

PRIME MINISTER

MEETING WITH SIGNOR CRAZI

He comes at 6 p.m. tomorrow for an hour's bilateral, followed by a working supper at 7.30. He has to leave at 8.30 or shortly after.

The attached briefs are rather detailed and I doubt that he will actually want (or be able) to go into that amount of detail. You have already read the Foreign Secretary's minute summarising the issues.

The main subjects are Enlargement (including IMPs), EastWest and the Middle East. If there is time you might also mention EC budget issues, CAP price-fixing, Vehicle Emissions and Dooge Committee.

Welcoming Remarks

You might repeat your thanks for Italian help over the Libyan hostages and say that you are looking forward to seeing Signor Forlani (Deputy Prime Minister) when you get back from Washington. (1)

Enlargement

We remain committed to the 1 January 1986 deadline. There is no question of shifting our position on olive oil: the surplus in the existing Community has got worse. Nor can we make any significant change in the Community's position on fisheries which would depart from the principles of CFP though we have offered some minor improvements with increased quotas for some types. We, the French and the Irish are the members with the biggest stake here and our interests must prevail. The Spaniards should be told that this is the Community's last word. On the budgetary aspects of enlargement, we must stick to what was agreed at Fontainebleau. Otherwise there will be no new own resources.

Prime Minister  
This is intended  
as a summary, to  
save you wading  
through the detailed  
brief.

C.D.P.

IMPs

We are ready to work for a solution which would unblock enlargement. But it must be on a much more modest scale than so far contemplated. Greece should receive a larger proportion of a much smaller sum. Italy already does very nicely out of the Community (£700 million net gain last year: can expect 7.5/9.0 billion ecu from social and regional funds from now until 1989).

EC Budget

We can accept any arrangement for our 1000 ecu abatement which is in accordance with Fontainebleau, i.e. pays us in 1985 and on the revenue side. We cannot accept a solution which deals with the over-run first and leaves our abatement to later. We cannot ask UK Parliament to ratify the new Own Resources Decision until our abatement is assured. We are not apared to finance an over-run greater than 1.3 billion.

CAP Price-fixing

Budget discipline must apply to 1985 price-fixing. No case for further preferential treatment for Mediterranean products (expenditure up 254 per cent 1979-84).

Future of the Community

Cannot now pre-empt a decision on whether or not an InterGovernmental Conference will be necessary. First step is to sort out current issues and see if implementation of existing Treaty is not enough. Change to majority voting does not make sense in many cases. See no prospects of increasing European Assembly's powers.

Vehicle Emissions

Must stand firm for a permissive directive and removal of German fiscal incentives. German concessions needed on medium as well as small cars. If we cannot get the concession on medium cars, we shall block agreement on small cars (of interest to Italians). So hope they will remain solid with us.

Middle East

Will not support any "initiative" by the Ten such as the Committee suggested by Papandreou or a new statement. Our task is to encourage the US to move and to support efforts of moderate Arabs.

C.D.P.

13 February 1985