en todo el espectro político tanto Europeo como Latinoamericano.

Lamentablemente existen algunas dificultades burocráticas entre los Organos Comunitarios sobre la financiación del Instituto, que pueden afectar a la imagen de la buena voluntad política de Europa frente a América Latina.

Mucho le agradecería que hiciera lo posible para ayudarnos a superar estas dificultades en el Seno del Consejo de Ministros.

*Con todo el afecto*  
*Antonio Suárez*



CONFIDENTIAL

*CDP  
21/9*

FCS/85/247

THE SECRETARY OF STATE FOR THE HOME DEPARTMENT

Macau

*See Pt 2*

1. Your predecessor wrote to me on 30 August expressing concern about the fact that the instruments of accession of Portugal to the European Community do not contain any special arrangements to limit the rights of access to the European Community of Portuguese passport holders in Macau. It may help if I recount the course of our contacts with the Portuguese over this issue.
  
2. Because of the Hong Kong dimension, we were concerned to avoid Macau receiving any special status vis-a-vis the Community by virtue of Portugal's accession. The Portuguese gave us an assurance that they would alert us privately in advance of any possible Portuguese request in the accession negotiations for a special status for Macau. In the event, the Portuguese made no such request, and Macau was given no special status vis-a-vis the Community.
  
3. As Leon Brittan mentioned in his penultimate paragraph on 12 April, the Governor of Hong Kong drew attention to the possibility that some residents of Macau, by virtue of their being entitled to Portuguese nationality, could benefit from better conditions of access to the European Community, including the UK, after Portuguese accession than residents of Hong Kong. He was concerned about the reactions in Hong Kong. We immediately instructed our missions in Brussels and Lisbon to try to obtain more information on the likely scale of the problem.

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4. Initial reactions from the Portuguese were that the number of Portuguese passport holders in Macau was small. After repeated approaches to the Portuguese both bilaterally and through the European Community, it became clear early in May that the number of residents in Macau who held or might be entitled to Portuguese passports was much higher than the Portuguese originally had indicated. It is, of course, axiomatic that nationals of a new Member State have the same rights of access throughout the Community as nationals of existing Member States, subject only to the transitional measures appropriate to the labour market, unless the Member State itself wishes to make distinctions among its nationals. We therefore approached the Portuguese again in an attempt to persuade them to agree to the inclusion in the instruments of accession of a statement on the lines of the declaration made by the UK on accession to the Community limiting the definition of Portuguese nationals for Community purposes to citizens of the European territory of Portugal. The Portuguese response at the end of May was to say that their constitution did not allow them to distinguish between holders of Portuguese nationality and that the most they could do was to table a memorandum explaining the way in which Portuguese nationality law applied to Macau. Your officials have a copy of this memorandum which is dated 31 May. In it the Portuguese estimated that about 85,000 people in Macau would be eligible for Portuguese nationality. A senior Portuguese official told us at the time that that figure allowed for eventual acquisition of nationality as a result of marriage or residence.

5. When I met the Portuguese Foreign Minister in Lisbon on 5 June, I made a further attempt to persuade him to make a statement on the lines we had suggested, but the Portuguese remained adamant that they could not take a step which would amount to introducing into Portuguese nationality law the sort of two-tier system we have. Before signature of the Treaty of

/Accession,

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Accession, we insisted on inclusion in the conclusions of the negotiating conference of a statement to the effect that further contacts with the Portuguese would probably be necessary about this matter. This statement allows us to raise the question again within the Community should we need to do so.

6. On 3 June, the Governor of Hong Kong reported that many of its Portuguese Chinese nationals in Macau were fluent in English. There had been no earlier suggestion that any significant number of Macau residents might wish to come to the UK. Indeed, we have been told repeatedly by the Portuguese that one of the requirements for acquisition of Portuguese nationality was the ability to speak Portuguese which placed effective limits on the members. Set against the population of Portugal (10 million), - to say nothing of 38 million Spaniards - the number of potential immigrants from Macau would not appear likely to represent a major immigration problem.

7. Both in relation to Hong Kong and from the point of view of potential immigration we need to consider what further action we should take with the Portuguese. I agreed with my Portuguese opposite number in June that the matter should be discussed further bilaterally at official level and, as I have said, we have reserved the possibility of taking action on the Community front. You will be aware that the Governor of Hong Kong and the Executive Committee fear that further UK pressure on the Portuguese would be resented in Hong Kong and they are not pressing us to take any further action. There is no question of the position of Macau affecting the arrangements we have agreed for Hong Kong.

/8.

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8. I agree, however, that we must continue to discuss with the Portuguese the need to tighten up the criteria for granting Portuguese nationality to Macau residents. I therefore propose to proceed on the basis agreed between our officials and outlined in the fourth paragraph of your letter. There is already some evidence that the Portuguese are beginning to clamp down in the corrupt issues of passports, no doubt partly as a result of our representations. Our officials will also need to work closely on a line for use in debates on the Hong Kong Nationality Order and the Spanish and Portuguese Accession Bill.

9. I am sorry that your predecessor felt that your Department had not been adequately consulted. It would not in any event have been possible to persuade the Portuguese to amend their constitutional provisions in order to discriminate between different categories of Portuguese passport-holders. I have instructed my officials to ensure that the Home Office is consulted immediately in instances involving potential immigration.

10. I am copying this letter to the Prime Minister and to Sir Robert Armstrong.

A handwritten signature in black ink, appearing to be 'G. Howe', written in a cursive style.

GEOFFREY HOWE

Foreign and Commonwealth Office  
20 September 1985

CONFIDENTIAL

EMU PR: Entzogen





CONFIDENTIAL  
Foreign and Commonwealth Office

London SW1A 2AH

CDP  
579.

Sir M Butler, GCMG  
UKREP BRUSSELS

2 September 1985

Dear Michael,

**EC ENLARGEMENT NEGOTIATIONS**

1. Many thanks for your despatch on the conclusion of the enlargement negotiations, which has been circulated for general distribution.
2. It was particularly useful to have so full an account of a major negotiation, whose outcome the Prime Minister described as "very satisfactory for the UK". If there is one omission, it is a failure to record the major role you played yourself in bringing about so satisfactory a conclusion, not least on the fisheries chapter. As one of your MAFF colleagues noted at a key stage in the fisheries negotiations, "the enlargement scene was dominated by Sir Michael Butler with the fish firmly between his teeth". The Spaniards themselves regard the agreement on fisheries as largely the doing of the UK for which, despite the hard bargains we struck, they were grateful. Their gratitude may well diminish as the practical effect works through to their fishermen. But it is a tribute to our negotiating efforts in various chapters that, while our essential interests were protected, good relations with the Spaniards also were preserved.
3. Looking back over the papers prepared at the outset of the negotiations, it is salutary to remember how much the budgetary implications of enlargement dominated our thinking then. While your despatch rightly brings out the pivotal role of the French, who arguably had more vital interests directly engaged than any other Member State and whose doubts set the negotiations back some years, for the UK it was the arrangement clinched at Fontainebleau limiting our contribution to the additional costs to the EC budget from enlargement that was the turning point. That is not to underestimate our very real interest in negotiating satisfactory terms over fisheries and British Sherry, in maximising the opportunities for our industrial and agricultural exporters on the Spanish market, and in minimising the impact of enlargement on our horticultural producers and textile manufacturers, and on the Gibraltar labour market. On all these fronts the outcome has been as good as we could have hoped for.

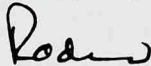
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4. There are considerable follow up battles ahead. For example, after the marathon engagements on olive oil - I recall that the Secretary of State spent a painful thirteen hours in restricted session on that subject - we shall have to do our utmost to ensure that the Commission do indeed bring forward proposals for the 1986 price fixing which call for the establishment of a guarantee threshold. We must also resist any revamped proposals for an oils and fats tax or for import levies in the forthcoming negotiations on adjustment of the oil regime. I agree that there may be problems over the Canaries. Unless Spain and Portugal can adapt rapidly to Community membership, the transitional financing arrangement may prove inadequate for them. (I note, however, that the Spaniards have been very quick off the mark to put in a comprehensive and well prepared bid for the ERDF). I am sure you are right to doubt that Spain and even less so Portugal yet realise how much adaptation will be necessary. Both economies could face difficulties, and Spanish industry is due for a major shakeup as it is forced for the first time in half a century to face up to international competition. But it is important to ensure that Spain and Portugal meet the challenge head on and that they fulfil the obligations they have assumed in joining the Community. The main responsibility for this lies with the Commission and I am sure that you and your staff will continue to keep them up to the mark.

5. With this chapter behind us, it is right that we should now be concentrating on how to make the enlarged Community work - and work to our advantage. Clearly there must be practical improvements in decision taking: without them the management of day to day business will become even more laborious and the achievement of key reforms more difficult than it already is. As was argued in our paper on "The Enlarged Community" circulated under copies of Colin Budd's letter of 9 May to Charles Powell, even with improved procedures "variable geometry" will quickly cease to be an academic concept and become a fairly routine fact of life. We will have to work hard to ensure that we form part of the core groupings that are likely to develop in areas of particular interest to us, such as completion of the internal market (which will not be made any easier by the presence of Spain and Portugal) and industrial collaboration.

6. Finally I should like to pass on my thanks and congratulations not only to you, but also to Rosemary Spencer, Mike Webb, Robert Cooper and Andrew Kuyk, as well as the earlier generation of Charles Powell, Stephen Knight and Peter Dun, for your collective labours over the last few years. Westendorp tells us that he wishes us to run a training course for his future EC team: well he might.

Yours ever,  


R Q Braithwaite



cc: H M Ambassadors ECP Posts, Madrid and Lisbon  
Mr D Williamson, Cabinet Office  
Mr R Packer, MAFF  
Mr D Griffiths, MAFF  
Mr N Brecknell, DTI  
Mr A Edwards, HM Treasury

See Mr Powell No.10 ✓

PART 2 ends:-

Home Sec to FCS 30885

PART 3 begins:-

FCO to UKRep Brussels 2.9.85.