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PART 30

CONFIDENTIAL FILING

European Council Meeting in Rhodes

December 1988

EUROPEAN POLICY

PT1 : October 1979

PT30 : October 1988

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~~24.10.88~~							
~~2.11.88~~							
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YOUR TELNO 421: EUROPEAN COUNCIL, RHODES

1. THE FOLLOWING IS THE TEXT OF PAPANDREOU'S REPLY TO THE PRIME MINISTER'S LETTER OF THANKS OF 3 DECEMBER:

BEGINS

DEAR PRIME MINISTER

I WOULD LIKE TO EXPRESS MY PROFOUND THANKS FOR YOUR WARM MESSAGE FOLLOWING THE RHODES EUROPEAN COUNCIL.

IN PARTICULAR, I WOULD LIKE TO EXPRESS MY SINCERE APPRECIATION FOR YOUR KIND WORDS REGARDING MYSELF AND THE OUTCOME OF THE COUNCIL.

THE GREEK PRESIDENCY TRULY WORKED WITH DEDICATION FOR THE BEST POSSIBLE RESULTS DURING THE LAST SIX MONTHS.

INDEED, OUR EFFORT WAS CROWNED WITH SUCCES, THANKS ALSO TO THE GOOD WILL AND CONSTRUCTIVE SPIRIT SHOWN BY ALL OUR COLLEAGUES PARTICIPATING IN THE COUNCIL AND BY THEIR RESPECTIVE GOVERNMENTS.

IT SHOULD BE MENTIONED THAT, IN THE SAME CONTEXT, YOUR PERSONAL CONTRIBUTION WAS INSTRUMENTAL IN CARRYING FORWARD OUR COMMON GOALS AND OBJECTIVES SET BY THE EUROPEAN COUNCIL.

MORE PARTICULARLY, YOUR INTERVENTIONS DURING THE SESSION OF THE RHODES EEC SUMMIT WERE OF GREAT HELP TO ME AS CHAIRMAN OF THE COUNCIL.

I WOULD LIKE, ON THIS OCCASION TO REITERATE ONCE MORE MY THANKS, DEAR PRIME MINISTER, FOR YOUR PERSONAL INTEREST AND THE GENEROUS HOSPITALITY WE ENJOYED WHILE IN LONDON.

I REMAIN, WITH WARM REGARDS

ANDREAS PAPANDREOU

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T197C/88

SUBJECT cc MASTER
OPS

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ENDS

SIGNED ORIGINAL FOLLOWS BY BAG TO POWELL (NO 10).

2. IN VIEW OF THE FRONT PAGE PUBLICITY GIVEN TO THE PRIME MINISTER'S LETTER, THE GREEKS MAY ALSO RELEASE THE TEXT OF PAPANDREOU'S REPLY.

DONNELLY

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BRITISH EMBASSY

ATHENS

SUBJECT
cc OPS
MASTER.

cc PE

THE PRIME MINISTER OF GREECE

Athens, December 19, 1989

CDP
30/XII

The Right Honourable
Margaret Thatcher
Prime Minister of the United Kingdom

London

PRIME MINISTER
PERSONAL MESSAGE
SERIAL No. T192Z/89

Dear Prime Minister,

I would like to express my profound thanks for your warm message following the Rhodes European Council.

In particular, I would like to express my sincere appreciation for your kind words regarding myself and the outcome of the Council.

The Greek Presidency truly worked with dedication for the best possible results during the last six months.

Indeed, our effort was crowned with success, thanks also to the good will and constructive spirit shown by all our colleagues participating in the Council and by their respective Governments.

It should be mentioned that, in the same context, your personal contribution was instrumental in carrying forward our common goals and objectives set by the European Council.

More particularly, your interventions during the session of the Rhodes EEC Summit were of great help to me as Chairman of the Council.

I would like, on this occasion to reiterate once more my thanks, dear Prime Minister, for your personal interest and the generous hospitality we enjoyed while in London.

I remain, with warm regards

Yours sincerely,

Andreas G. Papandreou

File AA
CCPC

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

4 December 1988

Dear Lyn,

EUROPEAN COUNCIL IN RHODES: PRIME MINISTER'S STATEMENT

It would be helpful to have a full set of supplementaries for the Prime Minister's statement to the House on 6 December on the European Council in Rhodes by 1730 tomorrow, 5 December. It would also be helpful to have a full set of final conclusions in English.

I should be grateful if Michael Saunders could let me have supplementaries on the Ryan case which seems bound to come up.

I am copying this letter to Michael Saunders (Law Officers' Department), Philip Mawer (Home Office), Mike Maxwell (Northern Ireland Office) and Roger Lavelle (Cabinet Office).

yours sincerely.

Charles Powell

C. D. POWELL

Lyn Parker, Esq.,
Foreign and Commonwealth Office

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EUROPEAN COUNCIL, RHODES 2-3 DECEMBER: POLITICAL COOPERATION

1. FOLLOWING IS TEXT OF CONCLUSIONS APPROVED ON POLITICAL COOPERATION.

EAST-WEST RELATIONS

WITHIN THE FRAMEWORK OF EAST-WEST RELATIONS, THE EUROPEAN COUNCIL HAD AN IN-DEPTH DISCUSSION OF THE OVERALL RELATIONS WITH THE SOVIET UNION AND THE COUNTRIES OF EASTERN EUROPE BASED ON VARIOUS CONTRIBUTIONS CONCERNING THE POLITICAL AND ECONOMIC FIELDS. MINISTERS OF FOREIGN AFFAIRS HAVE BEEN ENTRUSTED WITH ENSURING THE NECESSARY FOLLOW-UP.

THE EUROPEAN COUNCIL HAS APPROVED A PARAGRAPH ON EAST-WEST RELATIONS, TO BE INCLUDED IN THE TEXT OF A DECLARATION ON THE INTERNATIONAL ROLE OF THE EUROPEAN COMMUNITY AND ITS MEMBER STATES, WHICH IT HAS DECIDED TO MAKE PUBLIC AT THE END OF ITS MEETING IN RHODES.

MIDDLE EAST

THE EUROPEAN COUNCIL HAD A THOROUGH DISCUSSION ON THE SITUATION IN THE MIDDLE EAST. IT REAFFIRMED THE POSITIONS EXPRESSED BY THE MINISTERS OF FOREIGN AFFAIRS IN THEIR DECLARATION OF 21 NOVEMBER 1988 AS WELL AS THE DECLARATION OF 30 NOVEMBER 1988.

LEBANON

THE EUROPEAN COUNCIL REAFFIRMED THE IMPORTANCE IT ATTACHES TO THE ELECTION OF A PRESIDENT OF THE LEBANESE REPUBLIC.

IT SUPPORTS THE EFFORTS WHICH THE LEBANESE ARE CURRENTLY UNDERTAKING IN ORDER TO SEARCH FOR A CONSENSUS WHICH

CONSTITUTES THE CONDITION FOR THE MAINTENANCE OF THE SOVEREIGNTY, INDEPENDENCE AND TERRITORIAL INTEGRITY OF LEBANON.

THE EUROPEAN COUNCIL CONSIDERS IT ESSENTIAL THAT THE INTERNATIONAL COMMUNITY CONTINUES TO DEMONSTRATE AN ACTIVE INTEREST IN LEBANON AND IN THE ELECTION OF THE PRESIDENT.

IT EXPRESSES THE VIEW THAT THE UNITED NATIONS COULD IN PARTICULAR, IF THAT WOULD BE USEFUL, CONTRIBUTE TO THE SATISFACTORY HOLDING OF THE PRESIDENTIAL ELECTION.

CYPRUS

THE EUROPEAN COUNCIL HAD A DISCUSSION OF THE CYPRUS PROBLEM. IT ACKNOWLEDGED THE FACT THAT THE TRAGIC DIVISION OF THE ISLAND REMAINS UNCHANGED AND REAFFIRMED THE PREVIOUS DECLARATION OF THE TWELVE, WHICH SUPPORT WITHOUT ANY RESERVATION THE INDEPENDENCE, SOVEREIGNTY, TERRITORIAL INTEGRITY AND UNITY OF CYPRUS.

WHILE EXPRESSING ITS SATISFACTION AT THE RESUMING OF THE INTERCOMMUNAL DIALOGUE, THE EUROPEAN COUNCIL EXPRESSIED THE WISH THAT THIS DIALOGUE SHOULD PROGRESS AND LEAD RAPIDLY TO A SOLUTION OF THE PROBLEM, ON THE BASIS OF THE ABOVE PRINCIPLES AND THE RELEVANT U.N. RESOLUTIONS.

THOMAS

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EUROPEAN COUNCIL: RHODES : 2-3 DECEMBER

MIPT DECLARATION ON INTERNATIONAL ROLE OF EUROPEAN COMMUNITY

FOLLOWING IS TEXT ADOPTED BY EUROPEAN COUNCIL.

DECLARATION OF THE EUROPEAN COUNCIL ON THES INTERNATIONAL ROLE OF THE EUROPEAN COMMUNITY
(RHODES 2-3/XII/1988)

1. REAFFIRMING ITS COMMITMENT TO ACHIEVE CONCRETE PROGRESS TOWARDS EUROPEAN UNITY ON THE BASIS OF THE SINGLE EUROPEAN ACT,

- DETERMINED TO STRENGTHEN AND EXPAND THE ROLE OF THE EUROPEAN COMMUNITY AND ITS MEMBER STATES ON THE INTERNATIONAL POLITICAL AND ECONOMIC STAGE, IN COOPERATION WITH ALL OTHER STATES AND APPROPRIATE ORGANISATIONS,

- AND AWARE THAT THE COMPLETION OF THE INTERNAL MARKET IN 1992, WHICH IS ALREADY INSPIRING A NEW DYNAMISM IN THE COMMUNITY'S ECONOMIC LIFE, WILL EQUALLY AFFECT THE COMMUNITY'S POLITICAL AND ECONOMIC ROLE IN THE WORLD,

THE EUROPEAN COUNCIL REAFFIRMS THAT THE SINGLE MARKET WILL BE OF BENEFIT TO COMMUNITY AND NON-COMMUNITY COUNTRIES ALIKE BY ENSURING CONTINUING ECONOMIC GROWTH. THE INTERNAL MARKET WILL NOT CLOSE IN ON ITSELF. 1992 EUROPE WILL BE A PARTNER AND NOT A ''FORTRESS EUROPE''. THE INTERNAL MARKET WILL BE A DECISIVE FACTOR CONTRIBUTING TO GREATER LIBERALIZATION IN INTERNATIONAL TRADE ON THE BASIS OF THE GATT PRINCIPLES OF RECIPROCAL AND MUTUALLY ADVANTAGEOUS ARRANGEMENTS. THE COMMUNITY WILL CONTINUE TO PARTICIPATE ACTIVELY IN THE GATT URUGUAY ROUND, COMMITTED AS IT IS TO STRENGTHEN THE MULTILATERAL TRADING SYSTEM. IT WILL ALSO CONTINUE TO PURSUE, WITH THE U S% JAPAN AND THE OTHER OECD PARTNERS, POLICIES DESIGNED TO PROMOTE SUSTAINABLE NON-INFLATIONARY GROWTH IN THE WORLD ECONOMY.

2. THE COMMUNITY AND ITS MEMBER STATES WILL CONTINUE TO WORK CLOSELY AND COOPERATIVELY WITH THE UNITED STATES TO MAINTAIN AND DEEPEN THE SOLID AND COMPREHENSIVE TRANSATLANTIC RELATIONSHIP. CLOSER POLITICAL AND ECONOMIC RELATIONS WITH JAPAN AND THE OTHER INDUSTRIALISED COUNTRIES WILL ALSO BE DEVELOPED. IN PARTICULAR, THE COMMUNITY WISHES TO STRENGTHEN AND TO EXPAND RELATIONS WITH EFTA COUNTRIES AND ALL OTHER EUROPEAN NATIONS WHICH SHARE THE SAME IDEALS AND OBJECTIVES. OPEN AND CONSTRUCTIVE DIALOGUE AND COOPERATION WILL BE ACTIVELY PURSUED WITH OTHER COUNTRIES OR REGIONAL GROUPS OF THE MIDDLE EAST, AND THE MEDITERRANEAN, AFRICA, THE CARIBBEAN, THA PACIFIC, ASIA AND LATIN AMERICA, WITH SPECIAL EMPHASIS ON INTERREGIONAL COOPERATION.

3. THE EUROPEAN COUNCIL EMPHASISES THE NEED TO IMPROVE SOCIAL AND ECONOMIC CONDITIONS IN LESS-DEVELOPED COUNTRIES AND TO PROMOTE STRUCTURAL ADJUSTMENT, BOTH THROUGH TRADE AND AID. IT ALSO RECOGNIZES THE IMPORTANCE OF A CONTINUING POLICY TO TACKLE THE PROBLEMS OF THE HIGHLY INDEBTED COUNTRIES ON A CASE BY CASE BASIS. IT LOOKS FORWARD TO THE SUCCESSFUL CONCLUSION OF THE NEGOTIATIONS FOR THE RENEWAL OF THE CONVENTION BETWEEN THE EUROPEAN COMMUNITY AND ITS 66 AFRICAN, CARIBBEAN AND PACIFIC PARTNERS DURING THE COMING YEAR.

4. THE EUROPEAN COMMUNITY AND ITS MEMBER STATES ARE DETERMINED TO PLAY AN ACTIVE ROLE IN THE PRESERVATION OF INTERNATIONAL PEACE AND SECURITY AND IN THE SOLUTION OF REGIONAL CONFLICTS, IN CONFORMITY WITH THE UNITED NATIONS CHARTER. EUROPE CAN NOT BE AKTIVELY DEMONSTRATE ITS SOLIDARITY TO THE GREAT AND SPREADING MOVEMENT FOR DEMOCRACY AND FULL SUPPORT FOR THE PRINCIPLES OF THE UNIVERSAL DECLARATION ON HUMAN RIGHTS. THE TWELVE WILL ENDEAVOUR TO STRENGTHEN THE EFFECTIVENESS OF THE UNITED NATIONS AND TO ACTIVELY CONTRIBUTE TO ITS PEACE-KEEPING ROLE.

5. AGAINST THE BACKGROUND OF IMPROVED EAST-WEST RELATIONS, THE EUROPEAN COUNCIL WELCOMES THE READINESS OF THE EUROPEAN MEMBERS OF THE CMEA TO DEVELOP RELATIONS WITH THE EUROPEAN COMMUNITY AND REAFFIRMS ITS WILLINGNESS TO FURTHER ECONOMIC RELATIONS AND COOPERATION WITH THEM, TAKING INTO ACCOUNT EACH COUNTRY'S SPECIFIC SITUATION, IN ORDER TO USE THE OPPORTUNITIES AVAILABLE IN A MUTUALLY BENEFICIAL WAY.

THE EUROPEAN COUNCIL REAFFIRMS ITS DETERMINATION TO ACT WITH RENEWED HOPE TO OVERCOME THE DIVISION OF OUR CONTINENT AND TO PROMOTE THE WESTERN VALUES AND PRINCIPLES WHICH MEMBER STATES HAVE

IN COMMON.

TO THIS EFFECT, WE WILL STRIVE TO ACHIEVE:
- FULL RESPECT FOR THE PROVISIONS OF THE HELSINKI FINAL ACT AND FURTHER PROGRESS IN THE CSCE PROCESS, INCLUDING AN EARLY AND SUCCESSFUL CONCLUSION OF THE VIENNA FOLLOW-UP MEETING:
- THE ESTABLISHMENT OF A SECURE AND STABLE BALANCE OF CONVENTIONAL FORCES IN EUROPE AT A LOWER LEVEL, THE STRENGTHENING OF MUTUAL CONFIDENCE AND MILITARY TRANSPARENCE AND THE CONCLUSION OF A GLOBAL VERIFIABLE BAN ON CHEMCIAL WEAPONS:

- PROMOTION OF HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS, FREE CIRCULATION OF PEOPLE AND IDEAS AND THE ESTABLISHMENT OF MORE OPEN SOCIETIES: PROMOTION OF HUMAN AND CULTURAL EXCHANGES BETWEEN EAST AND WEST:

- THE DEVELOPMENT OF POLITICAL DIALOGUE WITH OUR EASTERN NEIGHBOURS.

6. THE EUROPEAN COMMUNITY AND THE TWELVE ARE DETERMINED TO MAKE FULL USE OF THE PROVISIONS OF THE SINGLE EUROPEAN ACT IN ORDER TO STRENGTHEN SOLIDARITY AMONG THEM, COORDINATION ON THE POLITICAL AND ECONOMIC ASPECTS OF SECURITY, AND CONSISTENCE BETWEEN THE EXTERNAL POLICIES OF THE EUROPEAN COMMUNITY AND THE POLICIES AGREED IN THE FRAMEWORK OF THE EUROPEAN POLITICAL COOPERATION. THEY WILL STRIVE TO REACH SWIFT ADOPTION OF COMMON POSITIONS AND IMPLEMENTATION OF JOINT ACTION.

7. THE EUROPEAN COUNCIL INVITES ALL COUNTRIES TO EMBARK WITH THE EUROPEAN COMMUNITY AS WORLD PARTNER ON AN HISTORIC EFFORT TO LEAVE TO THE NEXT GENERATION A CONTINENT AND A WORLD MORE SECURE, MORE JUST AND MORE FREE.

THOMAS

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PART ONE OF TWO

FOLLOWING IS TEXT OF THE CONCLUSIONS OF THE PRESIDENCY EUROPEAN COUNCIL RHODES, 2 AND 3 DECEMBER 1988

THE EUROPEAN COUNCIL EXAMINED THE PROSPECTS FOR THE FUTURE DEVELOPMENT OF THE EUROPEAN COMMUNITY AND ITS PLACE IN THE WORLD ON THE BASIS OF THE EXPERIENCE ACQUIRED TO DATE IN THE IMPLEMENTATION OF THE SINGLE EUROPEAN ACT. PARTICULAR ATTENTION WAS GIVEN TO THE PROGRESS MADE IN ESTABLISHING THE SINGLE MARKET AND DEVELOPING ACCOMPANYING POLICIES TO STRENGTHEN ECONOMIC AND SOCIAL COHESION, BEARING IN MIND AT THE SAME TIME THE BENEFICIAL CHANGES WHICH HAVE TAKEN PLACE IN THE WORLD AND ESPECIALLY IN EAST-WEST RELATIONS. THE EUROPEAN COUNCIL NOTES WITH PARTICULAR SATISFACTION THAT THE DECISIONS ADOPTED WITH A VIEW TO MAKING A SUCCESS OF THE SINGLE EUROPEAN ACT, WHICH ARE NOW BEING IMPLEMENTED, HAVE ALREADY CONTRIBUTED TO THE CREATION OF FAVOURABLE CONDITIONS FOR THE SMOOTH, STEADY AND DYNAMIC DEVELOPMENT OF THE COMMUNITY AS IT MOVES TOWARDS 1992.

ON THE EVE OF THE EUROPEAN ELECTIONS IN 1989, THE EUROPEAN COUNCIL EMPHASIZES THE INDISPENSABLE ROLE OF THE EUROPEAN PARLIAMENT IN THE PROCESS OF EUROPEAN UNIFICATION. IT WELCOMES THE CONSTRUCTIVE CONTRIBUTION OF THE EUROPEAN PARLIAMENT TO THE ATTAINMENT OF THE OBJECTIVES OF THE SINGLE ACT, WHICH IS A POSITIVE FACTOR FOR CO-OPERATION BETWEEN THE INSTITUTIONS IN FUTURE.

I. IMPLIMENTATION OF THE SINGLE ACT: STOCKTAKING

ESTABLISHMENT OF THE LARGE MARKET

THE EUROPEAN COUNCIL TOOK NOTE OF THE REPORT SUBMITTED BY THE COMMISSION UNDER ARTICLE 8B OF THE SINGLE ACT. THE EUROPEAN COUNCIL NOTES WITH SATISFACTION THAT AT THE HALF-WAY STAGE TOWARDS THE DEADLINE OF DECEMBER 1992 HALF OF THE LEGISLATIVE PROGRAMME NECESSARY FOR THE ESTABLISHMENT OF THE LARGE MARKET IS ALREADY NEARLY COMPLETE.

THIS CONFIRMS, IF SUCH CONFIRMATION WERE NECESSARY, THE IRREVERSIBLE NATURE OF THE MOVEMENT TOWARDS A EUROPE WITHOUT INTERNAL FRONTIERS IN ACCORDANCE WITH ARTICLE 8A OF THE TREATY AND BEARS WITNESS TO THE WILL OF THE COMMUNITY BODIES TO COMPLETE THE TASK BY THE DEADLINE SET. THE EUORPEAN COUNCIL NOTES THAT THE PROCESS OF COMPLETING THE INTERNAL MARKET HAS ALREADY CREATED A NEW DYNAMISM IN THE EUROPEAN ECONOMY BY CONTRIBUTING TO ECONOMIC ADJUSTMENT AND AN INCREASE IN GROWTH RATES.

THE EUROPEAN COUNCIL WOULD POINT OUT THAT THE CREATION OF THE LARGE MARKET FORMS A WHOLE AND THAT MAINTENANCE OF AN OVERALL APPROACH IS ONE OF THE CONDITIONS FOR SUCCESS. IT IS THEREFORE NECESSARY TO MAKE PROGRESS IN A BALANCED AND CO-ORDINATED FASHION IN ALL AREAS (FREE MOVAMENT OF GOODS, SERVICES AND CAPITAL, FREE MOVEMENT OF PERSONS) AND TO ENSURE THAT THE APPROPRIATE HARMONIZATION OR APPROXIMATION IS CARRIED OUT WHERE NECESSARY.

THE PACE OF WORK MUST BE STEPPED UP IN FUTURE, BECAUSE IF ACCOUNT IS TAKEN OF THE TIME NEEDED TO TRANSPOSE COMMUNITY LAW INTO NATIONAL LEGISLATION THE COUNCIL IN FACT HAS ONLY TWO YEARS IN WHICH TO MEET THE 1992 OBJECTIVE.

THE EUROPEAN COUNCIL EXPECTS THE COUNCIL RAPIDLY TO COMPLETE ADOPTION OF THE TEXTS COMPLETING THE INTERNAL MARKET IN THE PRIORITY AREAS IDENTIFIED BY THE EUROPEAN COUNCIL LAST JUNE: PUBLIC CONTRACTS, BANKING AND FINANCIAL SERVICES, THE APPROXIMATION OF TECHNICAL STANDARDS AND INTELLECTUAL PROPERTY. AT THE SAME TIME, THE EUROPEAN COUNCIL URGENTLY APPEALS TO THE COUNCIL TO STEP UP ITS EFFORTS IN ALL AREAS WHERE PROGRESS HAS NOT BEEN SO RAPID. THIS APPLIES PARTICULARLY TO TRANSPORT AND ENERGY, ANIMAL AND PLANT HEALTH CONTROLS AND THE FREE MOVEMENT OF PERSONS.

Reference to Terrorism

THE EUROPEAN COUNCIL IS AWARE THAT, IN THE LATTER AREA, THE ACHIEVEMENT OF THE COMMUNITY'S OBJECTIVES, ESPECIALLY THE AREA WITHOUT INTERNAL FRONTIERS, IS LINKED TO PROGRESS IN INTERGOVERNMENTAL CO-OPERATION TO COMBAT TERRORISM, INTERNATIONAL CRIME, DRUG TRAFFICKING AND TRAFFICKING OF ALL KINDS. THIS CO-OPERATION WILL BE STEPPED UP IN ORDER TO ACHIEVE RAPID AND CONCRETE RESULTS WHICH WILL ENABLE THE COMMUNITY, FOR ITS PART, TO TAKE THE NECESSARY MEASURES TO TURN EUROPE INTO A TANGIBLE REALITY FOR ITS CITIZENS. TO THIS END EACH MEMBER STATE WILL APPOINT A PERSON RESPONSIBLE FOR THE NECESSARY CO-ORDINATION.

WITH REGARD TO THE APPROXIMAZION OF TAXATION IN ACCORDANCE WITH

ARTICLE 99 OF THE TREATY, THE EUROPEAN COUNCIL EXPRESSES THE WISH THAT THE CONTACTS TAKEN UP WITH GOVERNMENTS AT THE INITIATIVE OF THE COMMISSION, AND ITS PROPOSALS, WILL PERMIT A CONVERGENCE OF VIEWS AND IT CALLS ON THE COUNCIL TO SPEED UP ITS WORK SO THAT TAX MEASURES, TO THE EXTENT THAT THEY ARE NECESSARY FOR THE ESTABLISHMENT AND OPERATION OF THE INTERNAL MARKET, CAN BE ADOPTED IN ACCORDANCE WITH THE TIMETABLE SET.

SOCIAL DIMENSION

THE EUROPEAN COUNCIL CONSIDERS THAT PROGRESS IN IMPLEMENTING THE PROVISIONS OF THE SINGLE EUROPEAN ACT ON THE COMPLETION OF THE INTERNAL MARKET MUST BE ACCOMPANIED BY PROGRESS IN IMPLEMENTING ITS PROVISIONS ON SOCIAL POLICY, IN PARTICULAR ARTICLES 118A AND 118B, AND BY STRENGTHENING OF ECONOMIC AND SOCIAL COHESION.

THE PRESIDENCY DREW THE EUROPEAN COUNCIL'S ATTENTION TO THE MEMORANDUM WHICH IT HAD CIRCULATED ON THIS SUBJECT BEFORE THE BEGINNING OF THE PRESIDENCY.

COMPLETION OF THE SINGLE MARKET CANNOT BE REGARDED AS AN END IN ITSELF: IT PURSUES A MUCH WIDER OBJECTIVE, NAMELY TO ENSURE THE MAXIMUM WELL-BEING OF ALL, IN LINE WITH THE TRADITION OF SOCIAL PROGRESS WHICH IS PART OF EUROPE'S HISTORY,

THIS TRADITION OF SOCIAL PROGRESS SHOULD BE A GUARANTEE THAT ALL CITIZENS, WHATEVER THEIR OCCUPATION, WILL HAVE EFFECTIVE ACCESS TO THE DIRECT BENEFITS EXPECTED FROM THE SINGLE MARKET AS A FACTOR OF ECONOMIC GROWTH, AND AS THE MOST EFFECTIVE MEANS OF COMBATING UNEMPLOYMENT.

THE EUROPEAN COUNCIL NOTES THAT A START HAS ALREADY BEEN MADE ON APPLYING THE SINGLE EUROPEAN ACT AND THE GUIDELINES DERIVING THEREFROM.

THE EUROPEAN COUNCIL WELCOMES THE PROGRESS MADE WITH THE FRAMEWORK DIRECTIVE ON HEALTH AND SAFETY AT THE WORKPLACE AND CALLS ON THE COUNCIL TO COMPLETE THE ESTABLISHMENT OF THIS IMPORTANT ASPECT OF THE COMMUNITY'S SOCIAL ACTION WITHOUT DELAY.

THE EUROPEAN COUNCIL WOULD GIVE A REMINDER OF THE INCREASING IMPORTANCE ATTACHING TO THE SYSTEMATIC PURSUIT OF A CONSTRUCTIVE DIALOGUE BETWEEN MANAGEMENT AND LABOUR AT COMMUNITY LEVEL, IN ACCORDANCE WITH ARTICLE 118B OF THE TREATY. THE AIM OF THIS

DIALOGUE SHOULD BE THE ACTIVE INVOLVEMENT OF BOTH SIDES OF INDUSTRY IN COMPLETION OF THE LARGE MARKET.

THE EUROPEAN COUNCIL MEETING IN HANOVER ASKED THE COMMISSION TO CARRY OUT A COMPARATIVE STUDY OF MEMBER STATES' LEGISLATION ON WORKING CONDITIONS. THE EUROPEAN COUNCIL NOTES THAT THAT STUDY, WHICH SHOULDSENABLE THE COMMON ''ACQUIS'' IN THIS AREA TO BE IDENTIFIED, IS IN PROGRESS.

AS REGARDS IMPLEMENTATION OF SOCIAL RIGHTS, THE EUROPEAN COUNCIL AWAITS SUCH PROPOSALS AS THE COMMISSION MIGHT CONSIDER USEFUL TO SUBMIT HAVING DRAWN INSPIRATION FROM THE SOCIAL CHARTER OF THE COUNCIL OF EUROPE.

THE EUROPEAN COUNCIL EMPHASIZES THAT THE COMMUNITY'S ACTION SHOULD CONTRIBUTE TOWARDS PUTTING THE AVAILABLE HUMAN RESOURCES TO THE BEST USE AND TOWARDS THE PREPARATION OF CHANGE AND FUTURE TECHNICAL ADJUSTMENTS. REFORM OF TRAINING SCHEMES, INCLUDING CONTINUING VOCATIONAL TRAINING, WILL BE A DETERMINING FACTOR IN ACHIEVING THESE OBJECTIVES.

THE EUROPEAN COUNCIL REQUESTS THE COUNCIL TO EXAMINE THE ABOVE PROPOSALS WITH A VIEW TO TAKING, IN THE COURSE OF 1989, THE NECESSARY DECISIONS TO GUIDE MEMBER STATES' ACTION ON SOCIAL MATTERS IN RELATION WITH THE LARGE MARKET.

ASSOCIATED POLICIES

THE EUROPEAN COUNCIL RECALLS THAT A SIGNIFICANT NUMBER OF COMMUNITY POLICIES OR PROJECTS ARE CONTRIBUTING, DIRECTLY OR INDIRECTLY, TOWARDS COMPLETION OF THE INTERNAL MARKET OR ARE LINKED TO IT IN ONE WAY OR ANOTHER. IT ACCORDINGLY INVITES THE COUNCIL TO ENSURE THAT THE NECESSARY PROGRESS IS MADE IN VARIOUS SECTORS COVEJED BY THE SINGLE ACT (STRUCTURAL POLICIES, RESEARCH AND TECHNOLOGY, CO-OPERATION ON ECONOMIC AND MONETARY POLICY) IN ORDER THAT, IN DURE COURSE, ALL THE CONDITIONS ENABLING THE COMMUNITY TO DERIVE EVERY POSSIBLE BENEFIT FROM THE LARGE MARKET MAY BE BROUGHT ABOUT.

IN CONNECTION WITH STRUCTURAL POLICIES, THE EUROPEAN COUNCIL NOTES WITH SATISFACTION THAT ALL THE LEGISLATIVE TEXTS ON THE REFORM OF THE VARIOUS FUNDS (ERDF, SOCIAL FUND, EAGGF - GUIDANCE), WILL BE ADOPTED BY THE END OF THE YEAR, SO THAT THEY WILL BE OPERATIONAL FROM 1989.

THE EUROPEAN COUNCIL CALLS ON THE COMMISSION TO SUPPLEMENT ITS ANALYSIS OF THE MACRO-ECONOMIC CONSEQUENCES OF THE INTERNAL MARKET AS REGARDS ITS REGIONAL IMPACT.

IN REGARD TO ECONOMIC AND MONETARY POLICY, THE EUROPEAN COUNCIL IS AWARE THAT THIS SECTOR HAS BOTH A DIRECT AND AN INDIRECT IMPACT ON THE COMPLETION OF THE INTERNAL MARKET. IN THIS CONNECTION, IT ATTACHAS PARTICULAR IMPORTANCE TO THE WORK UNDERTAKEN, AT ITS REQUEST, BY THE DELORS COMMITTEE ON THE CONCRETE STAGES LEADING TOWARDS ECONOMIC AND MONETARY UNION AND TO THE CONCLUSIONS TO BE DRAWN THEREFROM AT THE FORTHCOMING EUROPEAN COUNCIL MEETING IN MADRID.

ENVIRONMENT

THE EUROPEAN COUNCIL NOTES THAT EFFORTS ARE ACTIVELY BEING PURSUED AT VARIOUS LEVELS AND IN DIFFERENT FORA WITH A VIEW TO RESPONDING TO EVER-INCREASING CONCERN OVER THE THREATS TO THE ENVIRONMENT: IN THIS CONNECTION, THE COUNCIL EXPRESSES SATISFACTION AT THE IMPORTANT DECISIONS TAKEN BY THE RECENT ENVIRONMENT COUNCIL.

THE EUROPEAN COUNCIL CONSIDERS THAT PROTECTION OF THE ENVIRONMENT IS A MATTER OF VITAL SIGNIFICANCE TO THE COMMUNITY AND TO THE REST OF THE WORLD, AND URGES TH COMMUNITY AND THE MEMBER STATES TO TAKE VERY INITIATIVE AND ALL ESSENTIAL STEPS, INCLUDING AT INTERNATIONAL LEVEL, IN ACCORDANCE WITH THE FUNDAMENTAL LINES OF THE STATEMENT SET OUT IN ANNEX I. THE EUROPEAN COUNCIL EMPHASIZES THE SPECAIL IMPORTANCE OF CO-OPERATION IN THIS AREA WITH OTHER EUROPEAN COUNTRIES, I.E. BOTH EFTA COUNTRIES AND EAST EUROPEAN COUNTRIES.

THOMAS

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PART TWO OF TWO

TRANSPORT INFRASTRUCTURES

THE EUROPEAN COUNCIL CONSIDERS THAT THE CREATION OF MAJOR TRANSPORT INFRASTRUCTURES IS ONE METHOD OF SPEEDING UP THE UNIFICATION OF THE EUROPEAN ECONOMIC AREA.

IT HAS NOTED WITH INTEREST THE IDEAS PUT FORWARD BY THE COMMISSION ON THE SUBJECT. IT REQUESTS THA COUNCIL TO CONSIDER WITH THE COMMISSION POSSIBILITIES IN THIS AREA. IN THE MEANTIME IT CALLS ON THE COUNCIL TO ADOPT MEASURES BEFORE THE END OF THE YEAR WITHIN THE LIMIT OF THE APPROPRIATIONS PROVIDED FOR THAT PURPOSE IN THE BUDGET.

ISLANDS

THE EUROPEAN COUNCIL RECOGNIZES THE PARTICULAR SOCIO-ECONOMIC PROBLEMS OF CERTAIN ISLAND REGIONS IN THE COMMUNITY. IT THEREFORE REQUESTS THE COMMISSION TO EXAMINE THESE PROBLEMS AND SUBMIT, IF APPROPRIATE, ANY PROPOSALS WHICH IT DEEMS USEFUL, WITHIN THE FINANCIAL POSSIBILITIES OFFERED BY THE COMMUNITY'S EXISTING POLICIES AS THEY HAVE BEEN DECIDED.

AUDIOVISUAL

THE EUROPEAN COUNCIL POINTED OUT THAT IT IS EXTREMELY IMPORTANT TO STRENGTHEN EFFORTS, INCLUDING CO-OPERATION, TO DEVELOP EUROPE'S AUDIOVISUAL CAPACITY, WHETHER WITH REGARD TO THE FREE MOVEMENT OF PROGRAMMES, THE PROMOTION OF THE EUROPEAN HIGH-DEFINITION TELEVISION SYSTEM OR TO A POLICY OF ENCOURAGING CREATIVITY, PROJUCTION AND BROADCASTING SO AS TO PROVIDE AN OPPORTUNITY OF DEMONSTRATING THE RICHNESS AND DIVERSITY OF EUROPEAN CULTURE. THE EUROPEAN COUNCIL CONSIDERS IT IMPORTANT THAT THE COMMUNITY'S EFFORTS SHOULD BE DEPLOYED IN A MANNER CONSISTENT WITH THE COUNCIL OF EUROPE CONVENTION.

THE EUROPEAN COUNCIL REQUESTS THE COUNCIL TO SPEED UP WORK ON THE ''TELEVISION WITHOUT FRONTIERS'' DIRECTIVE. IT NOTED THAT THE COMMISSION WILL ADAPT THE PROPOSAL IN THE LIGHT OF THE COUNCIL OF EUROPE CONVENTION.

THE EUROPEAN COUNCIL RECEIVED WITH GREAT INTEREST THE COMMUNICATION FROM THE FRENCH GOVERNMENT SET OUT IN ANNEX I, AND ENDORSED THE CONVENING NEXT SPRING OF A MEETING WHICH WILL BRING TOGETHER ALL THE PARTIES CONCERNED IN THE AUDIOVISUAL SECTOR IN THE COMMUNITY, AND ALSO OUTSIDE THE COMMUNITY, AND, ON THE BASIS OF THE EXPERIENCE WITH EUREKA, WILL SEEK TO ENCOURAGE THE EMERGENCY OF A TRULY EUROPEAN AUDIOVISUAL MARKET.

THESE PROPOSALS WILL CONTRIBUTE TO A SUBSTANTIAL STRENGTHENING OF A EUROPEAN CULTURAL IDENTITY AND WILL BE DISCUSSED AT COMMUNITY LEVEL, AND IN CO-OPERATION WITH THE OTHER COUNTRIES IN EUROPE.

II. INTERNATIONAL ROLE OF THE EUROPEAN COMMUNITY

THE EUROPEAN COUNCIL ADOPTED A STATEMENT ON THE INTERNATIONAL ROLE OF THE EUROPEAN COMMUNITY.

ANNEX I

DECLARATION ON THE ENVIRONMENT

1. TODAY'S WORLD IS CONFRONTED BY ENVIRONMENTAL PROBLEMS OF INCREASING MAGNITUDE. IN THE INTERESTS OF SUSTAINED GROWTH AND A BETTER QUALITY OF LIFE, IT IS URGENT TO FIND SOLUTIONS TO SUCH GLOBAL ISSUES AS THE DEPLETION OF THE OZONE LAYER, THE RISE IN THE TEMPERATURE OF THE EARTH'S ATMOSPHERE (''THE GREENHOUSE'' EFFECT), THREATS TO THE NATURAL ENVIRONMENT, THE PROBLEM OF WATER RESOURCES, SOIL EROSION, SAFE MANAGEMENT OF TOXIC CHEMICALS AND WASTE, AIR POLLUTION, PARTICULARLY ''ACID RAIN'' , AND PROBLEMS OF URBAN AREAS. EFFECTIVE ACTION WILL IN MANY CASES REQUIRE BETTER SCIENTIFIC RESEARCH AND UNDERSTANDING.

2. THE GOALS OF ENVIRONMENTAL PROTECTION LAID DOWN FOR THE COMMUNITY HAVE RECENTLY BEEN DEFINED BY THE SINGLE EUROPEAN ACT. SOME PROGRESS HAS BEEN MADE IN REDUCING POLLUTION AND IN ENSURING PRUDENT MANAGEMENT OF NATURAL RESOURCES. BUT THESE ACTIONS BY THEMSELVES ARE NOT ENOUGH. WITHIN THE COMMUNITY, IT IS ESSENTIAL TO INCREASE EFFORTS TO PROTECT THE ENVIRONMENT DIRECTLY AND ALSO

TO ENSURE THAT SUCH PROTECTION BECOMES AN INTEGRAL COMPONENT OF OTHER POLICIES. SUSTAINABLE DEVELOPMENT MUST BE ONE OF THE OVERRIDING OBJECTIVES OF ALL COMMUNITY POLICIES.

3. THE EXPECTED ACHIEVEMENT OF THE SINGLE MARKET BY 1992 AND THE ACCOMPANYING ECONOMIC GROWTH OFFERS BOTH A CHALLENGE AND AN OPPORTUNITY. EUROPE'S INDUSTRIAL FUTURE AND INTERNATIONAL COMPETITIVENESS WILL DEPEND IN PART ON APPLYING THE HIGH LEVEL OF ENVIRONMENTAL PROTECTION FORESSEN IN THE TREATY. SPECIAL ATTENTION NEEDS TO BE DEVOTED TO THE SEAS AND COASTAL REGIONS OF THE MEMBER STATES, WHICH ARE OF OUTSTANDING IMPORTANCE FROM THE ECONOMIC AND ECOLOGICAL STAND-POINT, PARTICULARLY THE MEDITERRANEAN REGION, THE NORTH SEA AND THE IRISH SEA. THE COMMUNITY SHOULD REDOUBLE ITS EFFORTS TO PROTECT THESE VITAL RESOURCES.

4. IN THE WIDER INTERNATIONAL CONTEXT, THE COMMUNITY AND THE MEMBER STATES ARE DETERMINED TO PLAY A LEADING ROLE IN THE ACTION NEEDED TO PROTECT THE WORLD'S ENVIRONMENT AND WILL CONTINUE TO STRIVE FOR AN EFFECTIVE INTERNATIONAL RESPONSE, PARTICULARLY TO SUCH GLOBAL PROBLEMS AS DEPLETION OF THE OZONE LAYER, THE GREENHOUSE EFFECT AND THE EVER-GROWING THREATS TO THE NATURAL ENVIRONMENT, THUS CONTRIBUTING TO A BETTER QUALITY OF LIFE FOR ALL THE PEOPLES OF THE WORLD.

ANNEX II

AUDIOVISUAL EUREK EIGHT PROPOSALS FOR RHODES

FOR THE PROMOTION, EXPERIMENTATION AND DEVELOPMENT OF HIGH-DEFINITION TELEVISION

1. THE EUROPEAN STANDARD AND THE EUROPEAN HIGH-DEFINITION TELEVISION SYSTEM SUCCESSFULLY DEMONSTRATED IN BRIGHTON ON 23 SEPTEMBER 1988 CREATE A BASIS FOR THE FUTURE OF THE EUROPEAN AUDIOVISUAL INDUSTRY. THE COMMUNITY SHOULD THEREFORE WORK EFFECTIVELY AND WITH DETERMINATION TO PROMOTE THE SAID SYSTEM AMONG THE OTHER EUROPEAN STATES, NOTABLY THOSE IN EASTERN EUROPE.

2. TO THIS END, ENCOURAGEMENT AND SUPPORT SHOULD BE GIVEN TO THE COMMISSION'S INITIATIVE IN CREATING A EUROPEAN ECONOMIC INTEREST GROUPING (EEIG) WHOSE TASK IS, IN PARTICULAR, TO DEVISE THE TECHNICAL MEANS WHEREBY THE EUROPEAN STANDARD CAN BE DEMONSTRATED AND PROMOTED.

A DEMONSTRATION WILL BE ORGANIZED AT THE NEXT EUROPEAN COUNCIL IN MADRID, IN JUNE 1989, AND AT THE SUMMIT OF THE SEVEN INDUSTRIALIZED COUNTRIES IN JULY 1989.

3. OUTSTANDING CULTURAL OR SPORTING EVENTS (FOR EXAMPLE THE 1992 OLYMPIC GAMES) WILL BE FILMED WITH EQUIPMENT USING THE EUROPEAN-STANDARD DIGITAL-COMPONENT SYSTEM. THESE TOO WILL PROVIDE AN OPPORTUNITY FOR DEMONSTRATING THE HIGH DEFINITION SYSTEM.

TOWARDS A EUROPEAN AUDIOVISUAL AREA

4. TO GIVE PRACTICAL SHAPE TO THE EUROPEAN AUDIOVISUAL EUREKA INITIATIVE, A CONCLAVE WILL BE HELD NEXT SPRING, BRINGING TOGETHER INTERESTED STATES AND PROFESSIONALS CONCERNED (PUBLIC AND PRIVATE-SECTOR BROADCASTERS AND PRODUCERS, WRITERS, DIRECTORS, ADVERTISERS, ETC). THIS ''EUROPEAN AUDIOVISUAL CONCLAVE'' WILL BE INTENDED PRIMARILY FOR THE COMMUNITY, ITS MEMBER STATES AND THE COMMISSION: BUT IT WILL ALSO BE OPEN TO OTHER EUROPEAN COUNTRIES, INCLUDING EASTERN EUROPEAN ONES, ACCORDING TO ARRANGEMENTS TO BE WORKED OUT AND IN THE SAME SPIRIT AS PRESIDED OVER THE LAUNCH OF TECHNOLOGICAL EUREKA IN 1985.

FRANCE IS PREPARED T O ORGANIZE AND HOST THIS CONCLAVE.

5. WITH THIS END IN VIEW, EACH INTERESTED STATE AND THE COMMISSION WILLL APPOINT A HEAD FOR AUDIOVISUAL EUREKA AT THE EARLIEST OPPORTUNITY. THE TASKS OF THESE REPRESENTATIVES WILL BE TO CONDUCT ALL NECESSARY CONSULTATIONS WITH PERSON WORKING IN THIS FIELD AND TO AFFIRM THE AMBITION OF AUDIOVISUAL EUREKA, WHICH IS TO ENCOURAGE THE EMERGENCE OF A STRONG EUJOPEAN AUDIOVISUAL MARKET AND FOSTER THE DEVELOPMENT OF COMMON POLICIES FOR THE PURCHASE AND PRODUCTION OF PROGRAMMES AMONG BOTH PUBLIC AND PRIVATE-SECTOR TV CHANNELS.

6. IT WILL BE NECESSARY TO MOBILIZE THE APPROPRIATE RESOURCES IN SUPPORT OF PUBLIC AND PRIVATE INITIATIVES. FRANCE STANDS READY TO PROVIDE SUBSTANTIAL SPECIFIC FINANCING.

7. INITIATIVES TAKEN BY THE COMMISSION (SUCH AS THE MEDIA PLAN) SHOULD BE PURSUED AND ENCOURAGED. FRANCE WOULD LIKE THEM TO BE EXTENDED TO CINDLUDE THE PRODUCTION AND EXCHANGE OF DOCUMENTARIES, SCHOOL AND UNIVERSITY TELEVISION PROGRAMMES, AND NEWS MAGAZINES.

8. FILMING OF A MAJOR EUROPEAN WORK WILL START IN 1989.

EUROPEAN COUNCIL RHODES
2 AND 3 DECEMBER 1988

1. CONCLUSIONS OF THE PRESIDENCY

2. DECLARATION ON THE INTERNATIONAL ROLE OF THE EUROPEAN COMMUNITY

3. CONCLUSIONS ON POLITICAL COOPERATION

The European Council examined the prospects for the future development of the European Community and its place in the world on the basis of the experience acquired to date in the implementation of the Single European Act. Particular attention was given to the progress made in establishing the Single Market and developing accompanying policies to strengthen economic and social cohesion, bearing in mind at the same time the beneficial changes which have taken place in the world and especially in East-West relations. The European Council notes with particular satisfaction that the decisions adopted with a view to making a success of the Single European Act, which are now being implemented, have already contributed to the creation of favourable conditions for the smooth, steady and dynamic development of the Community as it moves towards 1992.

On the eve of the European elections in 1989, the European Council emphasises the indispensable role of the European Parliament in the process of European unification. It welcomes the constructive contribution of the European Parliament to the attainment of the objectives of the Single Act, which is a positive factor for co-operation between the institutions in future.

1) **IMPLEMENTATION OF THE SINGLE ACT: STOCKTAKING**

ESTABLISHMENT OF THE LARGE MARKET

The European Council took note of the report submitted by the Commission under Article 8B of the Single Act. The European Council notes with satisfaction that at the half-way stage towards the deadline of December 1992 half of the legislative programme necessary for the establishment of the large market is already nearly complete.

This confirms, if such confirmation were necessary, the irreversible nature of the movement towards a Europe without internal frontiers in accordance with Article 8A of the Treaty and bears witness to the will of the Community bodies to complete the task by the deadline set. The European Council notes that the process of completing the internal market has already created a new dynamism in the European economy by contributing to economic adjustment and an increase in growth rates.

The European Council would point out that the creation of the large market forms a whole and that maintenance of an overall approach is one of the conditions for success. It is therefore necessary to make progress in a balanced and co-ordinated fashion in all areas (free movement of goods, services and capital, free movement of persons) and to ensure that the appropriate harmonisation of approximation is carried out where necessary.

The pace of work must be stepped up in future, because if account is taken of the time needed to transpose Community law into national legislation the Council in fact has only two years in which to meet the 1992 objective.

The European Council expects the Council rapidly to complete adoption of the texts completing the internal market in the priority areas identified by the European Council last June: public contracts, banking and financial services, the approximation of technical standards and intellectual property. At the same time, the European Council urgently appeals to the Council to step up its efforts in all areas where progress has not been so rapid. This applies particularly to transport and energy, animal and plant health controls and the free movement of persons. The European Council is aware that, in the latter area, the achievement of the Community's objectives, especially the area without internal frontiers, is linked to progress in

Reference to Terrorism

inter-Governmental co-operation to combat terrorism, international crime, drug trafficking and trafficking of all kinds. This co-operation will be stepped up in order to achieve rapid and concrete results which will enable the Community, for its part, to take the necessary measures to turn Europe into a tangible reality for its citizens. To this end each member state will appoint a person responsible for the necessary co-ordination.

With regard to the approximation of taxation in accordance with Article 99 of the Treaty, the European Council expresses the wish that the contacts taken up with Governments at the initiative of the Commission, and its proposals, will permit a convergence of views and it calls on the Council to speed up its work so that tax measures, to the extent that they are necessary for the establishment and operation of the internal market, can be adopted in accordance with the timetable set.

SOCIAL DIMENSION

The European Council considers that progress in implementing the provisions of the Single European Act on the completion of the internal market must be accompanied by progress in implementing its provisions on social policy, in particular Articles 118A and 118B, and by strengthening of economic and social cohesion.

The Presidency drew the European Council's attention to the memorandum which it had circulated on this subject before the beginning of the Presidency.

Completion of the Single Market cannot be regarded as an end in itself: it pursues a much wider objective, namely to ensure the maximum well-being of all, in line with the tradition of social progress which is part of Europe's history.

This tradition of social progress should be a guarantee that all citizens, whatever their occupation, will have effective access to the direct benefits expected from the Single Market as a factor of economic growth, and as the most effective means of combating unemployment.

The European Council notes that a start has already been made on applying the Single European Act and the guidelines deriving therefrom.

The European Council welcomes the progress made with the Framework Directive on Health and Safety at the workplace and calls on the Council to complete the establishment of this important aspect of the Community's social action without delay.

The European Council would give a reminder of the increasing importance attaching to the systematic pursuit of a constructive dialogue between management and labour at Community level, in accordance with Article 118B of the Treaty. The aim of this dialogue should be the active involvement of both sides of industry in completion of the large market.

The European Council meeting in Hanover asked the Commission to carry out a comparative study of member states' legislation on working conditions. The European Council notes that that study, which should enable the common "acquis" in this area to be identified, is in progress.

As regards implementation of social rights, the European Council awaits such proposals as the Commission might consider useful to submit having drawn inspiration from the social charter of the Council of Europe.

The European Council emphasises that the Community's action should contribute towards putting the available human resources to the best use and towards the preparation of change and future technical adjustments. Reform of training schemes, including continuing vocational training, will be a determining factor in achieving these objectives.

The European Council requests the Council to examine the above proposals with a view to taking, in the course of 1989, the necessary decisions to guide member states' action on social matters in relation with the large market.

ASSOCIATED POLICIES

The European Council recalls that a significant number of Community policies or projects are contributing, directly or indirectly, towards completion of the internal market or are linked to it in one way or another. It accordingly invites the Council to ensure that the necessary progress is made in various sectors covered by the Single Act (Structural Policies, Research and Technology, Co-operation on Economic and Monetary Policy) in order that, in due course, all the conditions enabling the Community to derive every possible benefit from the large market may be brought about.

In connection with structural policies, the European Council notes with satisfaction that all the legislative texts on the reform of the various funds (ERDF, Social Fund, EAGGF - Guidance), will be adopted by the end of the year, so that they will be operational from 1989.

The European Council calls on the Commission to supplement its analysis of the macro-economic consequences of the internal market as regards its regional impact.

In regard to economic and monetary policy, the European Council is aware that this sector has both a direct and an indirect impact on the completion of the internal market. In this connection, it attaches particular importance to the work undertaken, at its request, by the Delors Committee on the concrete stages leading towards economic and monetary union and to the conclusions to be drawn therefrom at the forthcoming European Council meeting in Madrid.

ENVIRONMENT

The European Council notes that efforts are actively being pursued at various levels and in different fora with a view to responding to ever-increasing concern over the threats to the environment: in this connection, the Council expresses satisfaction at the important decisions taken by the recent Environment Council.

The European Council considers that protection of the environment is a matter of vital significance to the Community and to the rest of the world, and urges the Community and the member states to take every initiative and all essential steps, including at international level, in accordance with the fundamental lines of the statement set out in Annex I. The European Council emphasises the special importance of co-operation in this area with other European countries, ie both EFTA countries and East European countries.

TRANSPORT INFRASTRUCTURES

The European Council considers that the creation of major transport infrastructures is one method of speeding up the unification of the European economic area.

It has noted with interest the ideas put forward by the Commission on the subject. It requests the Council to consider with the Commission possibilities in this area. In the meantime it calls on the Council to adopt measures before the end of the year within the limit of the appropriations provided for that purpose in the budget.

ISLANDS

The European Council recognises the particular socio-economic problems of certain island regions in the Community. It therefore requests the Commission to examine these problems and submit, if appropriate, any proposals which it deems useful, within the financial possibilities offered by the Community's existing policies as they have been decided.

AUDIO-VISUAL

The European Council pointed out that it is extremely important to strengthen efforts, including co-operation, to develop Europe's audio-visual capacity, whether with regard to the free movement of programmes, the promotion of the European high-definition television system or to a policy of encouraging creativity, production and broadcasting so as to provide an opportunity of demonstrating the richness and diversity of European culture. The European Council considers it important that the Community's efforts should be deployed in a manner consistent with the Council of Europe Convention.

The European Council requests the Council to speed up work on the "Television without frontiers" Directive. It noted that the Commission will adapt the proposal in the light of the Council of Europe Convention.

The European Council received with great interest the communication from the French Government set out in Annex II, and endorsed the convening next Spring of a meeting which will bring together all the parties concerned in the audio-visual sector in the Community, and also outside the Community, and, on the basis of the experience with EUREKA, will seek to encourage the emergency of a truly European audio-visual market.

These proposals will contribute to a substantial strengthening of a European culture identity and will be discussed at Community level, and in co-operation with the other countries in Europe.

II. INTERNATIONAL ROLE OF THE EUROPEAN COMMUNITY

The European Council adopted a statement on the international role of the European Community.

ANNEX I

DECLARATION ON THE ENVIRONMENT

1. Today's world is confronted by environmental problems of increasing magnitude. In the interests of sustained growth and a better quality of life, it is urgent to find solutions to such global issues as the depletion of the ozone layer, the rise in the temperature of the earth's atmosphere (The "Greenhouse" effect), threats to the natural environment, the problem of water resources, soil erosion, safe management of toxic chemicals and waste, air pollution, particularly "acid rain", and problems of urban areas. Effective action will in many cases require better scientific research and understanding.

2. The goals of environmental protection laid down for the Community have recently been defined by the Single European Act. Some progress has been made in reducing pollution and in ensuring prudent management of natural resources. But these actions by themselves are not enough. Within the Community, it is essential to increase efforts to protect the environment directly and also to ensure that such protection becomes an integral component of other policies. Sustainable development must be one of the overriding objectives of all Community policies.

3. The expected achievement of the Single Market by 1992 and the accompanying economic growth offers both a challenge and an opportunity. Europe's industrial future and international competitiveness will depend in part on applying the high level of environmental protection foreseen in the Treaty. Special attention needs to be devoted to the seas and coastal regions of the member states, which are of outstanding importance from the economic and ecological

stand-point, particularly the Mediterranean region, the North Sea and the Irish Sea. The Community should redouble its efforts to protect these vital resources.

4. In the wider international context, the Community and the member states are determined to play a leading role in the action needed to protect the world's environment and will continue to strive for an effective international response, particularly to such global problems as depletion of the ozone layer, the greenhouse effect and the ever-growing threats to the natural environment, thus contributing to a better quality of life for all the peoples of the world.

ANNEX II

AUDIO-VISUAL EUREKA EIGHT PROPOSALS FOR RHODES

For the promotion, experimentation and development of high-definition television.

1. The European standard and the European high-definition television system successfully demonstrated in Brighton on 23 September 1988 create a basis for the future of the European audio-visual industry. The Community should therefore work effectively and with determination to promote the said system among the other European states, notably those in Eastern Europe.

2. To this end, encouragement and support should be given to the Commission's initiative in creating a European economic interest grouping (EEIG) whose task is, in particular, to devise the technical means whereby the European standard can be demonstrated and promoted. A demonstration will be organised at the next European Council in Madrid, in June 1989, and at the Summit of the seven industrialised countries in July 1989.

3. Outstanding cultural or sporting events (for example the 1992 Olympic games) will be filmed with equipment using the European-standard digital-component system. These too will provide an opportunity for demonstrating the high definition system.

TOWARDS A EUROPEAN AUDIO-VISUAL AREA

4. To give practical shape to the European Audio-visual EUREKA initiative, a conclave will be held next Spring, bringing together interested states and professionals concerned (public and private-sector broadcasters and producers, writers, directors, advertisers, etc). This

"European Audio-visual Conclave" will be intended primarily for the Community, its member states and the Commission: but it will also be open to other European countries, including Eastern European ones, according to arrangements to be worked out and in the same spirit as presided over the launch of technological EUREKA in 1985.

FRANCE IS PREPARED TO ORGANISE AND HOST THIS CONCLAVE

5. With this end in view, each interested state and the Commission will appoint a head for audio-visual EUREKA at the earliest opportunity. The tasks of these representatives will be to conduct all necessary consultations with persons working in this field and to affirm the ambition of audio-visual EUREKA, which is to encourage the emergence of a strong European audio-visual market and foster the development of common policies for the purchase and production of programmes among both public and private-sector TV channels.

6. It will be necessary to mobilise the appropriate resources in support of public and private initiatives. France stands ready to provide substantial specific financing.

7. Initiatives taken by the Commission (such as the media plan) should be pursued and encouraged. France would like them to be extended to include the production and exchange of documentaries, school and university television programmes, and news magazines.

8. Filming of a major European work will start in 1989.

TEXT OF CONCLUSIONS APPROVED ON POLITICAL COOPERATION

EAST-WEST RELATIONS

Within the framework of East-West relations, the European Council had an in-depth discussion of the overall relations with the Soviet Union and the countries of Eastern Europe based on various contributions concerning the political and economic fields. Ministers of Foreign Affairs have been entrusted with ensuring the necessary follow-up.

The European Council has approved a paragraph on East-West relations, to be included in the text of a declaration on the international role of the European Community and its member states, which it has decided to make public at the end of its meeting in Rhodes.

MIDDLE EAST

The European Council had a thorough discussion on the situation in the Middle East. It reaffirmed the positions expressed by the Ministers of Foreign Affairs in their Declaration of 21 November 1988 as well as the declaration of 30 November 1988.

LEBANON

The European Council reaffirmed the importance it attaches to the election of a President of the Lebanese Republic.

It supports the efforts which the Lebanese are currently undertaking in order to search for a consensus which constitutes the condition for the maintenance of the sovereignty, independence and territorial integrity of Lebanon.

The European Council considers it essential that the International Community continues to demonstrate an active interest in Lebanon and in the election of the President.

It expresses the view that the United Nations could in particular, if that would be useful, contribute to the satisfactory holding of the Presidential election.

CYPRUS

The European Council had a discussion of the Cyprus problem. It acknowledged the fact that the tragic division of the island remains unchanged and reaffirmed the previous declarations of the twelve, which support without any reservation the independence, sovereignty, territorial integrity and unity of Cyprus.

While expressing its satisfaction at the resuming of the intercommunal dialogue, the European Council expressed the wish that this dialogue should progress and lead rapidly to a solution of the problem, on the basis of the above principles and the relevant UN Resolutions.

DECLARATION OF THE EUROPEAN COUNCIL ON THE INTERNATIONAL ROLE OF THE EUROPEAN COMMUNITY

1. Reaffirming its commitment to achieve concrete progress towards European unity on the basis of the Single European Act:

- determined to strengthen and expand the role of the European Community and its member states on the international political and economic stage, in cooperation with all other states and appropriate organisations;

- and aware that the completion of the internal market in 1992, which is already inspiring a new dynamism in the Community's economic life, will equally affect the Community political and economic role in the world.

The European Council reaffirms that the single market will be of benefit to Community and non-Community countries alike by ensuring continuing economic growth. The internal market will not close in on itself. 1992 Europe will be a partner and not a "Fortress Europe". The internal market will be a decisive factor contributing to greater liberalisation in international trade on the basis of the GATT principles of reciprocal and mutually advantageous arrangements. The Community will continue to participate actively in the GATT Uruguay Round, committed as it is to strengthen the multilateral trading system. It will also continue to pursue, with the US, Japan and the other OECD partners, policies designed to promote sustainable non-inflationary growth in the world economy.

2. The Community and its member states will continue to work closely and cooperatively with the United States to maintain and deepen the solid and comprehensive transatlantic relationship. Closer political and economic

relations with Japan and the other industrialised countries will also be developed. In particular, the Community wishes to strengthen and to expand relations with EFTA countries and all other European nations which share the same ideals and objectives. Open and constructive dialogue and cooperation will be actively pursued with other countries or regional groups of the Middle East, and the Mediterranean, Africa, the Caribbean, the Pacific, Asia and Latin America, with special emphasis on interregional cooperation.

3. The European Council emphasises the need to improve social and economic conditions in less-developed countries and to promote structural adjustment, both through trade and aid. It also recognises the importance of a continuing policy to tackle the problems of the highly indebted countries on a case by case basis. It looks forward to the successful conclusion of the negotiations for the renewal of the convention between the European Community and its 66 African, Caribbean and Pacific partners during the coming year.

4. The European Community and its member states are determined to play an active role in the preservation of international peace and security and in the solution of regional conflicts, in conformity with the United Nations Charter. Europe can not but actively demonstrate its solidarity to the great and spreading movement for democracy and full support for the principles of the universal declaration on human rights. The Twelve will endeavour to strengthen the effectiveness of the United Nations and to actively contribute to its peace-keeping role.

5. Against the background of improved East-West relations, the European Council welcomes the readiness of the European members of the CMEA to develop relations with the European Community and reaffirms its willingness to further economic

relations and cooperation with them, taking into account each country's specific situation, in order to use the opportunities available in a mutually beneficial way.

The European Council reaffirms its determination to act with renewed hope to overcome the division of our Continent and to promote the Western values and principles which member states have in common.

To this effect, we will strive to achieve:

- Full respect for the provisions of the Helsinki Final Act and further progress in the CSCE process, including an early and successful conclusion of the Vienna follow-up meeting;

- The establishment of a secure and stable balance of conventional forces in Europe at a lower level, the strengthening of mutual confidence and military transparence and the conclusion of a global verifiable ban on chemical weapons;

- Promotion of human rights and fundamental freedoms, free circulation of people and ideas and the establishment of more open societies: promotion of human and cultural exchanges between East and West;

- The development of political dialogue with our Eastern neighbours.

6. The European Community and the Twelve are determined to make full use of the provisions of the Single European Act in order to strengthen solidarity among them, coordination on the political and economic aspects of security, and consistence between the external policies agreed in the framework of the European Political Cooperation. They will strive to reach swift adoption of common positions and implementation of joint action.

7. The European Council invites all countries to embark with the European Community as world partner on an historic effort to leave to the next generation a continent and a world more secure, more just and more free.

Rhodes, 2 December 1988
(OR. f)

DRAFT CONCLUSIONS OF THE EUROPEAN COUNCIL

The European Council examined the prospects for the future development of the European Community and its place in the world on the basis of the experience acquired to date in the implementation of the Single European Act. Particular attention was given to the progress made in establishing the single market and developing accompanying policies to strengthen economic and social cohesion, bearing in mind at the same time the beneficial changes which have taken place in the world and especially in East-West relations. The European Council noted with particular satisfaction that the decisions adopted with a view to making a success of the Single European Act, which are now being implemented, have already contributed to the creation of favourable conditions for the smooth, steady and dynamic development of the Community as it moves towards 1992.

On the eve of the European elections in 1989, the European Council expressed its pleasure at the constructive co-operation with the European Parliament, which was a positive factor in achieving the objectives of the Single Act.

I. **IMPLEMENTATION OF THE SINGLE ACT: STOCKTAKING**

Establishment of the large market

The European Council took note of the report submitted by the Commission under Article 8b of the Single Act. The European Council noted with satisfaction that at the half-way stage towards the deadline of December 1992 half of the legislative programme necessary for the establishment of the large market

Tiret 1 : This reference is Article 8 language, but incomplete. It drops the caveat about "in accordance with the provisions of the Treaty" which effectively excludes controls on non Article 8 EC citizens and on danger, terrorists etc. The simplest amendment would be not to insist on the complete text, but instead to go for a reference to it. The deadline point is OK.

Para 2. "where necessary" makes this OK.

OK.

4 Hanover Priorities reaffirmed

Transport is a gain for us : the rest is OK.

was already practically complete. This confirmed, if such confirmation were necessary, the irreversible nature of the movement towards a Europe without internal frontiers and bore witness to the will of the Community bodies to complete the task by the deadline set. The European Council notes that the process of completing the internal market has already created a new dynamism in the European economy by contributing to economic adjustment and an increase in growth rates.

The European Council would point out that the creation of the large market forms a whole and that maintenance of an overall approach is one of the conditions for success. It is therefore necessary to make progress in a balanced and co-ordinated fashion in all areas (free movement of goods, services and capital, free movement of persons) and to ensure that the appropriate harmonization or approximation is carried out where necessary.

The pace of work must be stepped up in future, because if account is taken of the time needed to transpose Community law into national legislation the Council in fact has only two years in which to meet the 1992 objective.

The European Council expects the Council rapidly to complete adoption of the texts completing the internal market in the priority areas identified by the European Council last June: public contracts, banking and financial services, the approximation of technical standards and intellectual property. At the same time, the European Council urgently appeals to the Council to step up its efforts in all areas where progress has not been so rapid. This applies particularly to transport and energy, animal and plant health controls and the free movement of persons. The European Council is aware that, in the latter area, the achievement of the Community's objectives, especially the area without internal frontiers,

Para 1 OK.
[The appointment of a co-ordinator is new]

Para 2. NB This is about indirect taxation.
[Hanover conclusions said "To the extent that harmonisation in the area of taxation is necessary... This text won't do because it assumes that some approximation IS]
The simplest amendment would be to delete the words "the approximation of" .... and "the".
The argument would be that we don't accept that artificial approximation in advance is necessary; market forces would do the trick post hoc (circle the Chancellor's Crete paper); this language pre-empts that debate, yet to be settled in ECOFIN; so "the measures necessary" should be "any measures necessary"

Social
Para 1. "economic and social cohesion" isn't fun.
But the increase in the Structural Funds is our answer to anyone who maintains that his points for a need for more: a 4 year programme of increases is already agreed.
The text could be greatly improved by bringing the English text into line with the French — ie deleting "similar" and making the last line refer to "the" strengthening ....

is linked to progress in intergovernmental co-operation to combat terrorism, international crime, drug trafficking and trafficking of all kinds. This co-operation will be stepped up in order to achieve rapid and concrete results which will enable the Community, for its part, to take the necessary measures to turn Europe into a tangible reality for its citizens. To this end each Member State will appoint a person responsible for the necessary co-ordination.

With regard to the approximation of taxation, the Council is aware of the difficulty of the subject in its various aspects and at the same time of its importance for the creation of the large market. It hopes that the contacts taken up with Governments at the initiative of the Commission will permit a convergence of views and it calls on the Council to speed up its work so that the tax measures necessary for the establishment and operation of the internal market can be adopted in accordance with the timetable set.

Social dimension

The European Council considers that progress in implementing the provisions of the Single European Act on the completion of the internal market must be accompanied by similar progress in implementing its provisions on social policy (Articles 118a and 118b) and by a strengthening of economic and social cohesion.

The Presidency drew the European Council's attention to the memorandum which it had circulated on this subject before the beginning of the Presidency.

Tiret 1 : OK

Tiret 2 : In substance undamaging: language gobbledegook.

Better would be:

" The extra growth arising from the Single Market, as the most effective means of combatting unemployment, should benefit all our citizens "

[NB Hanover said :-
" By removing obstacles to growth, the Single Market offers the best prospect for promoting employment and increasing the general prosperity of the Community to the advantage of all its citizens.]

Sound much

Tiret 3 : OK

Tiret 4 : Good

Tiret 5 : Over the top. A Minor amendment perhaps desirable

Tiret 6 : OK. Hanover did indeed commission RIS : no results yet to hand.

Completion of the Single Market cannot be regarded as an end in itself; it pursues a much wider objective, namely to ensure the maximum well-being of all, in line with the tradition of social progress which is part of Europe's history.

This tradition of social progress should be a guarantee that all socio-professional categories will have effective access to the direct benefits expected from the Single Market as a factor of economic growth, and the most efficient means of combating unemployment.

The European Council notes that a start has already been made on applying the Single European Act and the guidelines deriving therefrom.

The European Council welcomes the progress made with the framework Regulation on health and safety at the workplace and calls on the Council to complete the establishment of this important aspect of the Community's social action without delay.

The European Council would give a reminder of the increasing importance attaching to the systematic pursuit of a constructive dialogue between the two sides of industry at Community level, in accordance with Article 118b of the Treaty. This dialogue is the essential means of ensuring the active involvement of both sides of industry in completion of the large market.

The European Council meeting in Hanover asked the Commission to carry out a comparative study of Member States' legislation on working conditions. The European Council notes that that study, which should enable the common "acquis" in this area to be identified, is in progress.

Tiret 1. : Best deleted in full

The argument here should be that the European Council has not agreed a/ the need for a new "Social Charter"; The Commission may of course submit whatever it wants; but the debate cannot be prejudged now.

Tiret 2 : Good. This is our song.

Tiret 3. : No need to query this — and difficult to do so since we're ready to agree that Health and Safety Directive should go thro' in '89. The "necessary" qualification is useful.

Associated.

Tiret 1. : Broadly OK. "Monetary capacity" looks odd, but shouldn't be queried, because its a direct Single European Act quotation. ~~We doubt~~ But the text would be improved by bringing the English into line with the French — "conditions", not "preconditions".

Tiret 2 : OK

As regards implementation of social rights, the European Council awaits such proposals as the Commission might consider useful to submit and which it feels could take the form of a European social charter.

The European Council emphasizes that the Community's action should contribute towards enhancing available human resources and towards the preparation of change and future technical adjustments. Reform of training schemes, including vocational training, will be a determining factor in achieving these objectives.

The European Council requests the Council to examine the above proposals with a view to taking, in the course of 1989, the necessary decisions to guide Member States' action on social matters in relation with the single market.

Associated policies

The European Council recalls that a significant number of Community policies or projects are contributing, directly or indirectly, towards completion of the internal market or are linked to it in one way or another. It accordingly invites the Council to ensure that the necessary progress is made in the various sectors covered by the Single Act (structural policies, research and technology, monetary capacity) in order to ensure, in due course, all the [] preconditions enabling the Community to derive every possible benefit from the large market.

In connection with structural policies, the European Council notes with satisfaction that all the legislative texts on the reform of the various Funds

Tiret 2 : OK.

Tiret 3. : "Utmost" can be got rid of as a translation error : the French is "particulier" ("particular")

[Hanover language was : —

"They decided to entrust to a Committee the task of studying and proposing concrete stages leading towards this union". So the substance is not new.]

Environment. Perhaps worth adding

"The European Council welcomes the intention of the British Government to call a worldwide Conference on the ozone layer in London in March 1989."

[This is likely to be agreed : and particularly since the French want a similar reference to their Audio-visual Conference.]

(ERDF, SOCIAL FUND, EAGGF - GUIDANCE), will be adopted by the end of the year, so that they will be operational from 1989.

The European Council calls on the Commission to supplement its analysis of the macro-economic consequences of the internal market as regards its regional impact.

In regard to economic and monetary policy, the European Council is aware that this sector has both a direct and an indirect impact on the completion of the internal market. In this connection, it attaches the utmost importance to the work undertaken, at its request, by the DELORS Committee on the specific stages leading to economic and monetary union and to the conclusions to be drawn therefrom at the forthcoming European Council meeting in Madrid.

Environment

The European Council notes that efforts are actively being pursued at various levels and in different fora with a view to responding to ever-increasing concern over the threats to the environment. In this connection, the Council expresses satisfaction at the important decisions taken by the recent Environment Council.

The European Council considers that protection of the environment is a matter of vital significance to the Community and to the rest of the world, and urges the Community Institutions and the Member States to take every initiative and all essential steps, including at international level, reflecting the fundamental lines of the statement set out in **Annex I**. The European Council emphasizes the special importance of co-operation in this area with other European countries, i.e. both EFTA countries and East European countries.

Transport.

Should be deleted.

No need for extra EC money in addition to Structural Funds (and EIB)

Argument as in Brief.

Islands

Should be deleted.

Proposed remit vague ?. Argument as in Brief

Audio-Visual

Tier 1 broadly OK except for pooling effort. No harm in increasing / strengthening effort (where the [French might buy as an apparent toughening.])

Transport infrastructures

The European Council feels that the creation of major transport infrastructures is one method of speeding up the unification of the European economic area.

It has noted with interest the ideas put forward by the Commission on the subject. It requests the Council to consider with the Commission the preparation of an appropriate Community programme in this area. In the meantime it calls on the Council to adopt measures before the end of the year within the limit of the appropriations provided for that purpose in the budget.

Islands

The European Council recognizes the particular socio-economic problems of certain island regions in the Community. It ~~therefore requests the Commission to examine these problems and submit any proposals which it deems useful.~~

Audiovisual

The European Council pointed out that it is extremely important to pool efforts to develop Europe's audiovisual capacity, whether with regard to the free movement of programmes, the promotion of the European high-definition television system or to a policy of encouraging creativity, production and broadcasting so as to provide an opportunity of demonstrating the richness and diversity of European culture.

Tiret. 1 : Good.

Tiret 2 : The French will fight for some reference to their paper. It would be entirely harmless if the paragraph read :—

"The European Council noted ..... and endorsed ..."

~~The argument~~

[This too the French might buy as an apparent toughening — tho' it isn't.]

Tiret 3 : Best omitted. Vague and meaningless.

The European Council requests the Council to speed up work on the "television without frontiers" Directive. It notes with interest the progress made in negotiations on the Council of Europe Convention which will make it possible to strengthen links with the other European countries.

The European Council was favourably disposed to the communication from the French Government set out in Annex II, which provides for the convening next Spring of a meeting which will bring together all the parties concerned in the audiovisual sector in the Community, and also outside the Community, and, on the basis of the experience with Eureka, will seek to encourage the emergence of a strong European audiovisual market.

These measures form part of a more general framework of measures to strengthen the cultural identity of Europe, which might include measures in the sphere of the arts and languages. This line of action will be discussed at Community level, and in co-operation with the other countries in Europe.

II. INTERNATIONAL ROLE OF THE EUROPEAN COMMUNITY

The European Council adopted a statement on the international role of the European Community.

ANNEX I

DECLARATION ON THE ENVIRONMENT

1. Today's world is confronted by environmental problems of increasing magnitude. In the interests of sustained growth and a better quality of life, it is urgent to find solutions to such global issues as the depletion of the ozone layer, the rise in the temperature of the earth's atmosphere ("the greenhouse" effect), threats to the natural environment, the problem of water resources, soil erosion, safe management of toxic chemicals and waste, air pollution, particularly "acid rain", and problems of urban areas. Effective action will in many cases require better scientific research and understanding.

2. The goals of environmental protection laid down for the Community have recently been defined by the Single European Act. Some progress has been made in reducing pollution and in ensuring prudent management of natural resources. But these actions by themselves are not enough. Within the Community, it is essential to increase efforts to protect the environment directly and also to ensure that such protection becomes an integral component of other policies. Sustainable development must be one of the overriding objectives of all Community policies.

3. The expected achievement of the Single Market by 1992 and the accompanying economic growth offers both a challenge and an opportunity. Europe's industrial future and international competitiveness will depend in part on applying the high level of environmental protection foreseen in the Treaty. Special attention needs to be devoted to the seas and coastal regions of the Member States, which are of outstanding importance from the economic and ecological stand-point, particularly the Mediterranean region and the North Sea. The Community should redouble its efforts to protect these vital resources.

4. In the wider international context, the Community and the Member States are determined to play a leading role in the action needed to protect the world's environment and will continue to strive for an effective international response, particularly to such global problems as depletion of the ozone layer, the greenhouse effect and the ever-growing threats to the natural environment, thus contributing to a better quality of life for all the peoples of the world.

ANNEX II

AUDIOVISUAL EUREKA

EIGHT PROPOSALS FOR RHODES

for the promotion, experimentation and development of high-definition television

1. The European Standard and the European High-Definition Television System successfully demonstrated in Brighton on 23 September 1988 create a basis for the future of the European audiovisual industry. The Community should therefore work effectively and with determination to promote the said system among the other European States, notably those in Eastern Europe.

2. To this end, encouragement and support should be given to the Commission's initiative in creating a European Economic Interest Grouping (EEIG) whose task is, in particular, to devise the technical means whereby the European Standard can be demonstrated and promoted.

   A demonstration will be organized at the next European Council in Madrid, in June 1989, and at the Summit of the seven industrialized countries in July 1989.

3. Outstanding cultural or sporting events (for example the 1992 Olympic Games) will be filmed with equipment using the European-standard digital-component system. These too will provide an opportunity for demonstrating the high definition system.

TOWARDS A EUROPEAN AUDIOVISUAL AREA

4. To give practical shape to the European Audiovisual Eureka initiative, a conclave will be held next spring, bringing together interested States and professionals concerned (public and private-sector broadcasters and

producers, writers, directors, advertisers, etc.). This "European Audiovisual Conclave" will be intended primarily for the Community, its Member States and the Commission; but it will also be open to other European countries, including Eastern European ones, according to arrangements to be worked out and in the same spirit as presided over the launch of Technological Eureka in 1985.

France is prepared to organize and host this Conclave.

5. With this end in view, each interested State and the Commission will appoint a head for Audiovisual Eureka at the earliest opportunity. The tasks of these representatives will be to conduct all necessary consultations with persons working in this field and to affirm the ambition of Audiovisual Eureka, which is to encourage the emergence of a strong European audiovisual market and foster the development of common policies for the purchase and production of programmes among both public and private-sector TV channels.

6. It will be necessary to mobilize the appropriate resources in support of public and private initiatives. France stands ready to provide substantial specific financing.

7. Initiatives taken by the Commission (such as the Media Plan) should be pursued and encouraged. France would like them to be extended to include the production and exchange of documentaries, school and university television programmes, and news magazines.

8. Filming of a major European work will start in 1989.

N12 Conclusions Rhodes

European Political Cooperation

Restreint
Draft (Rev.)

EUROPEAN COUNCIL
(Rhodes, 2-3 December 1988)

CONCLUSIONS

CYPRUS

The European Council had a discussion of the Cyprus problem. It aknowledged the fact that the tragic division of the island remains unchanged and reaffirmed the previous declarations of the Twelve, which support without any reservation the independence, sovereignty, territorial integrity and unity of Cyprus.

While expressing its satisfaction at the resuming of the intercommunal dialogue, the European Council expressed the wish that this dialogue should progress and lead rapidly to a solution of the problem, on the basis of the above principles and the relevant U.N. resolutions.

SN 4440/1/88

European Political Cooperation

Restreint
Draft

EUROPEAN COUNCIL
(Rhodes, 2-3 December 1988)

CONCLUSIONS

EAST-WEST RELATIONS

Within the framework of East-West relations, the European Council had an in-depth discussion of the overall relations with the Soviet Union and the countries of eastern Europe based on various contributions concerning the political and economic fields. Ministers of Foreign Affairs have been entrusted with ensuring the necessary follow-up.

The European Council has approved a paragraph on East-West relations, to be included in the text of a declaration on the international role of the European Community and its Member States, which it has decided to make public at the end of its meeting in Rhodes.

SN 4441/88

European Political Cooperation

Restreint
Draft (Rev.)

EUROPEAN COUNCIL
(Rhodes, 2-3 December 1988)

CONCLUSIONS

LEBANON

The European Council reaffirmed the importance it attaches to the election of a President of the Lebanese Republic.

It supports the efforts which the Lebanese are currently undertaking in order to search for a consensus which constitutes the condition for the maintenance of the sovereignty, independence and territorial integrity of Lebanon.

The European Council considers it essential that the International Community continues to demonstrate an active interest in Lebanon and in the election of the President.

It expresses the view that the United Nations could in particular, if that would be useful, contribute to the satisfactory holding of the Presidential election.

SN 4442/1/88

European Political Cooperation

Restreint
Draft (Rev.)

EUROPEAN COUNCIL
(Rhodes, 2-3 December 1988)

CONCLUSIONS

MIDDLE EAST

The European Council had a thorough discussion on the situation in the Middle East. It reaffirmed the positions expressed by the Ministers of Foreign Affairs in their declaration of 21 November 1988.

Brd 2. 1.V 1 December

SN 4444/1/88

Transport and Islands

The European Council considers that the creation of major transport infrastructures is one method of speeding up the unification of the European economic area, and recognises the particular social-economic problems of certain island regions in the Community. The substantial increase in the structural funds agreed in February 1988 provides scope for these problems to be addressed.

As regards the extent to which harmonisation in the area of taxation is necessary to ensure the establishment and functioning of the Internal Market in conformity with Article 99 of the Treaty, the Council is aware of the difficulty of the subject in its various aspects. It hopes that the contacts taken up with governments at the initiative of the Commission will permit a convergence of views, and it calls on the Council to speed up its work.

SUBJECT MEETING RECORD

cc MASTER

cc PS IRELAND:
Meetings to the Taoiseach PT 19

SECRET

3(a-d)

FILE 9
DA
PE
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BT

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

3 December 1988

Dear Stephen,

PRIME MINISTER'S MEETING WITH THE TAOISEACH IN RHODES ON SATURDAY 3 DECEMBER

The Prime Minister had an hour's talk with the Taoiseach at the end of the European Council in Rhodes earlier today. The Taoiseach was accompanied by Mr. Nally.

The Prime Minister said that she was very sorry to see the Taoiseach so unwell. It must have been a great strain for him to come to Rhodes. She hoped he would look after himself. The Taoiseach congratulated the Prime Minister on her very successful visits to Poland and to Washington and on the tremendous world role which she was playing. She might not believe it, but she was very much admired in Ireland.

The Prime Minister said she might as well get straight to the point. Britain was on the receiving end of terrorism and felt very badly when other countries did not seem to be giving their full co-operation to us in tackling it. She particularly blamed the Belgian Government for overturning the results of due legal process in the Ryan case. This was ironic in view of all the help we had given them, with the extradition of those involved in the Heysel Stadium case. The Belgian Government's decision had landed the Republic with a problem, she recognised that. But once again their extradition procedures had been found wanting. We had made clear our dislike of the procedures when they had been introduced a year earlier, and our belief that they would not work satisfactorily. Nonetheless our Attorney General had tried hard to comply with them. In the present case, we had taken every possible step to act rapidly and in full compliance with the Irish Government's procedures. But even now, over a week later, no action had been taken to detain Ryan. She knew perfectly well that we could not expect a decision on extradition in that time. But it was the clear duty of the Irish Government either to issue a provisional warrant for Ryan's arrest or to back our warrants. Instead there had been a lot of niggling by Irish officials. Unfortunately we were all too used to this and it made us wonder whether there really was the resolve to co-operate.

SECRET

b

It was deeply disappointing that even when we were desperately in need of help to arrest a very dangerous man, he was allowed to remain at liberty. She sometimes felt that people in the Republic were quite incapable of seeing how such procrastination must look to people in Britain. The result was that we felt very let down and she had felt obliged to say so publicly.

The Taoiseach said that it was a great pity that every time he and the Prime Minister met they had to deal with some dispute like this. They never seemed to have time to talk about the situation in the North, about the Unionists or about the political prospects generally: it was always some outrage or crisis. He wished they could get away from this constant bickering. In his view, the Belgians were the villains of the piece. The Irish Government had fully expected Belgium to extradite Ryan to the United Kingdom and had received virtually no warning that he was to be dumped on them. They could not have issued a warrant in anticipation of his arrival. They were now going through their procedures. The Gardai knew where Ryan was and could pick him up whenever they wanted to, once the procedures were complete. But it seemed likely once again to be a complicated case, as all these extradition matters were. That was why he thought it would be much better to make use of the powers in the Criminal Jurisdiction Act to enable people like Ryan to be tried in the Republic. Of fifteen cases tried under that Act, fourteen had been brought to a successful conclusion. He would appeal to the Prime Minister to agree that in cases like this, Britain should supply the Irish prosecuting authorities with the evidence and they would try the case. It was no secret that Irish courts inflicted longer sentences for terrorist offences than did British courts. He had understood that the Northern Ireland Secretary was not unfavourable to this. He wished to emphasise that what he proposed was not a substitute for extradition, but simply a procedure that could be applied in some cases, particularly where extradition was likely to be difficult.

The Prime Minister said that she thought the procedure might be useful in some cases, but certainly not in all of them and probably not in Ryan's case. The real need was for an effective procedure to achieve what both governments wanted and that was the return of fugitives from justice to stand trial in the countries where their offences had been committed. She recalled the Taoiseach's letter to her of a year ago in which he had given a solemn assurance that, if experience showed the new arrangements to be less than satisfactory, the Irish authorities would bring forward proposals to deal with any problems which might arise. It seemed to her that the procedures <u>had</u> shown themselves unsatisfactory and she hoped they could be modified. The Taoiseach said that the Prime Minister was in effect saying that she wanted to cash his cheque. He would reflect and write to her about it. But he hoped she would also agree that more use should be made of the provisions for extra-territorial jurisdiction. The Prime Minister said that

there were difficulties: for instance over the attendance of witnesses, the provision of evidence, and limitations on the type of cases which could be handled in this way. Her main concern for now was to see Ryan detained and extradited.

The Taoiseach said that he hoped the Prime Minister would not underestimate the efforts which the Irish Government had made to help, for instance in handing back the Maze escapees. This had required a major military operation by their standards. There was another point: he and his Ministerial colleagues really did not know much about Ryan, except that he was some mad priest who was always travelling round Europe. The Prime Minister read out some of the material we had about Ryan's activities, which seemed genuinely to come as a surprise to the Taoiseach. He asked whether he could be allowed to have the material. The Prime Minister said she would have to see what we could properly release. She would write to the Taoiseach about it.

The conversation then moved on to a number of other issues. There was some talk about the proceedings of the European Council earlier in the day. The Prime Minister gave the Taoiseach an account of her visit to Northern Ireland a few weeks ago, saying that she drew encouragement from the warm reception she had received from Unionists. This suggested that their outright resistance to the Anglo-Irish Agreement was weakening. She referred to a number of measures which we were taking in Northern Ireland, in particular the Fair Employment Act. She also took the Taoiseach through our recent steps to strengthen the Government's powers to deal with terrorism. The Taoiseach opined that he had never understood why we allowed 50% remission to prisoners in Northern Ireland: in the Republic it was only 25%.

The Prime Minister said that she saw little early prospect of political progress in Northern Ireland. She had been disappointed by the performance of the SDLP who were showing very little enthusiasm for devolution.

The Taoiseach recalled that he owed the Prime Minister a letter on security co-operation. Now that he was feeling rather better, he would let her have a reply as soon as possible. Meanwhile the Irish authorities continued to turn up arms and explosives in the Republic.

The Prime Minister referred to the forthcoming review of the working of the Anglo-Irish Agreement. It would be necessary to consult the parties in Northern Ireland, including the Unionists who had not been consulted before signature of the Anglo-Irish Agreement itself. The Taoiseach said that he would fully support this. The Prime Minister continued that she thought the review was best discussed through the machinery of the Anglo-Irish Intergovernmental Conference. The Taoiseach appeared content with this.

It was agreed to issue an anodyne statement to the press. I enclose a copy.

It would be helpful to have early advice on the nature of the information about Ryan which we can let the Irish Government have.

I am copying this letter to Mike Maxwell (Northern Ireland Office), Philip Mawer (Home Office), Michael Saunders (Law Officers' Department) and to Trevor Woolley (Cabinet Office).

yours sincerely,

(C.D. POWELL)

Stephen Wall, Esq.,
Foreign and Commonwealth Office.

POSSIBLE ELEMENTS FOR A PRESS STATEMENT

- the regular meeting between the Taoiseach and the British Prime Minister took place at the end of the European Council.

- there was a frank exchange of views on a number of issues, including extradition, fair employment, security co-operation and the review of the Anglo-Irish Agreement.

FILE
DA

PRIME MINISTER

POINTS TO MAKE TO MR. HAUGHEY

1. Commiserate over his ill health.

2. Go through the reasons why we are dissatisfied with the Irish Government's performance over Ryan:

- in view of the gravity of the charges against Ryan, it was quite wrong to have ignored our request that he be held on his arrival in the Republic. It is a perfectly normal procedure to issue a provisional warrant;

- we worked very fast to get the Irish authorities all the information and documents necessary for the warrants to be backed. They were there by Saturday morning. No insufficiency in the material was brought to our attention;

- we cannot understand why it has taken so long to reach a decision;

- still hope very much that the Irish Government will back the warrant;

- this is only one of a series of incidents which underline that extradition is not working well;

- you committed yourself to changing the law if it proved unsatisfactory. Surely that is clearly demonstrated - e.g. length of time a provisional warrant is valid (3 days) is obviously inadequate, if Irish Attorney's decision cannot be made within the deadline;

- in some cases we can envisage extra-territorial jurisdiction. But it is not a substitute for extradition.

3. On other matters, you welcome the Taoiseach's reply to your message on security co-operation (particularly training in surveillance). But there are still points to be settled e.g. contacts between the army and the Gardai in an emergency.

4. You will also want to underline the measures we have taken on fair employment.

5. The Review of the working of the Anglo-Irish Agreement should proceed between Ministers.

6. Agree a line for the press. Possible elements are:

- a frank exchange on a number of issues;

- agreement that effective extradition measures are essential;

- welcome for Fair Employment measures;

- importance of continuing to work at security co-operation.

(C.D. POWELL)

3 December 1988

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THE EUROPEAN COUNCIL MEETING IN RHODES: 2/3 DECEMBER

1. THIS WAS AN UNMEMORABLE MEETING OF THE EUROPEAN COUNCIL AND AN UNDRAMATIC ONE. THE PRESS WERE COMPELLED TO RELY FOR THEIR STIMULANTS ON NOISES OFF RATHER THAN NOISES ON.
2. PAPANDREOU JUST ABOUT MANAGED BECAUSE THERE WAS VERY LITTLE TO MANAGE. THOSE HEADS OF GOVERNMENT WHO LEAST LIKE THE HARD GRIND OF COMMUNITY DECISION MAKING TOOK THE OPPORTUNITY OF ITS ABSENCE ON THIS OCCASION TO COMMENT DISCURSIVELY BUT NOT PARTICULARLY TO THE POINT ON THE FUTURE DEVELOPMENT OF THE COMMUNITY. DELORS WAS A VOICE OF MODERATION THROUGHOUT, WORKING TO KEEP THINGS ON AN EVEN KEEL.THE COMMISSION AND THE COUNCIL SECRETARIAT SAW OFF A LAST DESPAIRING ATTEMPT BY THE GREEK PRESIDENCY AT THE END OF THE FIRST DAY TO SMUGGLE INTO THE DRAFT PRESIDENCY CONCLUSIONS SOME OF THEIR MORE AMBITIOUS SOCIAL AND FINANCIAL OBJECTIVES.
3. THE TRUDGE THROUGH THESE DRAFT CONCLUSIONS ON THE SECOND MORNING WAS AS LABORIOUS AS USUAL BUT YIELDED SOME SATISFACTORY RESULTS SO FAR AS WE ARE CONCERNED. THE MAIN PLUSES ARE:

(I) THE DECLARATION OF THE INTERNATIONAL ROLE OF THE COMMUNITY. THIS IS MAINLY A MONUMENT TO MOTHERHOOD. BUT IT CONTAINS USEFUL LANGUAGE ON THE EXTERNAL ASPECTS OF THE SINGLE MARKET, TYING THE ISSUE OF RECIPROCITY FIRMLY INTO THE PRINICPLES SET OUT IN THE PREAMBLE TO THE GATT.

(II) THE HANOVER EUROPEAN COUNCIL PRIORITIES FOR THE SINGLE MARKET ARE FIRMLY MAINTAINED: AND SOME OF THE NEW ONES IDENTIFIED, IN PARTICULAR TRANSPORT AND ANIMAL AND PLANT HEALTH LEGISLATION, ARE AREAS WHERE WE ARE LOOKING FOR EARLY PROGRESS.

(III) ON FREE MOVEMENT OF PERSONS, THE FIRM ACCEPTANCE OF THE LINK BETWEEN PROGRESS IN THE COMMUNITY AND PROGRESS ON INTER-GOVERNMENTAL COOPERATION AGAINST DRUGS, TERRORISM ETC IS WELCOME. AS IS THE NEW ENCOURAGEMENT GIVEN TO THE LATTER. THE DECISION

TO NOMINATE NATIONAL COORDINATORS (AND NO DOUBT A COMMISSION ONE TOO) COULD PROVE TO BE A VALUABLE WAY TO INJECT A GREATER NOTE OF REALISM INTO FUTURE WORK.

(IV) THE SECTION OF THE CONCLUSIONS ON THE SOCIAL DIMENSION IS, AS USUAL, AS TIRESOMELY LONG ON RHETORIC AS IT IS SATISFACTORILY SHORT ON SUBSTANTIVE CONTENT. THE DUTCH SUCCESS IN SMUGGLING IN THE COUNCIL OF EUROPE'S EXISTING EUROPEAN SOCIAL CHARTER AS THE MODEL FOR FUTURE WORK IS VERY SATISFACTORY, EVEN THOUGH IT MAY NOT IN THE END MAKE A LOT OF DIFFERENCE TO WHAT THE COMMISSION PROPOSES.

(V) THE ENVIRONMENT DECLARATION FROM THE NOVEMBER ENVIRONMENT COUNCIL WENT THROUGH ON THE NOD. THAT IN ITSELF MARKS THE SHIFT THAT HAS TAKEN PLACE IN THE UK'S POSITION IN THE COMMUNITY ON ENVIRONMENTAL MATTERS, NO LONGER THE PERMANENT OCCUPANT OF THE DOG-HOUSE.

(VI) THE GREEK TRY-ON TO GET MORE MONEY FOR THEIR ISLANDS HAS BEEN SATISFACTORILY PUT BACK INTO THE STRUCTURAL FUNDS BOX.

(VII) ON AUDIO-VISUAL THE FRENCH FAILED TO BOUNCE THE COUNCIL INTO PREMATURE APPROVAL OF THEIR AMBITIOUS, BUT AS YET SINGULARLY ILL-DEFINED, IDEAS FOR A EUREKA-STYLE SCHEME. ALL REMAINS TO PLAY FOR. BUT WE NOW HAVE AN EXTREMELY USEFUL SENTENCE ON THE COMMUNITY'S DRAFT BROADCASTING DIRECTIVE WHICH HAS BEEN FIRMLY SUBORDINATED, BOTH IN TIMING AND IN SUBSTANCE, TO THE COUNCIL OF EUROPE CONVENTION.

(VIII) SOME OBJECTIONABLE MELINA MERCOURI LANGUAGE ON CULTURE WAS ALSO SEEN OFF.

(IX) WE PLAYED ANOTHER GOALLESS DRAW ON TAX HARMONISATION.
4. THERE WAS ONE MODEST MINUS, ON TRANSPORT INFRASTRUCTURE. WE SHALL NEED TO WORK HARD TO CIRCUMSCRIBE THAT, BUT THE TEXT SHOULD HELP US TO DO SO.

THOMAS

YYYY

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MR KERR

NNNN

D R A F T

The usual meeting between the British Prime Minister and the Taoiseach took place at the end of the European Council in Rhodes on Saturday, 3 November.

There was a full and frank exchange of views on both sides.

3 December 1988

E. P.

POSSIBLE ELEMENTS FOR A PRESS STATEMENT

- the regular meeting between the Taoiseach and the British Prime Minister took place at the end of the European Council.

- there was a frank exchange of views on a number of issues.

- both sides agreed that effective extradition arrangements were essential.

- they welcomed the introduction of a Fair Employment Bill for Northern Ireland.

- they stressed the importance of continuing to work at security co-operation and the need for political development in relation to Northern Ireland as envisaged in the Anglo-Irish Agreement.

- they welcomed the intention to have a thorough-going review of the working of the Anglo-Irish Agreement.

Pl. file
a

DRAFT OPENING STATEMENT - PRESS CONFERENCE

THIS EUROPEAN COUNCIL IN RHODES HAS BEEN ABLE TO REVERT MORE TO THE TYPE OF COUNCIL ORIGINALLY ENVISAGED - NAMELY, A STOCK-TAKING BY HEADS OF STATE AND GOVERNMENT OF THE DEVELOPMENT OF THE COMMUNITY AND WORLD ISSUES. ~~IT IS NONE THE WORSE FOR THIS - AND FOR NOT HAVING TO TAKE ANY SPECIFIC DECISIONS.~~

FIRST I WOULD LIKE TO THANK MR. PAPANDREOU FOR HIS CHAIRMANSHIP AND HOSPITALITY AND SAY HOW PLEASED WE ARE TO SEE HIS HEALTH IMPROVING.

SECOND, I THINK WE HAVE PUT IN SOME USEFUL WORK AND A NUMBER OF POSITIVE POINTS HAVE EMERGED:

1. AT THE HALF-WAY STAGE TOWARDS 1992 WE SHALL BY THE END OF THIS YEAR HAVE CONCLUDED VIRTUALLY HALF THE LEGISLATIVE PROGRAMME NEEDED TO COMPLETE THE SINGLE INTERNAL MARKET. THAT IS SOME CAUSE FOR SATISFACTION BUT THERE IS A LOT STILL TO DO AND WE NEED TO ~~CROWD ON FULL SAIL~~ go full-steam ahead. I AM PLEASED THAT WE HAVE REAFFIRMED OUR PRIORITIES FOR FURTHER WORK IN LINE WITH DECISIONS AT HANOVER.

2. THIS WORK IS GOING AHEAD IN THE MIDST OF WHAT M. DELORS DESCRIBED LAST NIGHT AS ~~AN~~ short INVESTMENT-LED ~~BOOM. A BOOM~~, growth, ~~I MAY SAY, RESULTING FROM THE KIND OF FINANCIAL AND ECONOMIC POLICIES WE IN THE UK HAVE LONG ADVOCATED AND PURSUED.~~

throughout the Community

Growth

3. THERE ARE ALSO CLEAR SIGNS THAT WE ARE GETTING AGRICULTURAL SPENDING AND PRODUCTION UNDER CONTROL AND EC FINANCES IN A HEALTHIER STATE.

4. THE COMMUNITY HAS EXPLICITLY SET ITS FACE ~~IN TODAY'S IMPORTANT DECLARATION ON ITS INTERNATIONAL ROLE~~ AGAINST THE CONCEPT OF "FORTRESS EUROPE" AND FOR STRENGTHENING THE MULTILATERAL TRADING SYSTEM THROUGH GATT. That is a good message for Montreal

5. WE HAVE ISSUED A VALUABLE STATEMENT ON THE NEED FOR MEMBER STATES TO TAKE THE LEAD IN PROTECTING THE WORLD'S ENVIRONMENT, FOR, AS YOU KNOW, IT IS A PARTICULAR CONCERN OF MINE. I AM PLEASED THAT THE COMMUNITY HAS SPECIFICALLY RECOGNISED THE PROBLEMS OF THE OZONE LAYER AND THE GREENHOUSE EFFECT. AS YOU KNOW, THE UK GOVERNMENT IS CONVENING AN INTERNATIONAL CONFERENCE IN LONDON IN MARCH ON THE DEPLETION OF THE OZONE LAYER.

Reverting ~~GOING BACK~~ TO THE SINGLE INTERNAL MARKET, I WOULD LIKE TO MENTION THREE ADDITIONAL POINTS FROM WHICH I DRAW SOME ENCOURAGEMENT:

1. I THINK THERE IS A GROWING RECOGNITION OF THE DIFFICULTIES CONTAINED IN THE TAX ~~APPROXIMATION~~ PROPOSALS OF THE COMMISSION. I DO NOT REGARD ~~HARMONISATION OF TAXES~~ Community decision on tax rates AS NECESSARY TO COMPLETE THE INTERNAL MARKET.

2. IT HAS AGAIN BEEN RECOGNISED, AS AT HANOVER, THAT THE EXTRA GROWTH RESULTING FROM THE SINGLE MARKET IS THE BEST

WAY TO DEAL WITH UNEMPLOYMENT AND TO ADVANCE THE LIVING STANDARDS OF ALL THE PEOPLE. SIMILARLY, THE CRUCIAL IMPORTANCE OF TRAINING IN HELPING TO SECURE GREATER BENEFIT FROM GROWTH IS ALSO RECOGNISED.

3. THE COMMUNIQUE ACKNOWLEDGES THAT THE QUESTION OF OPEN FRONTIERS WITHIN THE COMMUNITY IS LINKED TO COMBATTING CRIME, DRUG TRAFFICKING AND TERRORISM.

MENTION OF TERRORISM LEADS ME FINALLY TO HAVE SADLY TO RECALL MY MEETINGS WITH MR. MARTENS YESTERDAY AND MR. HAUGHEY A SHORT TIME AGO ON THE RYAN AFFAIR. I HAVE TAKEN BOTH MY COLLEAGUES THROUGH THE FACTS OF THE CASE AND LET THEM KNOW THE UTTER DISMAY NOT MERELY OF THE BRITISH GOVERNMENT BUT OF THE BRITISH PEOPLE AT ~~THE TURN OF EVENTS~~ being so badly let down. I CAN ONLY REITERATE THAT IT IS NOT ENOUGH TO SIGN RINGING DECLARATIONS AGAINST TERRORISM. WHAT MATTERS IS ~~DECISIVE ACTION AGAINST TERRORISTS. I HOPE THAT RYAN WILL BE EXTRADITED TO STAND FAIR TRIAL ON THE SERIOUS CHARGES WHICH HAVE BEEN MADE AGAINST HIM.~~ effective action to bring before the Courts those charged with terrorist offences.

Please

Europe

Copies

DRAFT OPENING STATEMENT - PRESS CONFERENCE

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PRIME MINISTER

YOUR PRESS CONFERENCE

We have arranged for you to give a Press Conference after your meeting with Mr. Haughey. It will be held at the Press Centre, a short drive away from the Castle.

The accommodation is extremely cramped and to accommodate all those who will wish to attend we may have to remove the chairs and force the media to stand. It will be rather hot.

Afterwards it will be necessary to give your usual short news interviews to BBC Radio and TV, ITN, IRN and TV AM in the same room. I will clear it as quickly as possible.

The main interest in your press conference will be your meeting with Haughey, and the Ryan affair, rather than the Council itself since you will be giving the media your first news of your Haughey meeting. Nevertheless you should give some brief report on the Council and the attached speaking note seeks to do that.

I think the important thing about this press conference is how to play the Haughey meeting. The media will be looking for differences in your treatment of him and Martens, especially as they think the Irish are a somewhat different case since Ryan was dumped on them.

They will almost certainly explore with you the effect of this case upon Anglo-Belgian and Anglo-Irish relations and also on the Anglo-Irish Agreement.

Judging from the other questions which have come my way, the points they are most likely to pursue are:

- VAT and tax on savings;

- Social market (beware using the terms social Europe, social space; if you do the media will think you are going soft on the idea);

- frontier controls;

- Middle East (especially after last night's dinner);

- Mrs. Liani (there has been considerable speculation about your attitude to her and even the Greeks report that you have tried to get your colleagues to ostracize her. I am afraid it has been that kind of Council. I have told the media that Mrs. Liani is not a matter for us - or them.

I will preside at the Press Conference and conclude it pretty smartly in view of the bad working conditions.

(B. INGHAM)

3 December 1988

SUBJECT
CC MASTER
ORS

filed on EURO ~~COUNCIL~~ POL:
European Council Rhodes PT30

FILE
DA

C/O

10 DOWNING STREET

LONDON SW1A 2AA

THE PRIME MINISTER

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T183/88

3 December 1988

Dear Prime Minister,

I very much admired your tremendous resolve in chairing the Rhodes European Council, even though you are still recovering from your operation. It was a remarkable personal effort, which earned you the respect of all your colleagues. I think the meeting succeeded in carrying forward our work in several important areas and I am most grateful for your own great contribution to that, as well as your Ministerial colleagues who have chaired the various Councils during the Greek Presidency.

May I also thank you for your very kind hospitality in Rhodes and for the excellent arrangements made for us. The transformation of the castle was truly remarkable - and thank you also for the very fine model ship. I should be grateful if you would pass on my thanks to all those responsible for the arrangements.

I hope you will now take some rest and look after yourself.

With every good wish,

Warm regards

Yours sincerely

Margaret Thatcher

His Excellency Mr. Andreas Papandreou

CONFIDENTIAL
FM FCO
TO DESKBY 050630Z ATHENS
TELNO 421
OF 041130Z DECEMBER 88

EUROPEAN COUNCIL: RHODES
1. PLEASE PASS THE FOLLOWING MESSAGE OF THANKS FROM THE PRIME MINISTER TO PAPANDREOU.
BEGINS
DEAR PRIME MINISTER
I VERY MUCH ADMIRED YOUR TREMENDOUS RESOLVE IN CHAIRING THE RHODES EUROPEAN COUNCIL, EVEN THOUGH YOU ARE STILL RECOVERING FROM YOUR OPERATION. IT WAS A REMARKABLE PERSONAL EFFORT, WHICH EARNED YOU THE RESPECT OF ALL YOUR COLLEAGUES. I THINK THE MEETING SUCCEEDED IN CARRYING FORWARD OUR WORK IN SEVERAL IMPORTANT AREAS AND I AM MOST GRATEFUL FOR YOUR OWN GREAT CONTRIBUTION TO THAT, AS WELL AS YOUR MINISTERIAL COLLEAGUES WHO HAVE CHAIRED THE VARIOUS COUNCILS DURING THE GREEK PRESIDENCY.
MAY I ALSO THANK YOU FOR YOUR VERY KIND HOSPITALITY IN RHODES AND FOR THE EXCELLENT ARRANGEMENTS MADE FOR US. THE TRANSFORMATION OF THE CASTLE WAS TRULY REMARKABLE - AND THANK YOU ALSO FOR THE VERY FINE MODEL SHIP. I SHOULD BE GRATEFUL IF YOU WOULD PASS ON MY THANKS TO ALL THOSE RESPONSIBLE FOR THE ARRANGEMENTS.
I HOPE YOU WILL NOW TAKE SOME REST AND LOOK AFTER YOURSELF.
WITH EVERY GOOD WISH,
WARM REGARDS
YOURS SINCERELY
MARGARET THATCHER
ENDS.
2. SIGNED ORIGINAL FOLLOWS BY BAG.

HOWE

YYYY

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PS/SIR J FRETWELL
MR KERR
MR RATFORD

NNNN

FILE
DA

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

3 December 1988

Dear Resident Clerk,

EUROPEAN COUNCIL: RHODES

I enclose the Prime Minister's thank you letter to Mr. Papandreou. I should be grateful if the text could be telegraphed to Athens for delivery.

Yours sincerely,

(C.D. POWELL)

Resident Clerk,
Foreign and Commonwealth Office.

SUBJECT MEETING RECORD
cc MASTER

FILE
DA

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

3 December 1988

Dear John,

EUROPEAN COUNCIL RHODES: HEADS OF GOVERNMENT DINNER

You may find it useful to have a very brief note of what happened at the Heads of Government dinner.

Before dinner, Delors talked about the world economy and distributed some charts. The Prime Minister could not remember anything of significance being said and did not think much of the charts.

Virtually the whole discussion over dinner was devoted to the Middle East. There was a concerted effort by President Mitterrand, supported in varying degrees by Papandreou, De Mita and Gonzalez to secure agreement that the Council should issue a further statement on the Palestinians. This might welcome the creation of an independent Palestinian state; accept the PLO as the sole legitimate representative of the Palestinian people; and criticise the United States for refusing to admit Arafat to address the UN General Assembly.

This was strongly resisted by the Prime Minister with support from Schluter and, to a lesser extent, Lubbers and Kohl. The Prime Minister pointed to the many unsatisfactory aspects of the communique issued following the PNC meeting in Algiers, which had to be set against the modest step forward which it represented. She also pointed out that there would be no progress towards convening an international conference on the Middle East without engaging the United States. It was therefore pointless to issue statements criticising and hitting out at them.

The upshot was that no new statement was agreed. Instead the conclusions of the Council would simply refer to the statement issued earlier by Foreign Ministers.

There was also a brief discussion on Cyprus, with Papandreou urging others to put pressure on the Turkish Government to get Denktash to make concessions.

I am copying this letter to Lyn Parker (Foreign and Commonwealth Office).

Yours sincerely,

(C.D. POWELL)

John de Fonblanque, Esq.,
Foreign and Commonwealth Office.

1. THE EUROPEAN ECONOMY

I. THE EUROPEAN ECONOMY

(a) strong growth

- internally generated
- with solid foundations

(b) high productivity growth

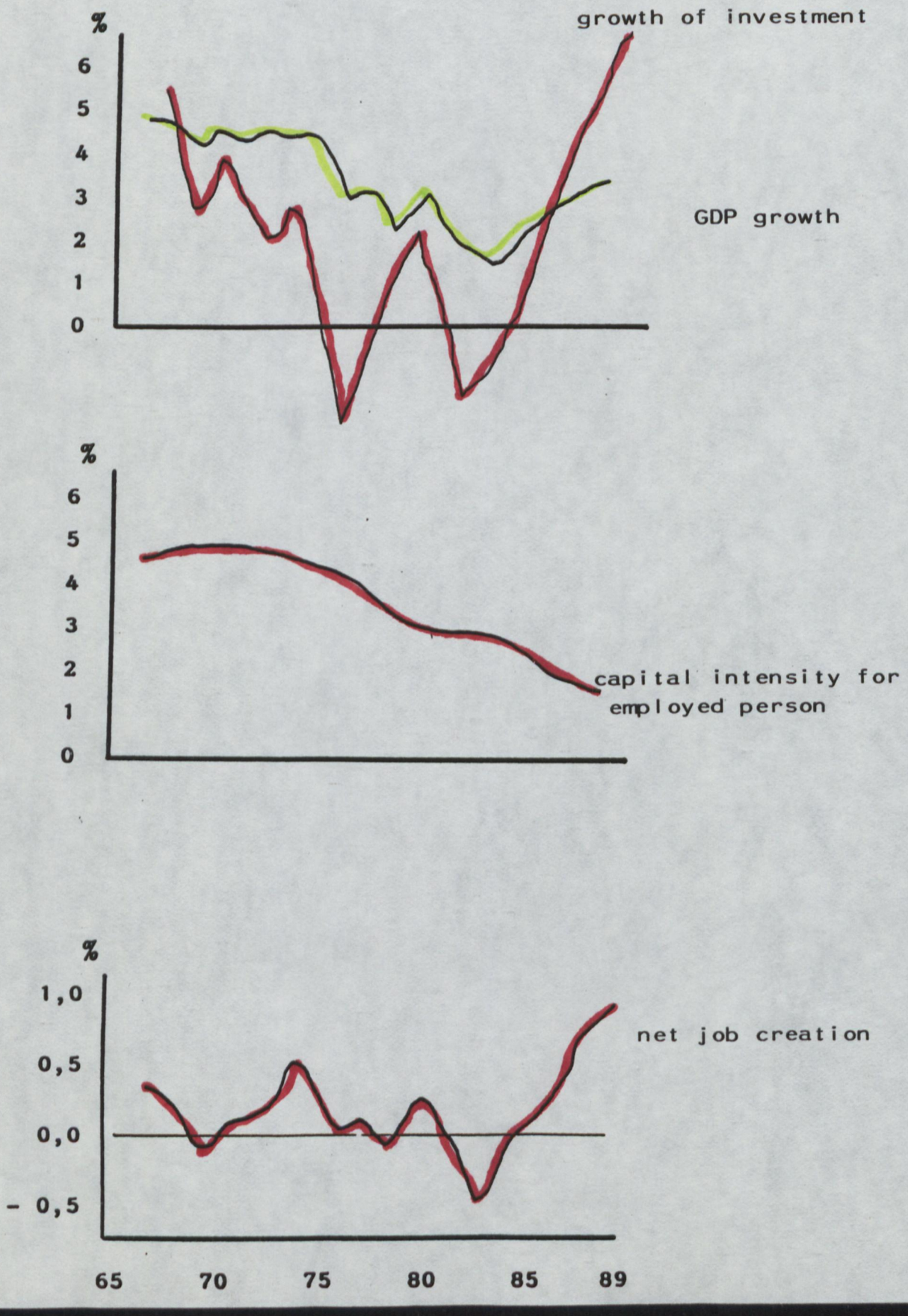
- in particular of capital.

Therefore,

- it is cheaper now to create new jobs.

(c) strong job creation

- 1.5 million new jobs in 1988, the highest since 1960's
- unemployment declining slowly because of growing participation rates


%
6
5
4
3
2
1
0
growth of investment
GDP growth
%
6
5
4
3
2
1
0
capital intensity for employed person
%
1,0
0,5
0,0
- 0,5
net job creation
65
70
75
80
85
89

II. THE WORLD ECONOMY

- CAPACITY UTILISATION
- INFLATION
- WAGES

II. THE WORLD ECONOMY

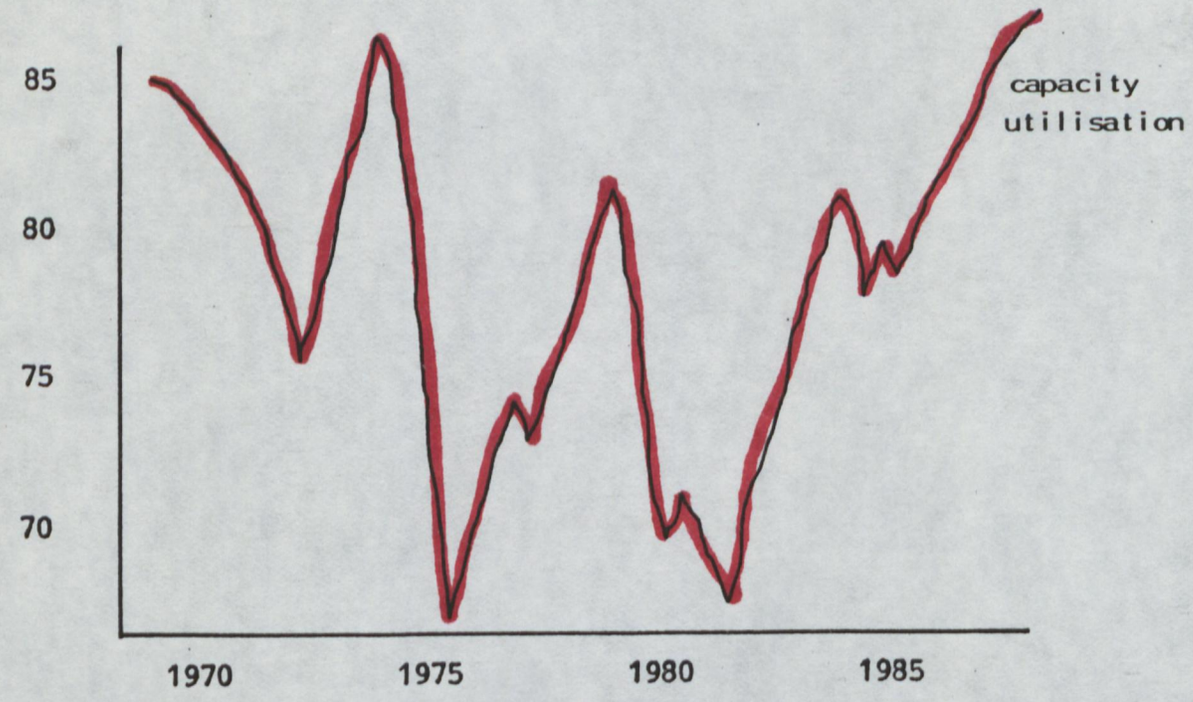
In major industrial countries :

(a) despite high and increasing capacity utilisation

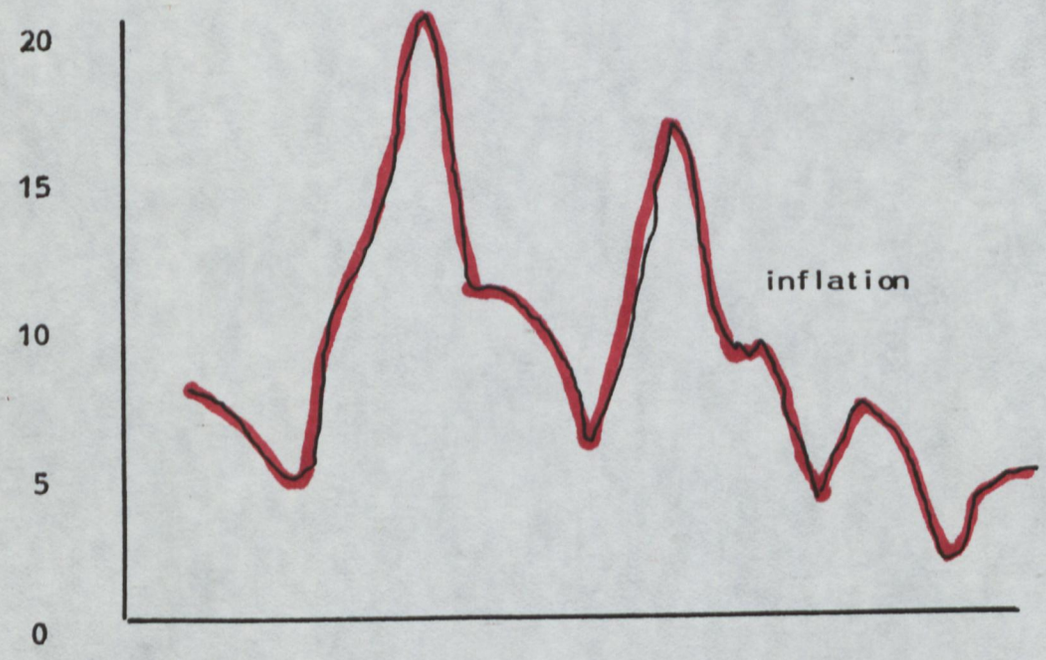
(b) underlying inflation remains generally low,

(c) with generally moderate increase of real wages

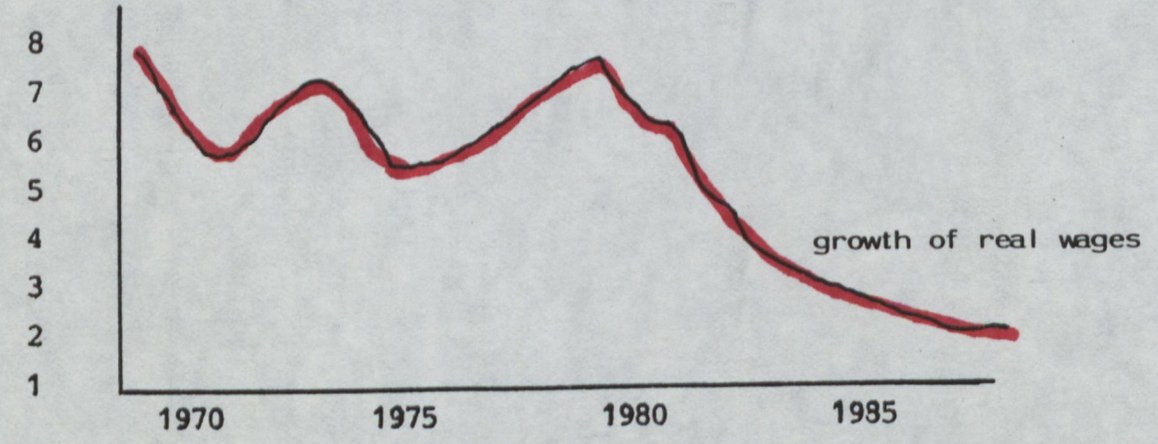
(a)


85
80
75
70
capacity
utilisation
1970
1975
1980
1985

(b)


20
15
10
5
0
inflation

(c)


8
7
6
5
4
3
2
1
growth of real wages
1970
1975
1980
1985

III. THE U.S. ECONOMY

III. THE U.S. ECONOMY

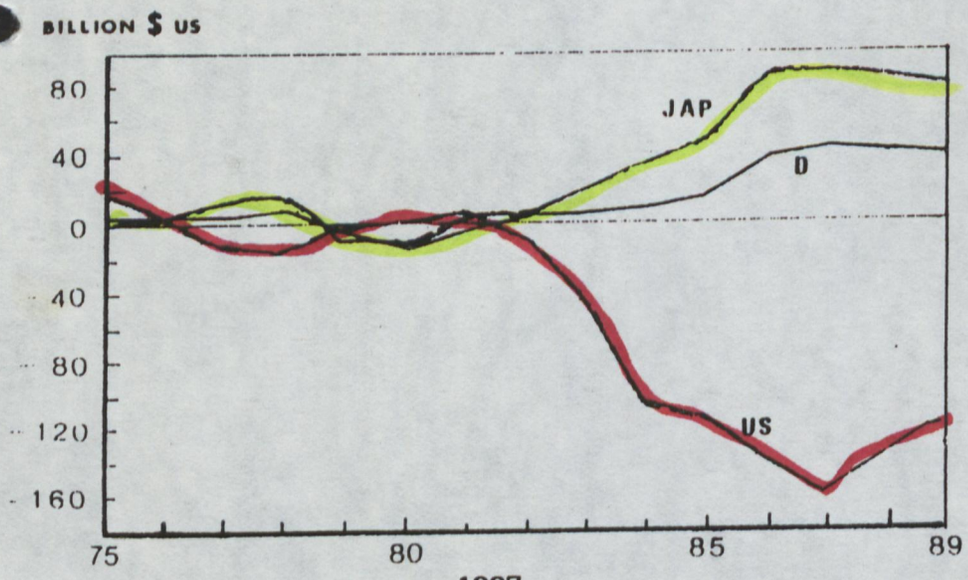
(a) The reduction of the external deficit is progressing

(b) The U.S. - needs to reduce domestic demand
(the budget deficit)

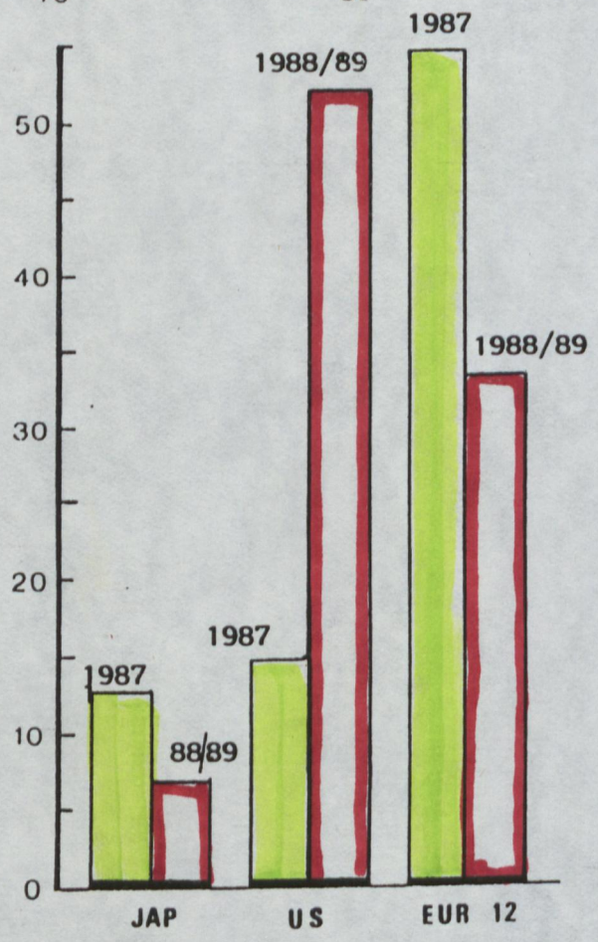
- will acquire market shares

(c) Higher interest rates could cause serious problems
because of
- large domestic indebtedness
- the fragile position of savings banks
- the LDC indebtedness

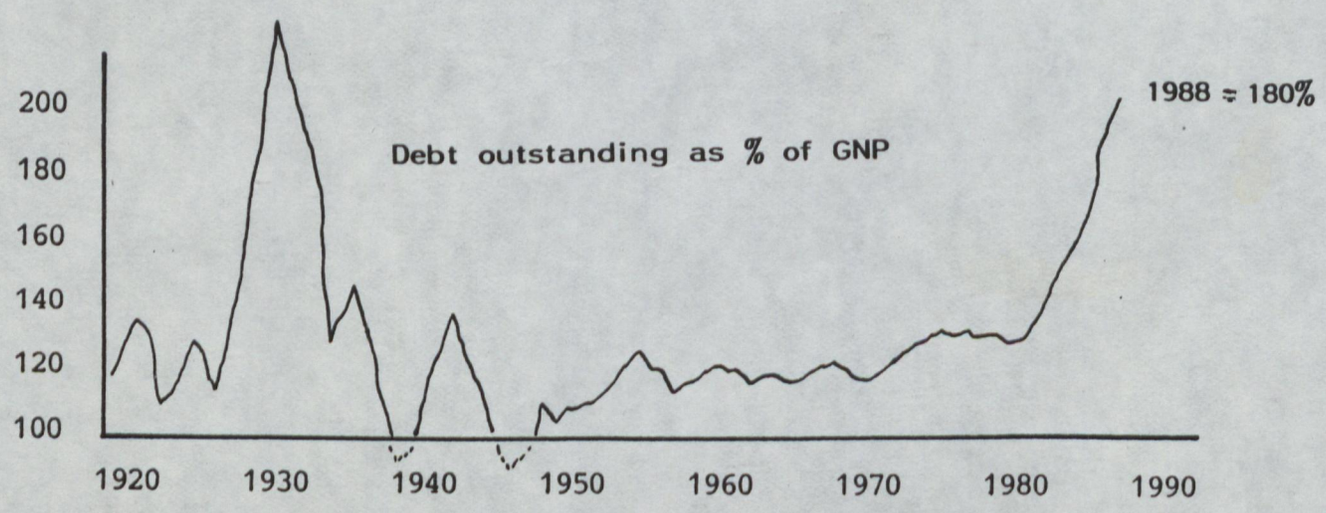
(a)



Current account Balances



Evolution of export shares



SUBJECT MEETING RECORD
cc MASTER

CONFIDENTIAL

FILE
DA
PE

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

2 December 1988

Dear Stephen,

PRIME MINISTER'S MEETING WITH THE PRIME MINISTER OF THE NETHERLANDS AT THE RODOS PALACE HOTEL IN RHODES ON 2 DECEMBER

The Prime Minister had a talk with Mr. Lubbers this morning before the start of the European Council. Mr. Van den Broek and the Foreign Secretary were also present. The discussion was concerned almost entirely with the proceedings of the European Council.

The Prime Minister said that she was expecting a gentle meeting. The Council should take note of the Commission's report on the internal market and confirm the priorities agreed at Hanover. She would speak up if necessary against tax harmonisation. She was also opposed to worker participation. But there was little point in an argument about this now: there were plenty of other things to get on with. The Prime Minister stressed the importance of retaining some border controls, particularly as a deterrent to terrorists and drug smugglers. We also had to keep immigration controls against people from outside the Community, although we were prepared to introduce a single channel through immigration for all Community citizens. There should be no discussion of monetary matters at this Council: they would be on the agenda in Madrid the following June. It would be important to reaffirm the Community's commitment to keep open its markets. The draft declaration on the environment was acceptable. We should make use of existing international institutions to deal with environmental issues rather than create new ones. There was no need to re-open discussion of the Middle East. The statement agreed by the Foreign Ministers recently was perfectly adequate. During her visit to Washington she had urged PresidentElect Bush to bring the Middle East up the agenda. The recent United Nations resolution on Arafat had not helped with the Americans, who were vital to making progress.

Mr. Lubbers agreed that there would be no particular problems at the Council. He attached the greatest importance to making a success of the GATT Mid-Term Ministerial meeting in Montreal. The Community would have to be more flexible on agriculture and the Americans must move also. The Prime

Minister interjected that President-Elect Bush had assured her that they would. Mr. Lubbers continued that the draft declaration on the environment was quite a good one. On borders the Dutch had a problem. Ultimately they were ready for free movement. But for that, there must be a better system of internal controls, based on identity cards. However there was a lot of psychological resistance to them in the Netherlands. It was unlikely that the Schengen Group would be able to meet its 1990 target. The Dutch would not lift controls at Schipol at any price. The Prime Minister commented that it was never wise to let something go until you had something better to put in its place.

Mr. Lubbers said that good progress had been made in discussing a convention on broadcasting standards in the Council of Europe. He saw no need for a separate Community regulation: the Community should simply adopt the substance of the Council of Europe's agreement. He could accept President Mitterrand's initiative on audio visual.

Mr. Lubbers continued that his Finance Minister had warned him that Delors might bring up the question of harmonising withholding-tax on capital. The Prime Minister said that there was no question of this: it would only lead to capital leaving Europe. The Community must not make extra regulations the condition of greater freedom.

Mr. Lubbers said that he would like to tell the Prime Minister how he saw the social dimension discussion in the Community. At the basic level, there could be agreement on minimum health and safety conditions. Those already embodied in the Council of Europe's Social Charter were perfectly adequate. Then there were the more difficult questions such as worker participation. Discussion of these lay in the future. Most difficult of all was the concept of harmonising social security benefits, which some would argue should involve financing them at the European level. He saw no prospect of this being agreed. He would like to see the issues treated gradually, starting with agreement on standards. He also believed that these matters should be treated separately from the internal market. The Prime Minister agreed with much of Mr. Lubbers' analysis. The social dimension should not be treated as yet another area for transfer of resources. There was already enough of that in the structural funds.

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

Yours sincerely,

(C.D. POWELL)

J.S. Wall, Esq.,
Foreign and Commonwealth Office.

SUBJECT MEETING RHODES CONFIDENTIAL
cc MASTER

FILE
DA
PC

10 DOWNING STREET

LONDON SW1A 2AA 2 December 1988

From the Private Secretary

Dear Stephen,

PRIME MINISTER'S MEETING WITH THE PRIME MINISTER OF BELGIUM AT THE RODOS PALACE HOTEL IN RHODES ON 2 DECEMBER

The Prime Minister met Mr. Martens for some 45 minutes this morning before the beginning of the European Council. The only subject of discussion was the Ryan case.

The Prime Minister said that we had been utterly dismayed at the Belgian Government's decision not to extradite Ryan. She then took Mr. Martens through our points (subsequently given to the press):

- Ryan was charged with serious terrorist offences.

- He was arrested at Belgian instigation.

- It was the Belgian authorities who asked us to make an extradition request.

- Our request was prepared with the full help and co-operation of the Belgian authorities. All the information known to us had been given to them.

- That request accompanied by sworn statements made by all the witnesses was delivered to the Belgian authorities on 20 September.

- The Belgian Court of First Instance authorised Ryan's extradition on 26 September.

- The Belgian Court of Appeal upheld the extradition decision on 12 October.

- According to press reports, not denied by the Belgian Government, the Court of Appeal advised the Minister of Justice to proceed with the extradition.

- At no stage were we given any reason to suppose that any legal problems existed.

- But on 25 November the Belgian Government nonetheless decided against extradition.

CONFIDENTIAL

- Despite frequent assurances that we would receive at least 24 hours advance notice of the Belgian decision, we only learned of it by chance shortly before Ryan was expelled. It was clear that we were not supposed to know until after Ryan had arrived in Ireland.

- We therefore had no time to alert the Irish authorities in advance.

The Prime Minister added that the Belgian Government's attitude contrasted vividly with all the co-operation we had given to Belgium over those charged in relation to the Heysel Stadium events. We were mystified and deeply wounded by the Belgian Government's decision. Our confidence in them had been dented.

Mr. Martens said that the Belgian Government's decision had been taken on legal grounds and no others. He loathed the IRA. Belgium had shown that it was prepared to extradite suspected terrorists in the past despite the risks, as in the case of the two Basque terrorists in 1984. They had gone ahead with that because the legal position had been absolutely clear. It was important also to understand where responsibility for these decisions lay in Belgium. It was for the Minister of Justice to decide, consulting the Cabinet if he so wished. The legal authorities gave advice, but the Government decided. In the recent case, there had been no question of a political compromise. Nor had there been any disagreement within the Cabinet about rejecting the request. The grounds for rejection had been the vague nature of the charges against Ryan and the matter of "double-incrimination" by which he meant the absence of any offence under Belgian law which corresponded exactly to the charge of conspiracy. He wished to emphasise with the greatest conviction that these had been the only grounds on which the decision had been reached. So far as communicating the decision to the United Kingdom was concerned, the Belgian Foreign Minister had telephoned Sir Geoffrey Howe some hours before deportation was due to take place. The British Ambassador had also been formally told of the decision before Ryan left the country. He wished to assure the Prime Minister that, had the legal grounds for extradition existed, the Belgian Government would have had no hesitation in extraditing Ryan.

The Prime Minister said that it was hard to understand how there really could have been legal problems. After all the Belgian courts had found that extradition was justified. We had worked closely with the Belgian prosecuting authorities and they had never pointed out any legal difficulties in the case we had prepared. It was very discouraging that, though we had worked closely with the Belgian authorities throughout, they had nonetheless rejected our request. Mr. Martens' account of the steps taken to inform us of the decision did not tally with her understanding. In fact the telephone call to Mr. Tindemans had been placed from our side; and Ryan left the country before we had any formal statement of the reasons for rejection of our extradition request.

She did not see how it could be argued that the Belgian Government had taken a legal decision when all the legal authorities had found in favour of extradition.

Mr. Martens said that, under Belgian law, certain requirements had to be met in order to sustain a charge of conspiracy. The names of those involved in the conspiracy had to be provided, there had to be clear evidence of membership of an organisation, and the organisation's aim had to be to cause damage to persons or property. The Minister of Justice had found that these requirements were not fully met in the British Government's request. He had made two observations in his report to the Cabinet: first the charges were very vague and amounted to oscuri libelli under Belgian law: second no evidence was provided of Ryan's membership of an organisation.

The Prime Minister said that, if these points were really fundamental, it seemed astonishing to her that they had not been picked up either by the prosecuting authorities or by the courts. We had provided all the information available to us on Ryan's activities, either in the extradition request or through security liaison. As to organisations, the Belgian authorities were presumably not unaware of the PIRA. Our information suggested that the Court of Appeal had advised the Minister that extradition was justified. Mr. Martens quoted various legal authorities to show that the Minister of Justice was not obliged to accept the advice of the courts in extradition cases. The Prime Minister said that it still seemed extraordinary to her. She could only conclude that the Government's decision had been taken in defiance of legal advice. What really riled her was that she could not see how a political body could claim to take a decision on legal grounds.

Mr. Martens said there was another point. The extradition request referred to activities by Mr. Ryan within British jurisdiction on 30 June 1988. In fact Ryan had been in Belgium on that date. The Prime Minister said that this comment showed a lack of understanding of the law. Both Britain and Belgium had accepted the European Convention on the Suppression of Terrorism which made an offence in one jurisdiction an offence in the other.

The Prime Minister continued that it was clear that further discussion would not help. She would have to tell the press afterwards that we were deeply dismayed by the Belgian decision which had seriously undermined our joint efforts against terrorism. It was impossible to reconcile with the co-operation which we had given over the Heysel Stadium events. And it was a serious blow to the confidence between our two countries.

Mr. Martens said that the Belgian Government had acted properly in the terms of their law. He felt that they could hold their heads up: they had shown readiness to extradite in the past. They would have done so in this case had the British request met the legal requirements.

I am copying this letter to Michael Saunders (Law Officers' Department), Mike Maxwell (Northern Ireland Office), Philip Mawer (Home Office) and Trevor Woolley (Cabinet Office).

(C.D. POWELL)

J.S. Wall, Esq.,
Foreign and Commonwealth Office.

Seen by PAB 2/12

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CONFIDENTIAL
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CONFIDENTIAL
FM UKDEL RHODES
TO FLASH CABINET OFFICE
TELNO 001
OF 021510Z DECEMBER 88
INFO IMMEDIATE BRUSSELS, DUBLIN

FOLLOWING FOR ANDY BEARPARK, 10 DOWNING STREET, FROM CHARLES POWELL IN RHODES

PRIME MINISTER'S MEETING WITH BELGIAN PRIME MINISTER

THE PRIME MINISTER HAD A 45 MINUTE MEETING WITH MR MARTENS THIS MORNING DEVOTED ENTIRELY TO THE RYAN CASE. THE TONE WAS ROBUST.

THE PRIME MINISTER SAID THAT WE HAD BEEN UTTERLY DISMAYED AT THE BELGIAN GOVERNMENT'S DECISION NOT TO EXTRADITE RYAN. SHE THEN TOOK MR MARTENS THROUGH OUR POINTS (SUBSEQUENTLY GIVEN TO THE PRESS):

- RYAN WAS CHARGED WITH SERIOUS TERRORIST OFFENCES.

- HE WAS ARRESTED AT BELGIAN INSTIGATION.

- IT WAS THE BELGIAN AUTHORITIES WHO ASKED US TO MAKE AN EXTRADITION REQUEST.

- OUR REQUEST WAS PREPARED WITH THE FULL HELP AND CO-OPERATION OF THE BELGIAN AUTHORITIES. ALL THE INFORMATION KNOWN TO US HAD BEEN GIVEN TO THEM.

- THAT REQUEST ACCOMPANIED BY SWORN STATEMENTS MADE BY ALL THE WITNESSES WAS DELIVERED TO THE BELGIAN AUTHORITIES ON 20 SEPTEMBER.

- THE BELGIAN COURT OF FIRST INSTANCE AUTHORISED RYAN'S EXTRADITION ON 26 SEPTEMBER.

- THE BELGIAN COURT OF APPEAL UPHELD THE EXTRADITION DECISION ON 12 OCTOBER.

- ACCORDING TO PRESS REPORTS, NOT DENIED BY THE BELGIAN GOVERNMENT, THE COURT OF APPEAL ADVISED THE MINISTER OF JUSTICE TO PROCEED WITH THE EXTRADITION.

- AT NO STAGE WERE WE GIVEN ANY REASON TO SUPPOSE THAT ANY LEGAL PROBLEMS EXISTED.

- BUT ON 25 NOVEMBER THE BELGIAN GOVERNMENT NONETHELESS DECIDED AGAINST EXTRADITION.

- DESPITE FREQUENT ASSURANCES THAT WE WOULD RECEIVE AT LEAST 24 HOURS ADVANCE NOTICE OF THE BELGIAN DECISION, WE ONLY LEARNED OF IT BY CHANCE SHORTLY BEFORE RYAN WAS EXPELLED. IT WAS CLEAR THAT WE WERE NOT SUPPOSED TO KNOW UNTIL AFTER RYAN HAD ARRIVED IN IRELAND.

- WE THEREFORE HAD NO TIME TO ALERT THE IRISH AUTHORITIES IN ADVANCE.

THE PRIME MINISTER ADDED THAT THE BELGIAN GOVERNMENT'S ATTITUDE CONTRASTED VIVIDLY WITH ALL THE CO-OPERATION WE HAD GIVEN TO BELGIUM OVER THOSE CHARGED IN RELATION TO THE HEYSEL STADIUM EVENTS. WE WERE MYSTIFIED AND DEEPLY WOUNDED BY THE BELGIAN GOVERNMENT'S DECISION. OUR CONFIDENCE IN THEM HAD BEEN DENTED.

MARTENS SAID THAT THE BELGIAN DECISION HAD BEEN TAKEN SOLELY ON LEGAL GROUNDS. BELGIUM HAD BEEN READY TO EXTRADITE IN THE PAST, DESPITE THE RISKS. HE CITED THE CASE OF THE BASQUE TERRORISTS EXTRADITED IN 1984. UNDER THE BELGIAN CONSTITUTION IT WAS FOR THE GOVERNMENT TO TAKE THE DECISION, BUT IT WAS NONETHELESS A LEGAL DECISION. THE GROUNDS ON WHICH THE GOVERNMENT HAD DECIDED NOT TO EXTRADITE WERE THE VAGUENESS OF THE CHARGES AGAINST RYAN, AND THE LACK OF WHAT HE DESCRIBED AS DOUBLE INCRIMINATION, I.E. THE FACT THAT THERE WAS NO OFFENCE UNDER BELGIAN LAW CORRESPONDING EXACTLY IN ALL RESPECTS TO CONSPIRACY UNDER BRITISH LAW. AS FOR LETTING US KNOW THEIR DECISION, THE FOREIGN MINISTER HAD INFORMED SIR GEOFFREY HOWE IN ADVANCE OF RYAN'S DEPORTATION. THE BELGIAN GOVERNMENT'S DECISION HAD ALSO BEEN CONVEYED TO OUR AMBASSADOR BEFORE RYAN DEPARTED.

THE PRIME MINISTER CHALLENGED A NUMBER OF MARTEN'S STATEMENTS. IT WAS HARD TO UNDERSTAND HOW THE BELGIAN GOVERNMENT COULD CLAIM TO HAVE TAKEN THE DECISION NOT TO EXTRADITE ON LEGAL GROUNDS, WHEN ALL THE ADVICE FROM THE BELGIAN PROSECUTING AUTHORITIES AND THE CONCLUSIONS OF THE BELGIAN COURTS SAID THAT EXTRADITION WAS JUSTIFIED. IT DEFIED BELIEF THAT, IF THERE WERE WEAKNESSES IN OUR LEGAL CASE, THEY WOULD NOT HAVE BEEN IDENTIFIED BY THE PROSECUTING AUTHORITIES OR BY THE COURTS. THE ONLY CONCLUSION WE COULD REACH WAS THAT THE GOVERNMENT'S DECISION HAD BEEN TAKEN IN CONTRADICTION TO AND IN DEFIANCE OF LEGAL ADVICE. IN PRACTICE IT SEEMED THAT THE LEGAL AUTHORITIES HAD CONCLUDED THAT EXTRADITION WAS JUSTIFIED. BUT THAT CONCLUSION HAD BEEN OVERTURNED BY THE CABINET WHICH WAS A POLITICAL BODY. SHE WOULD HAVE TO TELL THE PRESS AFTERWARDS THAT WE WERE DEEPLY DISMAYED BY THE BELGIAN DECISION WHICH HAD SERIOUSLY UNDERMINED OUR JOINT EFFORTS AGAINST TERRORISM. IT WAS IMPOSSIBLE TO RECONCILE WITH THE CO-OPERATION WHICH WE HAD GIVEN OVER THE HEYSEL STADIUM EVENTS. AND IT WAS A SERIOUS BLOW TO THE CONFIDENCE BETWEEN OUR TWO COUNTRIES.

THE PRIME MINISTER SUBSEQUENTLY SPOKE IN MORE OR LESS THESE TERMS TO THE PRESS. THE TRANSCRIPT WILL BE AVAILABLE TO YOU.

PLEASE PASS ADVANCE COPIES OF THIS TELEGRAM TO FCO, LAW OFFICERS' DEPARTMENT, NORTHERN IRELAND OFFICE AND HOME OFFICE.

THOMAS

YYYY

UZLNAN 0037

NNNN

full

TELEGRAM - CONFIDENTINAL - FLASH
TO CABINET OFFICE
REPEATED FOR INFORMATION IMMEDIATE BRUSSELS AND DUBLIN

FOLLOWING FOR ANDY BEARPARK, 10 DOWNING STREET, FROM CHARLES POWELL IN RHODES

PRIME MINISTER'S MEETING WITH BELGIAN PRIME MINISTER

The Prime Minister had a 45 minute meeting with Mr. Martens this morning devoted entirely to the Ryan case. The tone was robust.

The Prime Minister said that we had been utterly dismayed at the Belgian Government's decision not to extradite Ryan. She then took Mr. Martens through our points (subsequently given to the press):

- Ryan was charged with serious terrorist offences.

- He was arrested at Belgian instigation.

- It was the Belgian authorities who asked us to make an extradition request.

- Our request was prepared with the full help and co-operation of the Belgian authorities. All the information known to us had been given to them.

- That request accompanied by sworn statements made by all the witnesses was delivered to the Belgian authorities on 20 September.

- The Belgian Court of First Instance authorised Ryan's extradition on 26 September.

- The Belgian Court of Appeal upheld the extradition decision on 12 October.

- According to press reports, not denied by the Belgian Government, the Court of Appeal advised the Minister of Justice to proceed with the extradition.

- At no stage were we given any reason to suppose that any legal problems existed.

- But on 25 November the Belgian Government nonetheless decided against extradition.

- Despite frequent assurances that we would receive at least 24 hours advance notice of the Belgian decision, we only learned of it by chance shortly before Ryan was expelled. It was clear that we were not supposed to know until after Ryan had arrived in Ireland.

- We therefore had no time to alert the Irish authorities in advance.

The Prime Minister added that the Belgian Government's attitude contrasted vividly with all the co-operation we had given to Belgium over those charged in relation to the Heysel stadium events. We were mystified and deeply wounded by the Belgian Government's decision. Our confidence in them had been dented.

Martens said that the Belgian decision had been taken solely on legal grounds. Belgium had been ready to extradite in the past, despite the risks. He cited the case of the Basque terrorists extradited in 1984. Under the Belgian constitution it was for the government to take the decision, but it was nonetheless a legal decision. The grounds on which the Government had decided not to extradite were the vagueness of the charges against Ryan, and the lack of what he described as double incrimination, i.e. the fact that there was no offence under Belgian law corresponding exactly in all respects to conspiracy under British law. As for letting us know their decision, the Foreign Minister had informed Sir Geoffrey Howe in advance of Ryan's deportation. The Belgian Goverment's decision had also been conveyed to our Ambassador before Ryan departed.

The Prime Minister challenged a number of Marten's statements. It was hard to understand how the Belgian Government could claim to have taken the decision not to extradite on legal grounds, when all the advice from the Belgian prosecuting authorities and the conclusions of the Belgian courts said that extradition was justified. It defied belief that, if there were weaknesses in our legal case, they would not have been identified by the prosecuting authorities or by the courts. The only conclusion we could reach was that the Government's decision had been taken in contradiction to and in defiance of legal advice. In practice it seemed that the legal authorities had concluded that extradition was justified. But that conclusion had been overturned by the Cabinet which was a political body. She would have to tell the press afterwards that we were deeply dismayed by the Belgian decision which had seriously undermined our joint efforts against terrorism. It was impossible to reconcile with the co-operation which we had given over the Heysel Stadium events. And it was a serious blow to the confidence between our two countries.

The Prime Minister subsequently spoke in more or less these terms to the press. The transcript will be available to you.

Please pass advance copies of this telegram to FCO, Law Officers' Department, Northern Ireland Office and Home Office.

C D.
2/XII

SUBJECT MEETING RECORD CONFIDENTIAL

cc MASTER

GERMANY:
Anglo-German Relations
PT 4

FILE
DA
PZ

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

2 December 1988

Dear Stephen,

PRIME MINISTER'S MEETING WITH CHANCELLOR KOHL
AT THE RODOS PALACE HOTEL IN RHODES ON 2 DECEMBER

The Prime Minister had a discussion with Chancellor Kohl over breakfast at the Rodos Palace Hotel this morning. The Chancellor was accompanied by Herr Hartmann and Dr. Neuer. It was a very friendly meeting lasting some one and a half hours with broad agreement on all the main points.

Bilateral Relations

The Chancellor confirmed that the next bilateral summit in February would be in Frankfurt. He hoped that the Prime Minister would come over the night before. They might go to a concert together or something similar. The Prime Minister said she would be very glad to come: she had never been to Frankfurt.

The Chancellor continued that the would also like to invite the Prime Minister to spend a weekend privately with him and his wife at their home near Ludwigshafen later in the Spring, when the weather was better. The Prime Minister could fly to Ramstein from where it was only 30 minutes drive. The Prime Minister said this was very kind of the Chancellor and she accepted with great pleasure.

The Chancellor said he would very much like to be able to talk to the Prime Minister more often on the telephone, even if there was no particular subject to discuss. A general talk for a quarter of an hour every fortnight or so would be very helpful. He wanted them to be seen to be in regular touch. The Prime Minister said that she would be very ready for this. But it would be important to have a secure line. The Chancellor suggested that perhaps a special line should be installed. It was agreed to look at the possibilities for this.

NATO Summit

Chancellor Kohl said that he was very much in favour of a NATO Summit in London to mark the Alliance's 40th anniversary. His preferred time was between mid April and mid May. After that there were already a large number of international meetings to fit in, as well as the European elections.

The Prime Minister said that she thought it very important that the new American President should be seen to have an early meeting with other NATO Heads of Government. She had thought it might be more convenient for him if the meeting were close to the Economic Summit so that he did not have to make two journeys to Europe. Chancellor Kohl said that if he and the Prime Minister both asked President-Elect Bush to come earlier, he believed he would do so. The Prime Minister added that she had mentioned the idea of a NATO Summit to President Mitterrand who said he would reflect on it. He was not opposed.

Arms Control

Chancellor Kohl said that an early NATO Summit would help him push through agreement within the German Government on a comprehensive concept for arms control. There would be an internal German meeting in early January and he intended to set a target of agreement in NATO by mid March. The Prime Minister said the sooner the comprehensive concept was agreed the better. Some people seemed to want to slow down discussion for political reasons. It was necessary to take decisions on modernisation of NATO's nuclear weapons by the middle of the year, in particular on the replacement of LANCE. Chancellor Kohl agreed: he wanted both issues - the comprehensive concept and the modernisation decision - out of the way before the European elections.

European Council

Chancellor Kohl asked how the Prime Minister saw the Rhodes Council. The Prime Minister said it should be a reasonably gentle occasion. The Council should take note of the Commission's internal market report and confirm the priorities agreed at the Hanover European Council. If necessary she would have to make clear our firm opposition to harmonisation of indirect taxes. When it came to the social dimension, she could not accept some of the proposals being discussed, such as worker participation. We had done a survey of our industrialists and they were opposed to it. If there was to be a European Company Statute, it must be a minimal one. She did not expect monetary issues to feature: that was a matter for the Madrid Council. It was important that Britain and Germany should give a strong lead in ensuring that the European market remained open to the world after 1992.

Chancellor Kohl agreed with the Prime Minister's analysis. He thought there would be little appetite for discussion on the internal market. A European Company Statute should be a framework or an umbrella, under which countries could preserve their own practices on matters such as worker participation. He also agreed that monetary matters should be left over for Madrid. He would indeed speak up strongly for keeping Europe's markets open.

South Africa

Chancellor Kohl said he had seen Mr. Leutwiler who would be happy to act as a joint emissary and use the agreed speaking note. That said, he was not particularly optimistic of movement. But it was important to try. He had found President Botha frustrated, bitter and tense when they had met at Strauss' funeral. Botha had asked what the West would give him if he were to release Mandela. The Chancellor had replied that the would get nothing specific, only a considerable improvement in the psychological climate. He had warned Botha that he and the Prime Minister were the only two people prepared to stand firm against sanctions. They must therefore have something to show for their efforts.

The Prime Minister said that there were some hopeful signs in the present situation, such as the reprieve of the Sharpeville Six and the announcement that Mandela would not be returned to prison. She thought Mandela's release would lead to less international pressure for sanctions and more for negotiations. The agreement on Angola and Namibia was also an important step forward. She would be seeing Mr. Leutwiler next week. If news of his mission were to leak then, she and the Chancellor should agree a line for public use. The Prime Minister added that, if President Botha were to travel to New York for the signature of the Angola agreement, she would probably agree to see him.

Chancellor Kohl noted with satisfaction that he and the Prime Minister were absolutely at one on this issue. They should discuss the situation again when Leutwiler returned from South Africa.

Tornado for Jordan

The Prime Minister said that she would be seeing King Hussein on 5 December and must be in a position to tell him where matters stood on credit for Tornado. Chancellor Kohl said that the Prime Minister could tell him all was well: an agreement had been reached with the German banks.

The Prime Minister referred to Oman's difficulties over Tornado because of the drop in oil prices. She had promised the United Kingdom would look at ways to alleviate the burden. But it would be essential for Germany to help as well. Chancellor Kohl made no comment.

Arab/Israel

Chancellor Kohl asked whether the Prime Minister had any intelligence of an intention on the part of the Greek Presidency to seek a new statement at the European Council on Arab/Israel. The Prime Minister said that she saw absolutely no need for this. We should stick to the text already agreed by the Foreign Ministers. She had given a cautious welcome to the communique issued by the Palestine National Council,

even though it was unsatisfactory in many respects. The key to the future was to persuade the new United States Administration to bring pressure to bear on Israel. One of our motives in abstaining on the recent United Nations resolution on granting a hearing to Arafat was our wish to preserve our influence with the United States on these matters.

Chancellor Kohl very much agreed that no further statement was needed from the European Council. There were rumours in the Greek press of an invitation to Arafat to come to Rhodes. He would be strongly opposed to this, although he did not take the possibility at all seriously. He agreed that both Britain and Germany should press the new United States Administration to give a high priority to Middle East questions. But he was pessimistic about the prospects for negotiations. Israel was growing steadily away from European traditions and it would become progressively more difficult to persaude them to negotiate.

Libya

The Prime Minister referred to reports that German firms had supplied chemicals to Libya which could be used in the manufacture of chemical weapons. When we had encountered similar problems with British companies in the past, we had introduced export licensing for certain destinations, so that we could exercise some control. The Germans ought surely to do the same. Chancellor Kohl said that the Federal Republic did intend to legislate. There were suspicions about the activities of one particular German firm. He would find it very helpful to have details of our legislation so that the Germans could copy our example. The Prime Minister undertook that we would arrange for the necessary details to be given to the Federal Chancellery.

I am copying this letter to Alex Allan (HM Treasury), Brian Hawtin (Ministry of Defence), Neil Thornton (Department of Trade and Industry) and Trevor Woolley (Cabinet Office).

Yours ever,

(C.D. POWELL)

J.S. Wall, Esq.,
Foreign and Commonwealth Office.

CDP R2/12

Mr Burns

cc; PS/Prime Minister
PS/Secretary of State
Mr Ingham
Mr Thomas

DEVELOPMENTS IN ATHENS

Bombs in Athens

1. We spoke and I agreed to give you a short note. Three bombs exploded in Athens in the early hours of this morning; one outside the EC office; one outside the European Investment Bank and another outside a Greek office. Responsibility has been claimed by the Peoples Revolutionary Struggle (ELA), a terrorist group which has been active before but not considered to be a major threat. Half hour warnings were given about the bombs and no-one was hurt. The group described the bombs as a greeting for the leaders arriving for the Rhodes Summit.

Mrs Liani

2. Most of the Greek newspapers give prominence to the presence of Mrs Liani in Rhodes with Mr Papandreou. The continuing major theme is how Mrs Thatcher would react if introduced to Mrs Liani and speculation that she would decline a meeting. The Embassy are on record as denying that Mrs Thatcher has written a letter to urge her colleagues to ostracise Mrs Liani and have made it clear that she has expressed no view on the issue.

Taylor-Woodrow

3. The Greek Communist party has published an internal memo by Balflour Beattie commenting on Taylor-Woodrow's bid for the Acheloos River Project. I have asked for a copy to be sent by Fax. It suggests that Taylor-Woodrow have an inside track because of extensive fees paid to PASOK, backed by HMG. The Embassy has taken the line that what individual companies do is their business. HMG, like all other European Governments, gives political support to its companies bidding for large contracts.

Results of Rhodes Council

4. Two of the more reputable Athens newspapers carry reports based on a Le Monde article yesterday saying that the French expect Papandreou to spring some surprise at Rhodes to distract attention from his domestic difficulties. Others note that social space appear to have dropped out of the draft final communique and are suggesting that Papandreou has backed down.

Jim Donnelly.

J B DONNELLY
Counsellor
British Embassy, Athens

2 December 1983

Delors Report

Institutions – Fewer Difficulties

Internal Market – ½ measures decided on

Tax[n] = Investments – person

Rev. Technology

(Consumer Tax. Yes Taxes (Capital w/holding Tax)) = Community Competence Intergovernmental ?

No solutions

Lacuna – not enough. Semi coordinations

LE 1975 – Dollar fell. Increase in Em issues doubled growth Em revenues

Social Dimension – Hanover

Dialogue – on 12 January – Training to Contact underqualification

to

Environment

Feb 1988 - Guidelines for C.A.P.

~~Stocks~~ Budget reduced

C.A.P.

P. Mitterrand

Kohl - Parliament more powers

- Get rid of borders.
important for credibility of EEC.

- 'Cultured' Europe

Gonzalez — Must tackle difficult problems.

'European Citizen'?

social area / institutions / Political Co-operation

Capital Movement — 4th mid 1990.

Europe T.V. c. conditions for discussion.

Dialogue !!! to build up Europe !!!

118a [117 -)

T.V. understanding with Spain USSR etc

Denmark

"Social Partnership"

→ Communication on information society

Europe is slower than the U.S.
at adopting new ways

Euro Co's are a size obstacle
that makes it impossible
for them to face the future

"Internationalisation" or Globalisation

Do we have the strength to
produce other (products)

600,000 new small Co's are founded
every year.

Medium-sized Co's need help
on European level.

O Ukewise will be taken over by Japanese

and American Co's.

Buying up space from Jap Co's.

Economic Growth

=

"Social Dimension" - Edwards

PS/Prime Minister

LOCAL CALLS ON PRIME MINISTER - SATURDAY 3 DECEMBER

Honorary Citizenship of Halki

1. You said that the Prime Minister might receive the Mayor of Halki for 5 minutes at 9 am tomorrow. If other business gets in the way, I will receive her instead. We have passed this on.

2. I suggest that if she is available, the Prime Minister receive the Mayor in her suite. Unless we tell her otherwise, the Mayor will be accompanied by a local councillor, a local photo/journalist and our Honorary Consul, Mr Demetriades. I will also attend. The Mayor will make a short speech and hand over the freedom of the island. I understand the Prime Minister could hand over a signed photograph.

3. I attach a background note on the Mayor and the island.

New Democracy Ladies' Section

4. Mrs Maroulitsa Venetoclis, President of the local branch of the New Democracy Ladies Section (NDLS) has asked for 5 minutes of the Prime Minister's time to hand over a specially prepared silver object. Mrs Venetoclis says that she wishes to honour the Prime Minister both as a lady and as leader of a traditional conservative party with ideals corresponding to those of the NDLS. The NDLS is a national movement set up in opposition to the socialist union of Greek Women run by Mr Papandreou's estranged wife. It has a large membership but not a high political profile.

5. If the Prime Minister is prepared to see her as well, we could tell Mrs Venetoclis to come immediately after the Mayor of Halki. She would be accompanied by 1-2 colleagues, but no journalists.

Brian Donnelly

J B DONNELLY
Counsellor, British Embassy

2 December 1988

cc; Mr Ingham

PRIME MINISTER; HONORARY CITIZEN OF HALKI

1. On the initiative of the Nomarch (equivalent to the French prefet), the leaders present at the Rhodes Council are to become honorary citizens of individual islands in the Dodecannese. The Prime Minister has been allocated Halki, the only one to have a woman Mayor.

2. There appears to be no special reason for allocation of the islands except that, as Head of State, M Mitterrand gets Rhodes; Halki has a woman Mayor; and Mr Papandreou takes the smallest island (and the most vulnerable to Turkey).

3. The inhabitants of Halki are very pleased to welcome Mrs Thatcher as a citizen. They have a strong tradition of affection for Britain, heightened by the Second World War which saw a number of SBS commanders in Halki.

The Island

4. Halki is one of the smaller Dodecannese, immediately to the west of Rhodes. Halki made its first mark on recorded history in pre-classical times. A Castle of the Knights (of St John) incorporates much of the ancient Greek acropolis. The island is barren and hilly but with sandy beaches. Until tourism arrived, the main occupations of the islanders had been fishing and diving for sponges. Its population of 3,500 in 1912, when the Italians took over from the Turks, had fallen to 450 by the end of the war. There is now a permanent population of 400, rising to 1,000 plus (excluding tourists) in the summer months. The British make up the bulk of foreign holidaymakers (5,500 nights in 1987) and tend to be less down-market than elsewhere.

The Mayor

5. Mrs Stamatia Vassiloyeoryi was elected Mayor in 1986. She is a socialist (PASOK). Born in 1945, both she and her husband were merchant mariners. He is still a serving captain but she has retired as a radio operator. She has necessarily travelled widely, including to Britain on many occasions. She speaks some English but not well. She has two children; a girl (20) working in the MOD in Athens; and a boy (17).

Instructions for completion of Dummy Card

Use black or blue pen to complete form.

Use the card for one piece or for each extract removed from a different place within a piece.

Enter the department and series,
eg. HO 405, J 82.

Enter the piece and item references, .
eg. 28, 1079, 84/1, 107/3

Enter extract details if it is an extract rather than a whole piece.
This should be an indication of what the extract is,
eg. Folio 28, Indictment 840079, E107, Letter dated 22/11/1995.
Do not enter details of why the extract is sensitive.

If closed under the FOI Act, enter the FOI exemption numbers applying to the closure, eg. 27(1), 40(2).

Sign and date next to the reason why the record is not available to the public ie. Closed under FOI exemption; Retained under section 3(4) of the Public Records Act 1958; Temporarily retained; Missing at transfer or Number not used.

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Sign and date next to the reason why the record is not available to the public ie. Closed under FOI exemption; Retained under section 3(4) of the Public Records Act 1958; Temporarily retained; Missing at transfer or Number not used.

dti

the department for Enterprise

cc PC

CONFIDENTIAL

For file
Copy faxed to PM/COP
at H/C 1500 1/12

PRIME MINISTER

I promised at Cabinet today to let you and Geoffrey Howe have the current position on exports of UK-built Nissan cars to France, Italy and Spain, for the Rhodes summit. This is a prime example of how those who criticise our stance towards the Community are only too ready to bend the rules when it suits their purposes.

2 The Nissan factory in Sunderland is now producing cars with a local (EC) content level of over 70 per cent, more than fulfilling their commitment to us to reach a 60 per cent local content level on average in 1988. Exports to EC markets began earlier in the autumn. These are so far on a small scale, but should exceed 30,000 in 1989 including up to 6,500 cars to France, 3,500 to Italy and 3,000 to Spain.

3 The French Government told us earlier this year that there would be no obstacle to the cars entering the French market; and indeed the first deliveries have now reached French showrooms without difficulty. However, France has insisted that until the cars reach an 80 per cent level of EC content they will be counted against the informal quota under which imports of Japanese cars are limited to 3 per cent of the market. My position has been that, at over 60 per cent EC content, the cars clearly qualify under Community law to be treated as products of EC origin. Though there is at present no specific Community origin rules on cars, that is the level defined for EC/EFTA trade.

4 Following unavailing protests to my French opposite number, I wrote to Arthur Cockfield in September to ask for the Commission's support. His reply merely relayed French assurances that the cars were free to enter and invited me to let him know

888-273

if any difficulties were encountered. It did not not include - as it should have - a clear Commission statement that the cars qualify to be treated as of EC origin. Meanwhile the indications are that the French position remains unchanged.

5 The Italian Government share French anxieties about the cars, but have so far avoided committing themselves. First deliveries have reached the Italian market without mishap, but there remains a danger that they will be counted against the formal Italian quota on imports of Japanese cars.

6 As for Spain, a first consignment reached the country two weeks ago, and Nissan's Spanish importer was told they would be counted against the formal Spanish quota for vehicles of non-European origin. In view of this, the importer refused to accept the cars and cancelled his order for the next shipment.

7 Last Friday, I wrote again to Arthur Cockfield setting out my understanding of the position in all three countries; formally asking him to investigate the reported actions of the Spanish Government; and urging him to answer the central question, namely whether the Commission consider that the cars should be regarded as of EC origin. But there is no sign that we shall have a satisfactory reply before Rhodes.

8 The integrity of the internal market is under attack, and needs to be upheld. Not only Nissan themselves, but other potential Japanese investors in the UK, need to be reassured that if they live up to their commitments to us on EC content - as Nissan have - the UK will fight to ensure that their products do not face discrimination in other EC markets.

dti

the department for Enterprise

9 Since the Italians have not yet declared themselves, our best targets at present are the French and the Spanish. And we must maintain pressure on the Commission not to shirk their responsibilities, since this is the surest way to a quick solution.

10 I am copying this minute to Geoffrey Howe, Nigel Lawson and to Sir Robin Butler.

D Y

1 December 1988

Department of Trade and Industry

888-273

JW2ABU

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

1 December 1988

Dear Charles,

Rhodes European Council: Prime Minister's meeting with Gonzalez

You said that the Prime Minister might have time for a short bilateral meeting with the Spanish Prime Minister in Rhodes. This would be excellent, given the imminent Spanish EC Presidency, their preparations for which are businesslike and efficient, (though they are being made in close cooperation with the French, who will take over for the second half of the year).

The prospects for Spanish-led progress on the Single Market look good. But rising unemployment, inflation and industrial unrest in Spain may mean that Senor Gonzalez feels he has, for domestic reasons, to produce some evidence of parallel progress on social issues in Brussels. Lord Young's visit to Madrid in July did, however, show that the Spanish are receptive to the arguments against an over-regulatory approach.

On monetary questions, the Spanish will have to deal with the Delors report to the Madrid European Council. But they show every sign of wanting no more than a procedural debate then, with substantive follow-up left to the French. (It is however likely that next autumn the peseta will be included in the ecu basket and that Spain will join the ERM.)

On external issues the Spaniards are generally helpful on the Uruguay Round; but their concern to focus EC aid on Latin America conflicts with our concern for the greater developmental needs of anglo-phone Asia and Africa.

The Prime Minister will no doubt wish to refer to the highly successful visits which she and the Queen paid to Spain in the autumn. In addition she might say that:

- we are looking forward to the Spanish Presidency: interested to hear of your plans.

- the No 1 priority must be to press ahead with the Single Market programme: this will of itself address the Community's main social problem - unemployment - by removing barriers to growth.

- see no prospect of agreement on European Company Statute. Evidence suggests business does not want it anyway: perhaps best to drop it. UK has voluntary worker participation arrangements and could not accept mandatory provisions. Employee share-ownership a UK success: number of schemes up from 30 to 1,500: 1½ million employees now participating.

- your Presidency will have an important role on external issues: Lomé negotiation will be at a crucial stage. Important we maintain liberal trade policy in relation to the Single Market, and in Uruguay Round, including progressive reform of agriculture. We must ensure that aid is focussed on the poorest countries.

- would like to keep in close touch on plans for the Presidency: Lynda Chalker seeing Senor Solbes on 20 December, Geoffrey Howe seeing Fernandez Ordonez in early February.

There are no bilateral issues which we think the Prime Minister should raise with Gonzalez. If he raises Gibraltar-related issues the Prime Minister might suggest that these should be pursued through the Brussels process when the Foreign Ministers meet in February.

I am copying this letter to Neil Thornton (DTI) and Roger Lavelle (Cabinet Office).

Yours.

Stephen Wall

(J S Wall)
Private Secretary

C D Powell Esq
10 Downing Street

COVERING SECRET

2(a2) c PS? 9

cc SECURITY: Prevention of International Terrorism Bill PT3

Foreign and Commonwealth Office

London SW1A 2AH

1 December 1988

Dear Charles,

Ryan: Briefing for Rhodes for use with Belgians

I attach self-explanatory points to make, together with a background note, on the Ryan case which the Prime Minister may wish to use when speaking to the Belgians in the margins of the European Council meeting in Rhodes.

Yours ever,

(L Parker)
Private Secretary

C D Powell Esq
PS/No 10 Downing Street

COVERING SECRET

EUROPEAN COUNCIL: RHODES, 1-2 DECEMBER

RYAN: FOR USE WITH BELGIANS

Points to make

- Charges against Ryan very serious (conspiracy to murder and explosive offences). He is known to both our Security Services as a terrorist. For some time he played a significant role in PIRA's links with Libya.

- Belgian legal arguments unconvincing. Extradition documents prepared in the closest consultation with relevant Belgian authorities.

- Indeed, request for extradition originally came from the Belgians.

- Reports in media, not denied by Belgian officials, that court's recommendation was in favour of extradition deeply worrying.

- Decision to inform us only after Ryan's departure and the use of military aircraft particularly offensive.

- Outcome is a serious blow to EC cooperation against terrorism. Decision can only encourage PIRA to believe they can carry out attacks on the continent with impunity.

- Cooperation not an abstract concept - it involves real mutual assistance where required, especially where there may be a price to pay.

KC1ACG

EUROPEAN COUNCIL: RHODES, 1-2 DECEMBER

RYAN: FOR USE WITH BELGIANS

Background

1. Ryan is a well-known Irish terrorist of longstanding. For some years he was their main link with Libya.

2. In June 1988, we asked the Belgians to place him under surveillance. Concerned at activity in the house where he was staying and given the Queen's impending visit to Holland, the Belgians decided to arrest Ryan. The only evidence they found against him was a false passport.

3. They thereafter pressed us strongly to apply for extradition. The application was made in the closest cooperation with the Belgian authorities.

4. The Belgian authorities dropped their own charges to facilitate Ryan's departure. The Belgian Commissioner for Refugees rejected Ryan's request for political asylum (but recommended that he be deported to Ireland). The court which considered the extradition request gave an advisory opinion to the Minister of Justice. This is secret but we believe it to have been favourable. (The Belgian media have reported it as such without any official denial.) The Minister of Justice took the decision to Cabinet.

5. Despite indications from the Belgians that the outcome would be favourable, we learnt, informally and at the last minute, that it was going wrong. When Sir Geoffrey Howe telephoned Tindemans, the latter admitted that the Cabinet had decided to fly Ryan to Ireland and tell us afterwards.

30 November 1988

E.R.

PRIME MINISTER

MEETING WITH CHANCELLOR KOHL

Points you will want to cover are:

- Visit to Moscow You will want to compliment him on this. You could ask how he assesses Gorbachev's position. You should mention the Human Rights Conference: there are interesting signs that the Russians are breaking the linkage with the outcome of the CSCE meeting in Vienna.

- United States You will want to compare notes about your respective visits to Washington.

- SNF Modernisation You can recount your talks with Mitterrand who made clear that France will not be an obstacle to a decision next year. You might welcome Kohl's own recent statement (in Washington) of his readiness to see the matter settled next year before the German elections. But you do not like his condition that there should be a parallel commitment to SNF arms control. Won't this just lead the Russians to propose another zero solution and erode NATO's nuclear weapons in Europe? Even setting the target of reductions in SNF is dangerous.

- NATO Summit You will want to encourage him to agree to a NATO Summit. Mitterrand is not opposed and Bush is reflecting.

- Chemical Weapons You will want to tell him of your concerns. You should also mention the role of German firms in supplying chemicals to Libya.

- Europe You will want to review the prospects for the European Council, explaining our difficulties with some of the social dimension (worker participation). You will

want to express great caution about tax approximation and a Central Bank. You will want to urge him to give a strong lead in keeping Europe open to the outside world.

- South Africa You will want to mention Leutwiler's mission (now fixed for 9 December: you are seeing him on 6 December: Kohl has already seen him). You could also mention the possibility that you might yourself meet Botha.

- Tornado for Jordan (& Oman) He has promised to come up with a solution for Jordan by 8 December. You are seeing King Hussein on 5 December. You should mention Oman's difficulty.

- Falklands You should thank him for again ensuring a German abstention.

- Bilateral You are looking forward to the Summit in February, which will be in Frankfurt. You have agreed to go out the evening before. One possibility is that you would both address the 40th anniversary meeting of the German-British Association.

- Middle East The implications of the recent moves by the Palestinians.

C.D.P

(C.D. POWELL)

1 December 1988

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ANGLO-GERMAN SUMMIT, 20-21 FEBRUARY 1989

SUMMARY

1. IN HIS BILATERAL MEETING WITH THE PRIME MINISTER ON 2 DECEMBER, KOHL MAY RAISE POSSIBILITY OF THEIR BOTH ATTENDING, DURING THE BILATERAL SUMMIT IN FEBRUARY, A MEETING TO MARK THE 40TH ANNIVERSARY OF THE GERMAN-BRITISH SOCIETY.

DETAIL

2. AS YOU ARE AWARE, THE GERMAN-BRITISH SOCIETY IN THE FRG (DEUTSCH-ENGLISCHE GESELLSCHAFT) HAS BEEN CONSIDERING A CELEBRATION NEXT SUMMER TO MARK ITS 40TH ANNIVERSARY. THE CHAIRMAN, VON HASE, HAS NOW SUGGESTED TO TELTSCHIK THAT THIS EVENT MIGHT BE BROUGHT FORWARD TO COINCIDE WITH THE ANGLO-GERMAN SUMMIT IN FEBRUARY AND THAT THE CHANCELLOR AND THE PRIME MINISTER MIGHT ATTEND. THE EVENT WOULD CONSIST OF A PUBLIC MEETING LASTING ABOUT AN HOUR AND FEATURING SPEECHES OF SOME 20 MINUTES EACH BY THE PRIME MINSTER AND THE CHANCELLOR. THE PLACE WOULD PROBABLY BE DUESSELDORF AND THE TIME MIGHT BE THE EVENING OF 20 FEBRUARY.

3. KOHL IS AT PRESENT KEEN TO DRAW MORE PUBLIC ATTENTION TO THE IMPORTANCE OF ANGLO-GERMAN RELATIONS. TELTSCHIK HAS TOLD VON HASE THAT HE THINKS THE CHANCELLOR WOULD BE INTERESTED IN THIS IDEA AND THAT KOHL MIGHT MENTION IT TO THE PRIME MINISTER IN RHODES.

4. THE GERMAN-BRITISH SOCIETY IS THE GERMAN ORGANISER OF THE KOENIGSWINTER CONFERENCES. IT ALSO ORGANISES MANY OTHER ANGLO-GERMAN EVENTS. IT IS BY FAR THE MOST IMPORTANT ORGANISATION IN GERMANY THAT IS CONCERNED WITH THE UNITED KINGDOM.

5. ATTENDANCE AT SUCH AN EVENT NEED NOT LENGTHEN THE PRIME MINISTER'S STAY IN GERMANY FOR THE SUMMIT. A SHORT SPEECH BY HER WOULD BE THE BEST POSSIBLE MEANS OF DRAWING PUBLIC ATTENTION HERE TO

023117
MDADAN 9253

ANGLO-GERMAN RELATIONS AND COUNTERBALANCING THE MEDIA'S CONSTANT STRESS ON FRANCO-GERMAN RELATIONS.

MALLABY

YYYY

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SECRET

OW cc IRELAND: Meetup with Taoiseach Pt 19. cc PC 9 1(a-c) BUp

Foreign and Commonwealth Office

London SW1A 2AH

1 December 1988

CM 5/Ki

Dear Charles,

European Council: Rhodes: Bilateral with the Taoiseach

The Prime Minister has agreed to see the Taoiseach in the margin of the European Council in Rhodes. Mr Haughey is now expected to attend.

The Prime Minister will wish to bring home to the Irish the absolute requirement that the warrants for Ryan's extradition are backed. A brief on this is enclosed. On security cooperation (paragraphs 3 and 4) we need to follow up the Prime Minister's latest message to the Taoiseach and also to dispel any Irish complacency. The Irish on the other hand may well complain that we have consulted them insufficiently over recent security measures (paragraph 5). In general, the Prime Minister might confirm that our approach is one of fairness as well as firmness. Hence our concern to secure advance on the political front in Northern Ireland and to get the Irish to face up to the implications of their commitments under the Agreement (paragraph 6). Recent security measures need to be seen in the context of legislation on fair employment (paragraph 7), education reform and help for West Belfast (on which a further £55 million has just been pledged). Finally, it may be appropriate to give an impetus to the Review of the working of the Conference under the Agreement (paragraph 8).

On security cooperation there has been no reply to the Prime Minister's letter of 2 November in which she welcomed the Taoiseach's personal attention to the issues of training and pre-emptive intelligence, and sought his help in ensuring direct communications between the Army and the Garda in an emergency. This issue is clearly difficult for the Irish: but the case for emergency communications is founded in real operational need. The Irish are likely however to hark back to the need for RUC accompaniment of Army patrols. The Hillsborough communique restated our policy of ensuring as rapidly as possible that there should be a police presence in operations involving direct contact with the community.

/We

SECRET

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We also need to correct firmly the impression given, particularly by Mr Collins (Justice Minister) in a debate in the Dail on 16 November, that we are now wholly satisfied with security cooperation. Police relationships are certainly much better; but it is wrong to claim, as Collins implied, that this is yet producing adequate results. Lenihan is clearer about the need for security cooperation; when Sir Geoffrey Howe visited Dublin on 7 November Lenihan usefully stressed the joint security problem facing the two countries.

The measures taken as a result of the review of security options in Northern Ireland have posed problems of political handling for the Irish. The restrictions on access to the media followed their own law in large measure. But the constraints on the right to silence went somewhat beyond it, and they have some trouble with this, the restrictions on remission and the candidate's declaration. Irish Ministers have however chosen to voice their concern to us in private, and to avoid public comment. It is clear that the more warning we can given them of such measures and the fuller explanation of need, the better the reception is likely to be. The Irish regard the Anglo-Irish Agreement as containing a commitment on our part to consult. We disagree. But this is a theme on which they will harp in the Review, and confirmation of the assurance in the Prime Minister's latest letter that we will keep in close touch will stand us in good stead.

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It should be possible to convey the fact that while security is important it is not our only concern for Northern Ireland. We must improve the political and social environment in the North for the benefit of all. Haughey continues to regard devolution as a side issue and to hope, quite unrealistically, for an early change in the status of Northern Ireland. It is worth pointing out that he cannot hope for a major change in the constitutional relationship with the Republic in the foreseeable future. Both sides have to live with the existing situation. Political progress within Northern Ireland will only be achieved if the constitutional parties there come to a meeting of minds on the way they are to live together. The Northern Ireland Secretary is minuting separately on this issue. But our current stress on moves towards devolution rather than its immediate attainment, coupled with firm support for the Anglo-Irish Agreement, represent the most fruitful approach for Haughey as well as ourselves. Meanwhile it is important that the signals which the Irish give to both the SDLP and the Unionists do not have the effect of making progress more difficult. Haughey's recent efforts to engage the Unionists in dialogue seem unlikely to succeed, even though Unionists saw in them the possibility of an unholy alliance

/against

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against the Anglo-Irish Agreement. Haughey needs still to be discouraged from indulging in such by-play and to be reminded not only of the commitment to democratic choice in Article 1 of the Agreement (which he personally endorsed at the summit meetings in 1980) but, more immediately, to Article 4, under which the Irish "support" our policy of securing devolution on a widely acceptable basis.

Northern Ireland officials have put a great deal of effort into discussions with the Irish over fair employment: the Irish have been consulted thoroughly at each stage, and as a result they have been reasonably helpful. We do however look for more support when the Bill is published. Irish endorsement of the legislation would have a dramatic effect, particularly in our efforts to block the MacBride campaign in the United States. Haughey sees nothing wrong with the MacBride Principles, which ostensibly promote fair employment but which in fact are liable to deter investment. By contrast Lenihan is on record that our proposed legislation should supersede the MacBride Principles. Haughey needs persuading that the new legislation will provide effective support for minority community aspirations.

The current Review of the working of the Conference is important. Partly because of Mr Haughey's illness the Irish have not fully developed their thinking about the Review and officials have shown some signs of using the delay to build up a negative picture of progress under the Anglo-Irish Agreement. This is not reflected at the political level. Indeed the debate in the Dail on 16 November demonstrated a generally reasonable attitude towards the Review on the part of the Irish. Nevertheless we expect that Mr Haughey will wish to use it to put his stamp on the Agreement in some way. It would be useful for the Prime Minister to confirm with him that our intention is that the Review should be thorough-going, but positive and forward-looking, and should not be the excuse for pursuing unattainable objectives thereby souring the atmosphere for practical cooperative measures.

I am sending copies of this letter and its enclosure to Stephen Pope (NIO), Philip Mawer (Home Office), Michael Saunders (Law Officers' Department) and Trevor Woolley (Cabinet Office).

Yours ever, Lyn Parker

(L Parker)
Private Secretary

C D Powell Esq
PS/No 10 Downing Street

EUROPEAN COUNCIL, RHODES 4/5 DECEMBER

BILATERAL WITH THE TAOISEACH

Extradition of Father Patrick Ryan from the Republic of Ireland

Our objective

To get Ryan extradited from the Republic but without putting overt political pressure on Irish law officers.

Our arguments

(a) Accept that Murray (Irish Attorney General) has to consider the case under the law. But in view of the gravity of the charges and the knowledge that warrants were out for Ryan it was quite wrong to have ignored our request that he be held on his arrival in the Republic.

(b) If he disappears worst impressions of Irish attitudes will be confirmed.

(c) No political pressure but hope that Murray sees that the case against Ryan is strong enough to ensure that the warrants are backed quickly.

(d) Standing up to terrorism means taking brave decisions. Belgian refusal to extradite was disgraceful in itself, but the arguments they used (imprecision of charges) do not apply in relation to the Republic.

(e) Problems with your law which must be corrected in the context of the Review.

His response

(a) We know where Ryan is: he has not left the country.

(b) The Attorney must satisfy himself without political pressure that there is a clear intention on British part to prosecute based on a sufficiency of evidence. He will need time to do this.

(c) Must realise how sensitive extradition is. To imply that we are acting in bad faith is untrue and will complicate our ability to co-operate on extradition. Apparent public pressure on Irish to kowtow is widely resented. Do not inflame the situation.

(d) British justice is deeply mistrusted in Ireland, with most people doubting whether an Irishman can get a fair trial. Guildford Four are universally thought to be innocent.

(e) We shall be looking at the law in the course of the Review in the New Year. Views have been exchanged in the Conference.

Your response

(a) Good. But how will you stop him leaving without endorsing the warrant or impounding his passport?

(b) Noted. Both sides committed to effective extradition. Quick decision needed. The length of time taken by Murray is inordinate.

(c) Note renewal of extradition act likely next week. We are looking forward to the Review in the spring.

(d) Have no reason whatever not to trust British justice. Must trust the courts. Cannot have judgement by political convenience. (We do not assume Ryan's guilt).

(e) You committed yourself to changing the law if it proves unsatisfactory. Unwillingness to issue a provisional warrant deeply disturbing, as we understood there was no problem with this in principle. Length of time a provisional warrant is valid (2-3 days) clearly inadequate if Attorney's decision cannot be made within the deadline. Other problems also with the Act.

Press line

To be determined on the spot. Starting point might be: "A frank exchange of views on a number of issues. Both sides confirmed that effective extradition arrangements were essential."

Background

1. Dublin telno 593 is attached.

2. Under the Extradition Act introduced in 1987, due to be renewed and made permanent in December (2 day debate in the Dail next week) the Irish Attorney has to satisfy himself before warrants are backed that there is a clear intention to prosecute based on a sufficiency of evidence. The law has yet to be tested in a terrorist case. It has worked in one non-terrorist criminal case where the accused did not seek to mount a challenge.

3. Questions of legal propriety apart, our objection to the law is that, even if warrants were backed, Irish courts would go behind the Attorney's decision, thus ensuring a pre-trial and probable frustration of extradition. We have not got that far in the Ryan case since warrants have yet to be backed.

4. Under Irish law the Garda may apply for a provisional warrant valid for 3 days (but often only 2 since the second day begins at midnight after its issue) if they know that valid warrants are on their way from the UK. The period is manifestly inadequate for the workings of the Extradition Act (as now demonstrated by Murray's long consideration of the warrants); and in any case no warrant was issued for Ryan's arrest.

5. There is no hope of the Irish improving their law this December. Indeed there are pressures to stop extradition to the UK altogether. Haughey will probably resist them. We are looking to the annual review due in the New Year in which, without accepting the new law, we seek a number of changes: apart from provisional warrants, these include getting hearings transferred from district courts (where there tend to be rogue decisions) and ensuring that if a court reaches an absurd verdict the accused may be held in custody pending an appeal by the state. (This would have helped in the case of McVeigh.)

6. The Irish are trying to reactivate the provisions for extraterritorial jurisdiction. In Northern Ireland these provide for trial in the other's jurisdiction of most terrorist cases. In Great Britain only explosives cases are covered. There are a number of difficulties, including over the provision of evidence. The Attorney General has however agreed to consider whether some cases might be taken extraterritorially, but as an adjunct to extradition, not its replacement. The Irish ostensibly agree that it complements extradition only. Only two of the charges against Ryan could be covered in an extraterritorial case, and there would be difficulty getting key witnesses to testify.

Foreign and Commonwealth Office

London SW1A 2AH

1 December 1988

Dear Charles,

Rhodes European Council: Offer to Prime Minister of Honorary Citizenship of Greek Island

The Greeks plan to give each Head of Government attending the European Council honorary citizenship of an island in the Dodecanese. This is equivalent to freedom of a city in this country. We have no knowledge of a previous case of a British subject being given this honour. This is the local Greek Commissioner's idea.

The Ministry of Foreign Affairs are anxious to avoid disrupting the programme for the European Council by having to accommodate large public ceremonies. They have suggested that mayoral delegations call separately on Heads of Government at their hotels or elsewhere.

It is not known how other Heads of Government will respond to the idea, but we have not heard of any resistance. The Embassy in Athens understand Mitterrand is expected to accept and possibly in a more public place than his hotel.

The island of Halki wishes to make the Prime Minister an honorary citizen. It is the only island with a woman mayor, which is presumably the reason for this allocation.

Halki is similar in size (12sq miles) and population (400) to Sark. Our Embassy say the inhabitants have a strong tradition of affection for Britain and/very pleased to welcome Mrs Thatcher as a citizen. Their mayor, Mrs Stamatia Vassiloyeoryi, is a member of Papandreou's socialist PASOK party and served as a merchant mariner before becoming Halki's mayor in 1986. She speaks some English.

/are

If the Prime Minister agrees in principle, the Embassy recommend that if ten minutes can be found in the programme the Prime Minister should agree to receive the mayoral party herself. If not, the Ambassador (or presumably his Number 2 if he is still ill) would accept the honour on the Prime Minister's behalf. You may wish to take a final decision on the spot in Rhodes.

Yours ever,

(L Parker)
Private Secretary

C D Powell Esq.
PS/No 10 Downing Street

PS/Prime Minister

PRIME MINISTER - HONORARY CITIZEN OF HALKI

1. The Greek MFA have asked whether and when the Prime Minister will accept the Honorary Citizenship of the island of Halki. A ceremony involving all the Heads of Government is not envisaged.

2. We have told them that if the Prime Minister is unable to accept in person, I will do so on her behalf.

3. We have also suggested that the best time for any formal ceremony involving the Prime Minister might be before 9.45 am on Saturday 3 December in the Rodos Palace Hotel. The Mayoress of Halki, Mrs Stamatia Vassiloyeoryi, would make the presentation. The ceremony need last no more than 5 minutes and could take place in Mr Ingham's suite. Depending on the venue and time available, we would have to tell the Greeks how many (if any) Greek and British journalists might attend. The Mayoress might also wish to bring some officials with her. She speaks a little English, but our Greek Liaison Officer, Mr Papadopoulos, would interpret.

J B DONNELLY
Counsellor
British Embassy, Athens

1 December 1988

cc; Mr B Ingham
Chief Press Secretary

Charles
You were going to get the PM to personalise a photo in connection with this. DA 2/12

PS/Prime Minister

PRIME MINISTER - HONORARY CITIZEN OF HALKI

1. The Greek MFA have asked whether and when the Prime Minister will accept the Honorary Citizenship of the island of Halki. A ceremony involving all the Heads of Government is not envisaged.

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Yes

Brian Donnelly

J B DONNELLY
Counsellor
British Embassy, Athens

1 December 1988

cc; Mr B Ingham
Chief Press Secretary

CONFIDENTIAL

(1) Need to take resolute steps to fight terrorism - bombs in Athens

(2) LEP for new blueprints

(3) Scrap Parliament

Foreign and Commonwealth Office

London SW1A 2AH

1 December 1988

Papandreou - Conclusions acceptable to Parliament
- Condemn terrorist actions in Athens

Dear Charles, Have to look into problems you have raised, LEP's contribution on Structural Funds.

European Council: Address by Lord Plumb

We have obtained in confidence the enclosed text of Lord Plumb's remarks at the European Council. He will raise two controversial issues.

First, he will propose that the Council mandate the Parliament to prepare proposals on the future development of the Community, for submission before 1992. We cannot stop the Parliament deciding to do this work if it wishes. However we must avoid any European Council commission for such work. With luck, no-one at Rhodes will take up the suggestion. But if anyone does, the Prime Minister's line might be:

- I don't myself see any need for new blueprints. And certainly wouldn't want to commission one today;

- EP can, of course, do as they think fit: but would hope that they, like the Council, would regard completing the Single Market by 1992 as the no 1 goal. The issues are well covered in the Commission's report. EP has a clear-cut role through the cooperation procedure.

Lord Plumb will also urge a change to the existing arrangements for the site of the Parliament. Its Secretariat is in Luxembourg, its plenary meetings are held in Strasbourg, and its Committees meet in Brussels. This is costly and inefficient, and Lord Plumb would like a single Brussels site. Both France and Luxembourg regard the existing arrangements as a major national interest and there could be no change without unanimous agreement. So Lord Plumb's remarks are likely to provoke a hostile reaction from President Mitterrand (and M. Santer). There is everything to be said for staying out of this battle, which is unavoidable, and not intervening: either on Mitterrand's side (upsetting the EDG) or on Plumb's (upsetting Mitterrand, with whom we have bigger fish to fry).

Yours,
Stephen Wall

(J S Wall)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

Lord Plumb's address to the Rhodes European Council
2 December 1988

This meeting of the European Council takes place against the backcloth of recent sustained Community achievement. 1992 has not only caught the imagination of our citizens, it is a subject of widespread and sustained international interest.

On behalf of the European Parliament I have argued that we are not building a protectionist, fortress Europe. The Community's commitment to free trade is well established and of proven advantage to our economy.

Internationally the Community is exercising more and more clout. And this has never been more important as we approach the GATT Ministerial Review and a new United States Presidency. You have before you Parliament's recent resolutions proposing priorities for the Community and for its external relations.

A strong European Community was, in my view, the main reason why COMECON wanted to reach agreement and why countries like the Soviet Union wish to establish diplomatic relations with us. United, the Member States are best placed to chart the developments of new political and economic relationships in Europe, and a more central role for the Community will inevitably bolster its influence.

Europe is on course because of all the measures which have been agreed. You are not meeting in crisis conditions to solve impenetrably technical issues. Instead you can indicate the appropriate overall direction.

The Parliament welcomes your initiative to stimulate progress on the environment. We have always advocated increased efforts to improve environmental protection as foreseen in the Single European Act, and look forward to the Community taking a higher profile in global discussions of the key problems confronting the world's environment.

SC7AFC/1

Equally we expect that progress on the Internal Market will be complemented by the adoption of sensible measures in, for example, health and safety at the workplace. Of course these measures must take account of industrial conditions and the existing legislation and practices in the Member States. They will have many justifications, not least that there will be a readily appreciated favourable impact on our citizens.

Parliament's involvement in the Community's legislative processes has been strengthened by the Single European Act. This was a major challenge to which the Parliament has responded well, despite the intrinsic disadvantages of our present working arrangements. Fears that our closer involvement would lead to conflict and delays have proved unfounded. Our internal procedures have been streamlined, and the nature of our work has changed. Legislative work may often lack glamour and arouse little press interest, but more and more it is the essence of our endeavours.

With it there has been a clear change, and, I am glad to say, a positive improvement in relations between the Institutions. We do not, of course, and should not always agree, but we tend now to have a better understanding of each other's positions. The 1989 budget procedure, unlike any of its recent predecessors, is rolling smoothly towards agreement later this month. Why? Because the Inter-Institutional Agreement has provided the means of implementing your February Conclusions, in the context of agreed budget discipline.

At last, the planning of legislation is becoming concerted between the Council and the Parliament. As a matter of course we are each beginning to take into account the views of the other Institutions. We are starting to work together, and sensible amendments proposed by Parliament in its role as co-legislator are increasingly being incorporated in the legislative texts finally adopted by the

Council. The result is improved legislation, approved not only by the Council representing national governments but by Parliament representing the European electorate as a whole. This trend is encouraging as we all recognise our respective responsibilities to implement the SEA and achieve the Internal Market.

This was clearly brought out in the Commission's report on progress towards the realisation of the Internal Market. I endorse the Commission's analysis, and agree that constructive cooperation between the three Institutions remains vital.

Already, the new procedures, combined with mechanisms for seeking conciliation and agreement between Council and Parliament, have ensured that the necessary decisions are now being taken more rapidly. New methods of dialogue between the Institutions have also begun to emerge. These developments should be encouraged and I would invite you to ask the Council to extend the procedures for dialogue and conciliation with Parliament, a commitment set out in the Stuttgart Solemn Declaration. Neither Council nor Parliament have anything to fear from closer contact and dialogue, which leads to better understanding, agreement and an improvement in the texts under discussion.

1992 is only four years away. Discussion is already taking place about the consequences of the establishment of a single market. 1992 is also the deadline laid down in Article 30 of the Single Act for the review of European Political Cooperation procedures. It is the year in which the budgetary perspectives agreed earlier this year come to an end. Finally, it is the year in which the Commission considers that the Community should take a decision on its further enlargement. In other words, the whole future development of the Community will inevitably be a matter for discussion.

May I then make a suggestion to the European Council? Why not formally request the European Parliament to prepare proposals for the future development of the Community? As you know, the Parliament contains representatives from all shades of political opinion in the Community. A new mandate will be obtained from the European electorate in June 1989. Let us draw on this mandate to ask it, the Parliament, consulting as widely as possible and particularly with national parliaments, to submit proposals before 1992. This will still leave it time to consider all the relevant issues and to assess carefully and calmly the various options open to the European Community.

I turn now to a subject which is not on your agenda but which, frankly, I believe should have been on your agenda a long time ago and indeed must be on your agenda very soon. I refer to the issue of the Seat of Parliament. It is of course, under the Treaties the duty of the Governments of the Member States to determine the Seat of the Institutions of the Community by a common accord.

I am not interested in national rivalries on this issue. I believe it to be one of fundamental institutional importance. I am concerned above all with the efficiency of the practical workings of Parliament, which also has a direct bearing on the quality of our participation in the institutional triangle with the Commission and the Council.

The Single European Act has placed upon the Parliament extra responsibilities. Our workload is likely to increase, rather than decrease, in the future. We have taken on this work willingly and I believe that our response to the challenges it has brought is irreprochable. But we have the feeling that we are working with one hand tied behind our backs.

Let me give you one example of the difficulties we face:

In September, we were asked to produce opinions on four major proposals concerning the Structural Funds. We all agree on the importance of these measures for the achievement of cohesion. As a result of immense efforts by Council and Parliament, these should be adopted in December. In the Parliament this necessitated special priority, and following a two-hour vote, the preparation in eight hours of 2.2 million sheets of paper compared to the usual 400,000, so that our minutes could be transmitted to Brussels in time for the Foreign Affairs Council, the next working day. You can imagine how complicated was our work in this 9-week period, when 21 committee discussions were necessary in Brussels and Strasbourg. The Secretariat were in Luxembourg, the Commission experts were in Brussels, and three Plenary sessions were in Strasbourg.

Parliament cannot continue to function efficiently within the present conditions.

I fear also that, in the long run, the electorate will not accept the extra financial cost and the reduced efficiency of the Parliament which results from having to move staff and working materials from place to place.

I am not for one moment minimising the difficulties which Member State Governments will face in dealing with this problem.

Nevertheless I come back to my starting point: the provisions of the Treaties, in assigning to Member States the competence for fixing the Seat of the Institutions, place upon the Member States an absolute obligation to exercise this competence in order to ensure the functioning of the Community.

Foreign and Commonwealth Office

CONFIDENTIAL

London SW1A 2AH

1 December 1988

Dear Charles,

Rhodes European Council: Prime Minister's meeting with Lubbers

The Prime Minister will see Mr Lubbers from 1145 to 1230 on 2 December. He remains a useful ally in Community discussions, particularly on external trade issues, on which the Dutch approach remains very liberal, and on CAP reform, where further progress may become more difficult when Andriessen, the Dutch Commissioner, moves from Agriculture to External Relations, particularly if his replacement is MacSharry, as rumours suggest. (Like us, Mr Lubbers opposed Andriessen's move.)

On the social dimension we and the Dutch can agree on the need for a Framework Directive on health and safety at work. But The Hague telno 498 (attached) shows that Mr Lubbers may want to pursue a more active Community programme on social issues than we would want.

It might be useful to sound out current Dutch thinking on frontiers. The Dutch are joint signatories (with FRG, France, Belgium and Luxembourg) of the Schengen Agreement, committing them to abolish land frontier checks by 1990. Implementation is complicated by the question of third country nationals. The Dutch are worried about the large number of immigrants who are attracted to the Netherlands. At Hanover, Mr Lubbers proposed a study on third country nationals' access and integration into the community. We regard this as valuable in itself, and also as a way of injecting realism into Community discussions. We believe it important to distinguish between EC and non-EC nationals in handling immigration at frontiers. The latest indications are that the Dutch may be becoming more receptive to our arguments, at least for ports and airports .

Mr Lubbers is likely to agree that the Community must maintain a liberal trade policy (in relation to the Single Market, and the GATT Uruguay Round, including progressive reform of agriculture), and that we should avoid unnecessary confrontation with the US on trade issues. The Dutch, like us, see few problems with the proposed Rhodes Statement, but agree with us that the reference to "global reciprocity" would strike the wrong note in Washington and Tokyo, and must go.

The Prime Minister may wish to take the following line:

- The Single Market, by removing barriers to growth, will address the Community's principal social problem: unemployment. Our concern is therefore with measures that encourage employment growth and increase labour market flexibility, eg training. We also have no problem with further action on Health and Safety at work.

- But no evidence (from business) of any need for a European Company Statute. And no prospect of our agreeing to mandatory worker participation provisions (or Germans agreeing to only voluntary ones). In the UK, we have instead encouraged employee share ownership: 1500 schemes now cf 30 in 1979.

- We supported your proposal at Hanover for a study on immigration. Important to distinguish between our obligations to EC and non-EC nationals. Can certainly speed up travel for the former: we plan early introduction of a single channel for all EC (including UK) nationals at all UK ports of entry.

- But we must retain the right to spot checks against terrorists, drug traffickers, illegal immigrants. As an island, it makes sense for UK to carry out such checks at the water's edge.

- On external issues we must ensure that the 1992 Single Market is open, that the Community takes a liberal line in GATT Uruguay Round discussions, including agriculture, and that we avoid unnecessary trade confrontation with US. The proposed Rhodes statement should be useful, though we must remove the suggested reference to "global reciprocity".

The Dutch have indicated that Lubbers may raise the UK attitude towards financing the European Space Agency in the period 1990-94. We have blocked a proposed budget increase, arguing that we first need to see evidence of cost-effective management of the Horizon 2000 programme (a series of space science projects) and pointing to the 27% (real terms) budget increase already agreed for 1985-89. But concern that we should not damage our chances of securing the lead role on the Columbus programme (for a polar-orbiting observation satellite) has led us to suggest, last week, that a 5% increase on the basic budget up to 1992 would be permissible, provided that a comprehensive review of the management and costs of the Horizon 2000 programme is undertaken before the future budget is next considered in 1990.

If Mr Lubbers raises the matter, the Prime Minister might wish to remind him of this new UK proposal.

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I am copying this letter to Neil Thornton (DTI) and Roger Lavelle (Cabinet Office).

Yours.

Stephen Wall

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EUROPEAN COUNCIL, RHODES: DUTCH PRIORITIES

SUMMARY

1. LUBBERS SEES IMPORTANCE OF A STRONG EC TRADE DECLARATION BEFORE THE MTM. DUTCH MINISTERS IN FAVOUR OF A MEASURE OF FISCAL HARMONISATION, AND WANT TO SEE WORK SET IN HAND ON FURTHER SOCIAL MEASURES. CONTINUING CONCERN OVER IMMIGRATION PROBLEMS. LONG-TERM WORRIES OVER THE REGIONAL CULTURAL IDENTITY OF THE NETHERLANDS.

2. THE FOLLOWING ASSESSMENT OF DUTCH PRIORITIES FOR THE RHODES EUROPEAN COUNCIL IS BASED ON CONTACTS THIS WEEK WITH THE PRIME MINISTER'S OFFICE, AND ON SPEECHES BY LUBBERS AND OTHER MINISTERS CONCERNED WITH EC MATTERS AT A PUBLIC MEETING WHICH WAS HELD ON 26 NOVEMBER TO MARK THE LAUNCH OF A DUTCH 1992 AWARENESS CAMPAIGN.

3. MINISTERS DO NOT SEE THIS EUROPEAN COUNCIL AS AN OCCASION FOR TAKING MAJOR SUBSTANTIVE DECISIONS. NOR DO THEY SEE THE NEED FOR SIGNIFICANT DISCUSSION OF MONETARY POLICY PENDING THE RESULTS OF THE DELORS GROUP'S WORK. A MAJOR OBJECTIVE WILL IN THEIR VIEW BE FOR THE EUROPEAN COUNCIL TO ISSUE A CLEAR SIGNAL UNDERLINING THE COMMUNITY'S COMMITMENT TO AN OPEN TRADING SYSTEM IN ADVANCE OF THE MTM IN MONTREAL.

FISCAL HARMONISATION

4. THE DUTCH BRIEF FOR RHODES SPEAKS OF THE NEED TO PREVENT THE COMMUNITY ENTERING A DAMAGING PROCESS OF COMPETITIVE REDUCTIONS OF INDIRECT TAXES. THERE IS A REFERENCE TO ALLEGED PROBLEMS IN THE UNITED STATES OVER CUT-THROAT COMPETITION BETWEEN STATES TO ATTRACT INVESTMENT BY REDUCING INDIRECT TAXATION. FOLLOWING THIS PREMISE, LUBBERS IS LIKELY TO SPEAK IN FAVOUR OR HARMONISING INDIRECT TAXES AT REASONABLE LEVELS.

SOCIAL DIMENSION

5. THE IMMEDIATE DUTCH AIM IS TO FOCUS ATTENTION ON THE NEED FOR

COMMUNITY STANDARDS IN THE AREA OF HEALTH AND SAFETY AT WORK. BUT MINISTERS ARE UNDER PRESSURE FROM BOTH TRADE UNIONS AND A SIGNIFICANT ELEMENT WITHIN THE MAJOR CHRISTIAN DEMOCRAT PARTY TO GO FURTHER IN TERMS OF A COMMUNITY SOCIAL POLICY PROGRAMME. LUBBERS WOULD LIKE TO SEE AGREEMENT IN PRINCIPLE TO SET IN HAND A PROGRAMME OF WORK WITHIN THE EC ON ''SOCIAL EUROPE''. HE HAS APPARENTLY COMMENTED THAT THERE MAY HAVE TO BE SOME COMPROMISE WITH THE SOUTHERN MEMBER STATES OVER THE COMPOSITION OF AN EVENTUAL PACKAGE.

IMMIGRATION AND FRONTIER CONTROLS

6. THIS CONTINUES TO BE A MAJOR PRE-OCCUPATION FOR THE DUTCH GOVERNMENT. LUBBERS RAISED THIS MATTER AT HANNOVER AND MAY DO SO AGAIN. HE DISCUSSED WITH DELORS IN THE MARGINS OF THE MEETING ON 26 NOVEMBER MENTIONED IN PARA 2 ABOVE THE PROGRESS BEING MADE BY THE COMMISSION WITH ITS OWN STUDIES.

7. DUTCH POLICY ON IMMIGRATION HAS BEEN ON THE CABINET AGENDA FOR THE PAST 5 WEEKS WITHOUT FIRM CONCLUSIONS HAVING BEEN REACHED. GOVERNMENT ESTIMATES IN 1986 FOR A SMALL NET INCREASE IN IMMIGRATION OVER THE ENSUING TWO YEARS (7,500) HAVE PROVED WIDE OF THE MARK: THE ACTUAL FIGURE HAS BEEN NEARER 75,000. MINISTERS ARE CONCERNED BOTH AT THE OPPORTUNITIES FOR INCREASED ILLEGAL IMMIGRATION THAT COULD ARISE FROM THE REMOVAL OF FRONTIER CONTROLS IN 1992, AND AT THE PROSPECT OF LEGAL IMMIGRANTS MOVING TO THE NETHERLANDS, ATTRACTED BY SOCIAL WELFARE BENEFITS. LUBBERS BELIEVES THAT THE COMMUNITY NEEDS TO LOOK AT BOTH PROBLEMS TOGETHER IN ORDER TO ENSURE THAT THE ISSUES ARE CLEARLY UNDERSTOOD AND THAT INDIVIDUAL NATIONAL POLICIES WITHIN THE EC ARE COMPATIBLE.

CULTURAL IDENTITY

8. AT THE MEETING ON 26 NOVEMBER, IN A DIRECT REFERENCE TO THE PRIME MINISTER'S SPEECH AT BRUGES, LUBBERS SAID THAT HE AGREED THAT THE EC SHOULD NOT FOLLOW THE MODEL OF THE UNITED STATES. THE COMMUNITY SHOULD RATHER AIM AT A MIXTURE OF NATIONAL AND COMMU ITY SOVEREIGNTY, WITH THE EUROPEAN PARLIAMENT BEING DEVELOPED TO PROVIDE BETTER DEMOCRATIC CONTROL. HE DECLARED THAT HE SHARED THE PRIME MINISTER'S AVERSION TO TOO LARGE A BUREAUCRACY. THE FUTURE OF THE EC SHOULD NOT HOWEVER BE REDUCED TO A DISPUTE ABOUT NATIONAL AND COMMUNITY COMPETENCE. IT WAS BETTER TO BUILD ''FROM THE BOTTOM UP'' AS THE EC WENT ALONG.

9. LYING BEHIND ALL THIS ARE QUITE WIDESPREAD DUTCH CONCERNS ABOUT

THE FUTURE OF THEIR CULTURAL IDENTITY. IN PARTICULAR THEY WISH TO SEE THEIR LANGUAGE AND REGIONAL IDENTITY PROTECTED IN THE FACE OF RAPID DEVELOPMENTS IN BROADCASTING AND TELEVISION. THIS WAS A POINT WHICH LUBBERS ALSO MENTIONED TO DELORS LAST WEEKEND.

COMMENT

10. IN ANY BILATERAL DISCUSSION WITH LUBBERS IT WOULD BE USEFUL TO TAKE HIM THROUGH OUR VIEWS ON FISCAL HARMONISATION AND ''SOCIAL EUROPE''. PARTICULARLY IN THE LATTER FIELD,THE GOVERNMENT'S THINKING APPEARS STILL TO BE IMPRECISE AND IT WOULD BE USEFUL TO HEAD DUTCH MINISTERS AWAY FROM IDEAS ABOUT WORKER PARTICIPATION TO WHICH THEY MAY BE ATTRACTED. LUBBERS DOES SEEM PERSONALLY TO UNDERSTAND THE IMPORTANCE OF NOT SADDLING INDUSTRY WITH OBLIGATIONS WHICH ARE LIKELY TO IMPAIR ITS PRODUCTIVITY.

11. FCO PLEASE ADVANCE TO KERR, AND LAVELLE (CABINET OFFICE).

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Foreign and Commonwealth Office

CONFIDENTIAL London SW1A 2AH

30 November 1988

Dear Charles,

Prime Minister's meeting with Chancellor Kohl in Rhodes: 2 December

The Prime Minister will have 1½ hours of discussion with Chancellor Kohl over breakfast in Rhodes on 2 December - their first bilateral meeting since 9 July. Although there are a number of EC issues to discuss, there is no need for these to take up the whole time available. We see this therefore as an opportunity also to discuss East/West issues in some depth as well as South Africa and the Middle East. We understand that Chancellor Kohl's brief will cover similar ground. I attach a scene-setting telegram from Sir Christopher Mallaby.

FRG Internal

In spite of problems within the CDU and among the coalition parties, the governing coalition still seem to be heading for victory under Chancellor Kohl's leadership in the 1990 Federal elections. The death of Herr Strauss and the election of Count Lambsdorff as FDP Chairman tend in different ways to make life easier for the Chancellor. He is no longer the victim of public sniping from Munich and should find co-operation easier with the new CSU leader, Dr Waigel. Count Lambsdorff's election is widely seen as evidence that a leftward swing by the FDP and possible change of coalition partner after 1990 have become less likely. Although he is expected not to intervene in foreign policy issues, Count Lambsdorff is now in a position to balance the influence of Herr Genscher in other areas of FDP policy. He is a powerful champion of free enterprise.

The coalition's position is also helped by the unexpected growth in the German economy. This is now expected to be 3% in 1988, but it appears to be largely export-led. The continuing structural rigidities in the domestic economy lead forecasters to predict growth of only 1.5-2% in 1989. Unemployment fell in October for the fourth consecutive month to 2.07 million (8%). The visible trade surplus in September climbed to DM 11.3 bn and the current account surplus to DM 6.1 bn. Average inflation for the year so far has risen to 1.1%.

Anglo German Relations

Although the climate has much improved, especially as a result of the Chequers meeting on 9 July, the press in both Britain and Germany continue occasionally to play up differences of approach, eg over East/West relations. Some of the articles are largely fictional, such as German reports of the recent telephone conversation between the Prime Minister and Chancellor Kohl. We hope that a successful Summit on 20/21 February will help further to change public perceptions. It will also be well-timed for taking forward private discussion with the Germans of such sensitive issues as SNF.

We recommend that at this meeting the Prime Minister thank the Chancellor for maintaining the German abstention in the UN Falklands debate and welcome the intense pattern of discussions now taking place at Ministerial and official level in the run-up to the Summit.

EC Issues

Apart from the Rhodes agenda, the Prime Minister may wish to probe Kohl's idea for greater Police Cooperation, leading to a joint European police force. It would be useful to secure his agreement that, while frontier procedures should certainly be speeded up, police checks sufficient to defend the law-abiding citizen must remain post-1992.

On the Social Dimension of the 1992 programme, the Prime Minister might indicate that we shall have no difficulty with proposals (eg for more training) which would not entail extra burdens on business. But we would not accept a European Company Statute involving compulsory worker participation. Since the Germans could not accept provisions which were purely voluntary, and so provided an escape route from the FRG's domestic legal requirements, it might be worth suggesting to Kohl that we both have an interest in keeping the idea on the back-burner.

The Prime Minister could also stress our strong common interest in sustaining the open multilateral trading system through the current GATT Round; in ensuring that the Single Market stays open to the outside world; and helping the US Administration ward off protectionist pressures in Congress.

She might therefore say:

- Let us keep Rhodes discussion short and operational focussing on Single Market, wider world and environment.

- On Environment, it will be important to show the Community leading the way on international cooperation to protect the ozone layer. Our conference next March will make an important contribution.

- Welcome your ideas for greater cooperation among police forces. If we are to smooth the flow of goods and people across frontiers we must strengthen collaboration against terrorism, drug trafficking and illegal immigration.

- Fully accept that 1992 has a Social Dimension. Need to do more on training etc. But mustn't impose new burdens on business, so cutting growth and jobs.

- Given your system of worker participation, see why you want obligatory provisions in any European Company Statute. But for the same reason of national practice, we would want only voluntary provisions. So best course might be to drop the whole idea? Recent surveys of British businessmen and European Round Table show that business sees no need for it.

- On the Uruguay Round, we must press for real progress on agriculture but at the same time not allow difficulties over agriculture to frustrate progress in other areas at next week's Montreal meeting. Community can of course take credit for our recent CAP reforms (which are working well) but must also be prepared to go further, making agriculture progressively more responsive to market forces.

- Glad we share a commitment to an open Single Market; and that we are speaking the same language in allaying American and Japanese fears of "Fortress Europe". Proposed Rhodes statement will be useful.

Transatlantic Relations

Both the Prime Minister and Chancellor Kohl visited Washington in mid-November. They may wish to compare their impressions of the prospects for the Bush Presidency. Generally, Vice-President Bush's election has been welcomed by Western European Governments, which see a number of reassuring features - his experience, competence, commitment to the Alliance and transatlantic consultation. His appointments so far (Baker, Brady, Sununu etc) command respect. He promised the Prime Minister that there would be "no hairpin bends" in US policy towards the Soviet Union during his Presidency. At the same time certain issues (the US budget deficit, resisting protectionist and defence burden-sharing pressures) will need careful transatlantic handling over the coming months, particularly given the difficult relationship Mr Bush is likely to have with the Democrat-controlled Congress.

We recommend that the Prime Minister tell Chancellor Kohl that she raised with Vice President Bush the idea of a Summer 1989 NATO Summit, and that Bush will consider it. Such a Summit should be held only if the comprehensive concept is ready for endorsement, thus preparing the way for decisions on

nuclear modernisation.

Nuclear Modernisation

While in Washington Chancellor Kohl signalled a welcome development in the FRG's policy on the modernisation of NATO's Short Range Nuclear Forces (SNF). He said publicly that NATO's Comprehensive Concept should be ready for adoption by the middle of 1989; and that SNF modernisation should be clarified in the framework of this concept. The German press has interpreted these remarks as an indication that the Chancellor is disposed to take decisions on SNF modernisation in the course of 1989. Herr Teltschik has recently confirmed privately to Sir Christopher Mallaby that this is indeed the case; but that the Chancellor wants the Alliance, in addition to deciding on modernisation, to agree to start negotiations on SNF arms control once the conventional stability talks have produced certain results. Such a commitment is apparently the price Herr Genscher is demanding for acquiescence in a modernisation decision.

The aspect which will be the most sensitive in the FRG is the introduction of a longer range follow-on system to the LANCE missile. Studies in NATO's Nuclear Planning Group have confirmed the importance of deploying a new missile by 1995: it will have an important role in NATO's deterrent posture following the INF Treaty; and the current system cannot be maintained beyond 1995 without unacceptable costs. Development of the system will take 3 to 4 years and production a further 12 months: hence the need for an early decision.

We recommend that the Prime Minister:-

- welcome the Chancellor's determination to take modernisation decisions next year;

- express the hope that the Germans will be able to contribute in a more productive way than hitherto to completing a Comprehensive Concept report which will provide a rationale for such decisions;

- sound a note of caution about the idea of a commitment to SNF arms control. Our own analysis has failed to reveal any form of SNF arms control which would be likely to be compatible with our security, technically feasible or negotiable with the Soviet Union. What incentive would the Russians have for agreeing to a ceiling on SNF missiles above zero? Would they not be likely to offer a zero option either on missiles or on all nuclear weapons in Europe? And how would Chancellor Kohl envisage NATO being able to proceed with its modernisation plans in the face of such an offer?

Arms Control

Work on an Alliance proposal for the conventional stability talks has been held up pending President Mitterrand's "review" of the relationship between them and the CSCE process. The Prime Minister might therefore brief Chancellor Kohl on her discussion with President Mitterrand at Mont St Michel and encourage him to join her in urging the President to ensure that this problem is settled soon on the basis agreed by NATO Foreign Ministers at their meeting in Reykjavik in 1987 (ie that the conventional stability talks should take place within the framework of the CSCE process, but that participation should be limited to the 23 members of NATO and the Warsaw Pact with appropriate safeguards for their autonomy). The priority for the West should be not arguments about procedure but agreement on the substance of our negotiating proposal.

On chemical weapons, the Prime Minister could refer to the unsatisfactory results of the Porton Down/Shikhany exchange visits this summer and say that she is considering underlining the need for much more Soviet openness about their CW capabilities, when she sees Mr Gorbachev in London. If Chancellor Kohl argues (as Herr Genscher has) that we should set an early target date for the conclusion of a CW convention, she could say that there are important issues still to be resolved, particularly on verification, and that such deadlines are unlikely to be helpful.

As Mr Shultz told the Prime Minister in Washington that the US had raised with Chancellor Kohl their belief that German companies had been invoved in the supply of chemicals to the Middle East for CW purposes, it might be useful also to refer in general terms to the dangers of CW proliferation.

East/West and CSCE

Chancellor Kohl visited Moscow from 24 to 26 October, a visit seen as marking a substantial thaw in Soviet-FRG relations. A number of agreements - scientific, technical and cultural - and commercial contracts were signed, and proposals were made for co-operation in various industrial sectors and in management and other training. Chancellor Kohl also announced agreement on the release of "all" political prisoners, although it is now clear that he was speaking on the basis of a misleading account from Herr Genscher of his talks with Mr Shevardnadze. (The Soviet position remains that there are only 11 political prisoners ie those convicted under "political" articles of the criminal code which are due to be changed soon.) Mr Gorbachev is expected to pay a return visit to the FRG in the New Year, although dates have not yet been fixed.

During the Chancellor's visit, there was German disappointment at the inflexibility of the Soviet position over Berlin and the division of Germany. If the subject arises, he will hope for the Prime Minister's understanding of his need for domestic reasons to broach these subjects in Moscow.

FRG policy on East-West relations, particularly its public presentation, has been coloured by the emotional approach of Herr Genscher, who has tended to be uncritically generous in his praise of Mr Gorbachev and optimistic about the irreversibility of Soviet reforms. He has spoken in favour of a more forthcoming policy towards the Eastern bloc (although without being specific). Chancellor Kohl and the Defence Minister, Dr Scholz, take a more realistic approach in line with our own. But there is still a danger of significant softening on arms control and other issues, including economic relations: public opinion in the FRG is more easily swayed towards uncritical rapprochement than in, for example, France or the UK.

Nevertheless,in practice there has not so far been much difference between our and the Germans' handling of the Russians. The Germans are privately happy to admit that there is no real prospect of a boom in trade with the Soviet Union, that their companies and Government take a hard-headed commercial approach to the Soviet market and that there is no disposition to throw German taxpayers' money at the Russians. They are prickly about any suggestion that they are somehow soft. But the Prime Minister could:-

- stress the importance of a consistent Western approach to the Soviet Union. In a European context this will be an important theme of the Rhodes European Council, but we should beware of giving the Americans the impression that there is a separate European agenda or a divergent basic analysis;

- remind Chancellor Kohl of the need to counter the Gorbachev publicity machine with our own PR: we should certainly not seem negative or rigid, but it is vital that public opinion remain behind Western security and defence policies. Too euphoric a picture of Gorbachev, without balancing stress on realities which have not changed (eg the military and KGB), is bound to be dangerous;

- assure Chancellor Kohl that the UK approach is open-minded and that we are taking every advantage of opportunities offered by the Russians to make progress in East/West relations, and in our own relations with the Russians (which have not suffered from a tough approach on security issues).

A visit by Chancellor Kohl to Poland is in prospect if bilateral difficulties (mainly relating to the German minority) can be ironed out. He may therefore ask about the Prime Minister's visit. She might underline that she impressed on the Poles that we would be willing to provide economic assistance only when they had put their own house in order; they would need first to agree and adhere to an IMF programme and undertake necessary economic and political reforms.

We recommend that the Prime Minister urge Chancellor Kohl to back the UK and US approach on conditions for the CSCE Human Rights Conference in Moscow. We have argued in the Twelve and Sixteen that this is the best way of maintaining pressure on the Russians to continue improving their human rights performance; the more visible Western solidarity, the better the chance of securing improvements. Although Chancellor Kohl appeared to agree with the Prime Minister in their telephone conversation of 20 October on the need for specific practical improvements, the FRG have since expressed doubt whether it is realistic to expect the Russians to meet performance criteria. However, they are sympathetic to the UK/US approach as a means of breaking the negotiating logjam and have agreed to a co-ordinated Western approach on modalities for the conference itself.

Chancellor Kohl may argue, as the FRG did in July, for a renewed effort to conclude the Vienna meeting as soon as possible, with only a short technical break for Christmas to enable an early start to the conventional arms control negotiations. If so, the Prime Minister could reply that we would not wish to see a repetition of the procedural wrangling which split the Western camp in the summer, and that, if the Vienna meeting has to be prolonged past Christmas, there should be adequate time for full reflection and reassessment by governments.

South Africa

It would be useful for the Prime Minister briefly to exchange views with the Chancellor on the likely course of the new US Administration's policy towards South Africa. She could mention Mr Bush's warning of continuing Congressional pressure for sanctions. She could also tell the Chancellor that she briefed Mr Bush on Dr Leutwiler's forthcoming mission to South Africa, and that he expressed enthusiasm for the idea of an emissary. Chancellor Kohl will have seen Dr Leutwiler on 29 November. The Prime Minister might ask him for an account of the meeting (she herself is seeing Dr Leutwiler on 6 December). It is not clear whether P W Botha will be going to the United States for signature of the Namibia agreements since the Americans have indicated that they would not be willing to arrange a meeting with President Reagan. The Prime Minister may wish to say to Chancellor Kohl that, if P W Botha

does go to the United States via Europe, and also takes in London, she would be willing to see him. We know more of P W Botha's intentions following Leutwiler's visit.

Arab/Israel

Like us, the FRG cautiously welcomed the PLO statement in Algiers calling for an international peace conference on the basis of UN SCRs 242 and 338. Chancellor Kohl should therefore agree that this represents a modest advance on which to build. But the sceptical US and Israeli reactions show that the Palestinians have not yet convinced them that they genuinely want peace. The Europeans must therefore continue to urge the Palestinians towards moderation, while ensuring that the new US administration pays early and sympathetic attention to the problem and encourages the Israelis to match the PLO's step forward with a parallel commitment to an international conference.

Chancellor Kohl may be on the defensive over Tornado for Jordan. He owes the Prime Minister replies to her letter of 13 October proposing a meeting of officials to address the problem of official credit for collaboratively-produced defence sales outside NATO, and to her letter of 29 October about the withdrawal of FRG public sector support from the credit arrangements for the German workshare. However, his Government continue to assure us that an alternative solution involving a consortium of banks will be found before the deadline of 8 December. We recommend that the Prime Minister underline her concern that this deadline should not be missed. The UK is already heavily exposed; without the support of the German banks the deal is likely to collapse. (The Prime Minister may also have an opportunity to raise Tornado for Jordan with Signor De Mita at Rhodes. If the Germans reach a satisfactory solution on credit arrangements, that would help to put pressure on the Italians, who could also be reminded of the wider implications for Italian participation in collaborative ventures.)

It would also be useful in this context for the Prime Minister to mention to the Chancellor Tornado for Oman. The decline in oil prices and the drop in the value of the dollar have forced the Omanis to ask us for a further improvement in financing terms. Part of the package which the Sultan has requested is cover from British sources for the German element in the contract (worth nearly £100 million).

I am copying this letter to Brian Hawtin (MOD), Alex Allan (Treasury) and Trevor Woolley (Cabinet Office).

Yours

Stephen Wall

(J S Wall)
Private Secretary

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EUROPEAN COUNCIL, RHODES: PRIME MINISTER'S MEETING WITH CHANCELLOR KOHL ON 2 DECEMBER

SUMMARY

1. KOHL WILL MEET THE PRIME MINISTER ON 2 DECEMBER AGAINST A BACKGROUND OF DIFFICULTIES WITHIN THE CDU. BUT THE COALITION IS NOT IN DANGER. KOHL CONSCIOUS OF CASE FOR DRAWING MORE PUBLIC ATTENTION TO ANGLO-GERMAN RELATIONS. SUGGESTED POINTS FOR THE PRIME MINISTER TO PUT TO KOHL ON THE ANGLO-GERMAN SUMMIT, SNF, TORNADO FOR JORDAN, THE EUROPEAN COMPANY STATUTE, AND THE LONDON CONFERENCE ON THE OZONE LAYER.

DETAIL

2. FOR SOME WEEKS GERMAN NEWSPAPERS HAVE BEEN REPORTING, AND CHANCELLOR KOHL DENYING, A CRISIS IN THE CDU. AT REGIONAL LEVEL, THE CDU DOES HAVE SERIOUS PROBLEMS. IN THE CDU-RULED LAENDER OF LOWER SAXONY AND RHINELAND-PALATINATE, ITS HOLD ON POWER IS WEAKENING. IN THE FORMER THE CDU INTERIOR MINISTER HAS RESIGNED OVER A BRIBERY SCANDAL AND IN THE LATTER A DISPUTED ELECTION FOR THE REGIONAL PARTY CHAIRMANSHIP HAS CAUSED THE CDU PRIME MINISTER OF THE LAND TO RESIGN. AT FEDERAL LEVEL, TOO, KOHL'S GRIP LOOKS LOOSE. THE EMBARRASSMENT OF JENNINGER'S FAUX-PAX (MY TELNO 1152) WAS FOLLOWED BY DIFFICULTIES FIRST IN FILLING HIS POST AS SPEAKER OF THE BUNDESTAG AND NOW IN FILLING THE POST OF FAMILY MINISTER VACATED WHEN FRAU SUESSMUTH TOOK OVER FROM JENNINGER. ALL THIS GIVES THE IMPRESSION OF A PARTY HAVING DIFFICULTY MANAGING ITS OWN AFFAIRS. BUT THE COALITION IS SUCCEEDING IN SEEING THROUGH THE BUNDESTAG IMPORTANT REFORMS OF THE HEALTH CARE SYSTEM AND PENSIONS AND ITS STABILITY IS UNLIKELY TO BE AFFECTED BY THE CDU'S PROBLEMS.

3. AS FOR THE CDU'S COALITION PARTNERS, THE CSU SUCCESSION TO STRAUSS HAS GONE OFF SMOOTHLY AND SUCCESSFULLY. THE NEW FDP CHAIRMAN, LAMBSDORFF, IS SEEKING A HIGH PROFILE, PARTICULARLY IN ECONOMIC QUESTIONS, BUT HAS KEPT OFF GENSCHER'S FOREIGN POLICY TURF.

ANGLO-GERMAN RELATIONS

4. IN A RECENT SPEECH KOHL, AFTER THE RITUAL REFERENCE TO FRANCE AND GERMANY AS THE MOTOR IN BUILDING EUROPE, SINGLED OUT THE UNITED KINGDOM FOR UNUSUAL SPECIAL MENTION. HE HAS ALSO MADE VARIOUS PRIVATE REMARKS (REPORTED TO ME BY GERMAN POLITICIANS AND OFFICIALS) ABOUT THE NEED TO DRAW MORE PUBLIC ATTENTION TO THE IMPORTANCE OF ANGLO-GERMAN RELATIONS.

5. IN HER BILATERAL WITH KOHL, THE PRIME MINISTER COULD WELCOME THE PROSPECT OF THE SUMMIT IN GERMANY IN FEBRUARY AND SAY THAT SHE HOPES IT WILL HAVE SOME PUBLIC IMPACT HERE. THE CHANCELLOR MAY BE ABLE TO SAY WHERE HE WOULD LIKE THE SUMMIT TO TAKE PLACE.

SNF MODERNISATION

6. DURING HIS RECENT VISIT TO WASHINGTON KOHL DECLARED TO THE PRESS, IN THE PRESENCE OF GENSCHER AND SCHOLZ, THAT HE WANTED NATO TO AGREE ITS COMPREHENSIVE CONCEPT AT THE NORTH ATLANTIC COUNCIL IN LONDON NEXT SUMMER. HE SEEMS TO BE WORKING TOWARDS AN ALLIANCE DECISION IN PRINCIPLE AT A NATO SUMMIT NEXT YEAR ON SNF MODERNISATION, TO BE PACKAGED IN THE COMPREHENSIVE CONCEPT WITH REDUCTIONS IN NATO'S NUCLEAR ARTILLERY IN EUROPE AND AN SNF ''ARMS CONTROL POSITION''. MY TELNO 1182 CONTAINED TELTSCHIK'S ACCOUNT OF THE CHANCELLOR'S CURRENT THINKING. BUT IT WILL BE IMPORTANT, IN FORMING OUR OWN POLICY ON LANCE MODERNISATION, TO KNOW JUST HOW DETERMINED KOHL PERSONALLY IS TO FACE UP TO A ROW WITH GENSCHER AND A PUBLIC CONTROVERSY ON THE QUESTION. I RECOMMEND THAT THE PRIME MINISTER SHOULD ASK KOHL WHETHER, IF THE UNITED STATES SEEKS A LANCE DECISION NEXT YEAR, HE INTENDS TO GO FULL OUT FOR GERMAN AGREEMENT TO THAT.

TORNADO FOR JORDAN

7. KOHL OWES THE PRIME MINISTER A REPLY TO HER LETTER OF 29 OCTOBER. MY TELNO 1208 REPORTED THE LATEST SITUATION HERE. I SHALL REPORT AGAIN IF THERE IS MORE TO SAY. THE PRIME MINISTER COULD UNDERLINE THE IMPORTANCE OF URGENT DECISIONS ON GERMAN CREDIT ARRANGEMENTS.

EUROPEAN COMPANY STATUTE

8. THE PRIME MINISTER WILL WISH TO LEAVE KOHL IN NO DOUBT ABOUT OUR VIEWS ON THE EUROPEAN COMPANY STATUTE (ECS). KOHL IS KNOWN TO BE IN FAVOUR OF AN ECS AND HIS ATTITUDE WILL BE A MAJOR FACTOR IN DETERMINING THE GERMAN LINE. UPPERMOST IN HIS MIND IS LIKELY TO BE THE NATIONAL CONFERENCE ON EUROPE 1992 WHICH HE WILL BE CHAIRING IN BONN ON 7 DECEMBER: IT WILL BE ATTENDED BY REPRESENTATIVES OF GERMAN TRADES UNIONS AND EMPLOYERS' ORGANISATIONS TO DISCUSS THE SOCIAL

DIMENSION OF THE SINGLE MARKET. THE FEDERAL GOVERNMENT'S MAIN CONCERN IS TO ENSURE THAT GERMAN PROVISIONS ON CO-DETERMINATION ARE NOT UNDERMINED. SO FAR INDICATIONS ARE THAT GERMAN INDUSTRY'S ATTITUDE TO THE ECS IS RATHER MORE POSITIVE THAN THAT OF THE CBI.

ENVIRONMENT

9. THE PRIME MINISTER COULD REFER TO THE LONDON CONFERENCE ON THE OZONE LAYER, TO ILLUSTRATE OUR ACTIVE INTEREST IN THOSE ENVIRONMENTAL QUESTIONS WHICH REALLY MATTER.

COOPERATION AGAINST CRIME

10. KOHL'S VIEW THAT A EUROPEAN FEDERAL POLICE FORCE IS NEEDED ON THE FBI MODEL TO COMBAT INTERNATIONAL TERRORISM, DRUG-TRAFFICKING AND ORGANISED CRIME WAS MOST RECENTLY RE-STATED AT THE ASPEN INSTITUTE CONFERENCE ON 13 OCTOBER (MY TELNO 1019) AND IN A SPEECH AT BRUSSELS ON 18 OCTOBER (UKREP BRUSSELS TELNO 3039). HIS BELIEF THAT SUCH AN INSTITUTION WOULD REMOVE THE REMAINING NEED FOR BORDER CHECKS AFTER 1992 HAS CLEARLY NOT BEEN THOUGHT THROUGH. A FEW SEARCHING QUESTIONS TO KOHL ON WHAT HE REALLY MEANS SHOULD ENCOURAGE HIM TO GET OFFICIALS TO THINK SERIOUSLY.

THE NEW COMMISSION

11. SPECULATION HERE IS THAT ANDRIESSEN IS NOW THE FRONT RUNNER FOR EXTERNAL AFFAIRS AND THAT BANGEMANN WILL THEREFORE SETTLE FOR INTERNAL MARKET. IT DOES NOT LOOK AS IF BANGEMANN IS MAKING MUCH EFFORT TO GET HIS PREFERENCE OF EXTERNAL AFFAIRS. IT IS DOUBTFUL THAT KOHL IS TAKING MUCH INTEREST EITHER: BUT, AS SEEN FROM HERE, IT WOULD BE WORTH COMMENDING TO HIM THE UK'S PREFERRED DISTRIBUTION OF PORTFOLIOS.

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PRIME MINISTER

EUROPEAN COUNCIL

I will let you have the briefs for the European Council on the aircraft. The flight to Rhodes is some four hours, so there will be plenty of time to look at them then.

Organisation of the meeting

You will have bilateral meetings with Chancellor Kohl, Mr. Haughey and Mr. Lubbers in your suite on the Friday morning. The Council itself starts with lunch at 1330. The afternoon will be devoted to discussion of the prospects for the further development of the Community. In practice this should be a 'take note' debate on the Commission's report on progress with the internal market. Other members states are likely to comment also on the social dimension, possibly also on tax approximation and on monetary cooperation. But no decisions are required or expected. The French may raise their ideas on audio-visual and the Greeks may try to sneak in a commitment to study the problems of small islands. This is a blatant attempt to extract yet more money and will need to be sat on firmly.

Also in this afternoon session there will be a discussion on the environment. A draft statement has already been prepared and is broadly acceptable. You may want to add a reference to our Conference in London in March.

Over dinner it is envisaged that Heads of Government will discuss international issues, in particular East/West, the Middle East and the Community's relations with the rest of the world post-1992. The Middle East might be quite difficult: some of the others want to move the Twelve's position forward a step on the PLO.

Again a draft statement has been prepared which looks generally acceptable, indeed quite helpful in what it says on the need for the Community to be outward-looking and resist becoming a fortress Europe.

On the Saturday morning you will discuss the conclusions, which are likely to be fairly thin unless the Greeks try something preposterous, followed by press conferences, TV interviews and departure.

Briefs

The briefs give you speaking notes on all the main issues, together with background. You will want to give particular attention to your opening statement on the single market. To my mind, there is much to be said for your including in this some remarks about frontier controls, in the light of recent terrorist incidents and the feebleness of some of our partners. At the moment the briefs suggest that you only raise this in response to others.

You will also probably need to deploy the separate speaking notes on the social dimension and on tax approximation as the discussion develops. I think monetary cooperation is less likely to be an issue this time.

For the evening discussion you will want to talk about the prospects for East/West relations, your visit to Poland, the likely policies of the new US Administration, the need to avoid trade disputes with the US and to reassure them about the implications of 1992, and the importance of making a success of the GATT Mid-Term meeting.

Presentation

The media - or the British media anyway - will probably focus almost entirely on what you say (and do) to Mr. Martens and Mr. Haughey. There is something to be said for your tackling Martens right at the beginning, before the Council even

starts, so that we can get the issue out of the way. I am sure you will find a few well-chosen words (!). Your bilateral with Haughey is also early on.

The media are also likely to be looking for a row over your Bruges speech. You will want to make clear that, far from isolating us in the Community, the approach in your speech is in practice the one which the Community is following. Far from being isolated, it's we who are setting the agenda and the tone.

C.D.P.

(C. D. POWELL)
30 November 1988

EHG(R) (88) (1B)

EUROPEAN COUNCIL, RHODES 2/3 DECEMBER

SINGLE MARKET

UK Objectives

To confirm the Single Market as the Community's main priority.

To reaffirm the priorities set at Hanover for work in the immediate future.

To avoid prejudicial language on the Social Dimension, monetary issues, frontiers or tax harmonisation.

Delors Report.

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Opening Speaking Note

- Congratulate Papandreou on solid work done by Greek Presidency. Has added to achievements since we began this ambitious programme three years ago. Agreement so far on a dozen Single Market measures. Particularly worth noting agreement on Public Works Directive and five key food law Directives.

- Grateful to Delors for Commission's Article 8b report. As report says [para 24] "there is cause for satisfaction and encouragement in what has been achieved". That is why we said at Hanover in June that progress towards Single Market is now irreversible. We have come a long way.

- Would like to single out some of the areas where progress has been most satisfactory:

  - the agreement on abolition of exchange controls was a long overdue decision. We in the UK are confident of the benefits it will bring. And our own 1979 experience shows that the risks are much exaggerated;

Social Dimension.

- not an addnl burden on industry.

It is a political objective

All social groups will have to contribute

Combat unemployment.

Dialogue must be entered into.

Legislation in Member States

Standard Policies

Effective as for 1985 - 80% Research - 7 framework programmes planned.

Transport

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- the abolition of lorry quotas was a major step in opening up one of the most over-regulated sectors of the European economy;

- agreement on the non-life insurance Directive showed what we can do in opening up financial services;

- allowing professionals to work anywhere in the Community without requalifying is just the kind of practical step that genuinely benefits Europe's citizens;

- agreement on the Public Works and Public Supplies Directives will cut costs, and improve the international competitiveness of European industry;

- And we have made solid progress on standards. Not glamorous work and often very complex, but vital if business is to be able to treat the single market as a genuine home market.

Hanover

- At Hanover we agreed priorities for immediate future: "completion of the internal market in the area of public contracts, banks and other financial services, the approximation of standards, and intellectual property".

- There is much still to be done on these, and I believe this framework should continue to be our guide for the months ahead.

- Theme of achievement so far has been liberalisation. We have opened up markets. We have cut red tape and regulation. We have encouraged competition. We have cut burdens on business. We are making European business fit to compete on an equal footing with US and Japan.

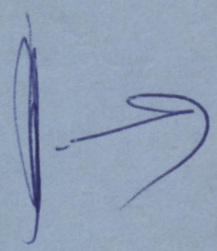
- That remains the priority task. Our first aim must be to complete the process. As the Commission's report says [para 3] "the completion of the internal market is not only the key to the Community's prosperity, it is the key to the Community's future". Let us not lose that key.

- And let us not shut ourselves off from the world. We agreed at Hanover that the "Single Market must not turn in on itself". Commission's 19 October statement was a welcome confirmation that the Community has a fundamental interest in open multilateral trade. No-one of us wants a fortress Europe. For all of us know that if we built a fortress we would be its first prisoners.

- While I don't agree with every word of the Commission's report, I am happy that we should today take note of it, take it into account in our future work, re-emphasise the immediate priorities which we agreed at Hanover and reconfirm our commitment to completing the Single Market.

Others' Objectives

Most Member States are likely to be content to take note of the Article 8b Report and will not want to reopen the Hanover priorities. But some will want substantial conclusions language on the Social Dimension, and many would be reluctant to argue against the abolition of frontiers. Delors may press the Article 8b Report's recommendation that tax harmonisation, animal and plant health and frontier controls on people should be added to the Hanover priorities. The wide scope of the Report may produce an equally wide-ranging debate, though no-one, including the Commission, seems inclined to raise tax approximation (EHG(R) (88) (1D)) or monetary cooperation (1E). Mitterrand may raise audio-visual developments (1H). Delors or the Greeks may raise Youth Questions (1I). Kohl may revert to his suggestions for more police co-operation, and a Euro-FBI. Papandreou may argue for a study of economic problems of small islands, and for more impetus to EC work on transport infrastructure (1K): but he can expect little support.



Common capital with Belgium

Our Response

[To any suggestion of a detailed timetable of single market measures]

- We agreed a set of priorities at Hanover. We have started work on them, but there is still a great deal to do. Much too early to talk about a new set of priorities.

- White Paper already sets out Commission's view of what needs to be done. Single European Act deliberately avoided a detailed timetable. Fact is that it would be unrealistic. The way to keep momentum going is to concentrate on areas where we can realistically expect progress. To try to force the pace on areas of greatest difficulty would be counter-productive.

[To argument that Single Market means no Frontier Controls]

- We are all committed, under the terms of the Single European Act, to greater freedom of movement within the Community. Free flow of goods is the logic of the Single Market. And our citizens rightly want unnecessary checks at frontiers removed. And for EC

nationals we shall be able to move a long way in this direction. We plan to move to a single EC channel (including all UK citizens) at all UK ports of entry. That way we shall ensure no difference of treatment between UK and other EC nationals. And freer flow of both.

- But that does not mean we can abolish all controls. We need to retain our defences against illegal immigration of non-EC nationals. And we agreed at Hanover that we must, and can, retain whatever checks are necessary to combat terrorism, crime and drugs. Complete abolition would help drug traffickers, terrorists, etc, and so hurt law-abiding citizens. Commission rightly point out [para 15 of report] that enforcement agencies have a legitimate rôle in frontier zones. Mustn't pretend problem doesn't exist.

[To complaints that removal of frontiers for goods is going too slowly]

- Of course there are areas where more needs to be done. We all understand the costs of frontier controls: the Cecchini report highlighted them, and we are determined to reduce them as soon as possible. In

the United Kingdom we are already taking positive steps to introduce new "fast-lane" procedures next year, to speed the movement of Community freight through our ports. Aiming for substantial reductions in times for customs clearance for lorries.

- But I frankly don't agree that reducing barriers to trade requires prior approximation of indirect taxes, as proposed by the Commission. Most Member States have serious reservations about the Commission's proposals. We have put forward an alternative approach, based on market forces, aimed at removing fiscal frontiers altogether. This avoids the need for a complicated clearing-house or the difficulties of bringing VAT and excise duty rates closer together on an artificially-imposed pattern. Under our approach goods should be able to move without being stopped at frontiers except when smuggling is suspected. We believe that this offers the best chance of real progress by 1992.

[If Kohl raises ideas for a Euro-FBI]

- We agreed in Hanover on the need for greater co-operation between Member States' police forces. That must be our first objective: important work is already being done in the TREVI Framework, the Pompidou Group and elsewhere. We must build on this to ensure that the means of protecting our security are equal to the challenge of new conditions.

[If there is discussion of the study on immigration]

- Important to assess the effect of the Single Market on third country nationals entering and residing within the Community. This is why we welcomed Mr Lubbers' initiative at Hanover for a study to be commissioned. Will shed light on difficulties of creating an effective external fence.

[If the Right of Residence Directive is raised]

- Support measures to promote free movement of persons in accordance with the Treaty, but have continuing reservations about current proposal. Financial and legal implications require further study.

[To complaints about slow progress on Animal and Plant Health]

- Agree that much work remains to be done on animal health. Top priority must be to eradicate most serious animal diseases from Community. This is within our grasp. If we succeed, need for many of existing frontier checks will disappear.

- But must keep adequate controls until eradication schemes successful; to demolish prematurely would mean reducing health status of some regions of Community and losing valuable exports to third countries.

- We are looking to the Commission to bring forward proposals for new plant health controls. Clearly essential to develop new measures to protect plant health before agreeing to phase out existing controls.

[If Delors seeks further endorsement of the European Company Statute]

- Key question is whether a European Company Statute will be of use to business. Current evidence is that European business sees no need. European Round table is opposed. UNICE does not see it as essential. Moreover a European Company Statute which contained mandatory provision for worker participation arrangements would be positively harmful to business. We all have differing traditions in this field: in the UK employee shareholding schemes have taken off notably. To try to impose a new overall legal requirement would do serious damage.

[If it is argued that June 1987 Brussels Council and June 1988 Hanover Council endorsed European Company Statute]

- What we are talking about is the Commission's current Memorandum. We agreed at Hanover that the Memorandum should be examined. We did not make the issue a priority. We have now examined the Memorandum, and we have the strong reservations I described.

[If the Merger Control Regulation is raised]

- Serious problems of substance remain to be resolved. We have a general reserve until we see how the Regulation as a whole comes out. Glad that Commission will also look at action necessary to level the playing field for takeovers.

Community Trade Marks Office

[If the CTMO site is raised]

- Only acceptable solution is one that is cost-effective for business. That rules out a split site. Believe London is best option. But it occurs to us that a sounding of first and second preferences might help to break the deadlock.

[If M Delors wants commitment to fast progress on proposals on procurement in water, energy, transport and telecommunications sectors]

- Commission's proposals form a basis for making progress. Necessary to examine extent to which absence of competition makes rules necessary. Important to take forward quickly.

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EUROPEAN COUNCIL, RHODES 2/3 DECEMBER 1988

FURTHER DEVELOPMENT OF THE COMMUNITY: OTHER ISSUES

Objectives

(1) ISLANDS

- To kill off any Presidency ideas for a Commission study into the economic problems of islands.

(2) TRANSPORT

- To resist proposals for a separate Transport Infrastructure Fund, or other ideas that might increase Community spending on transport.

- To press for progress on air/sea/land transport liberalisation.

(3) RESEARCH

- To prevent pre-emption of decisions on the mid-term Review of the R and D Framework programme.

- But help for infrastructure provision within member states is already well covered by the Regional Development Fund. Infrastructure is an excellent use for ERDF money. No justification for a separate Transport Infrastructure Fund.

- Difficulties with infrastructure are not the only transport problems we face. There are a number of areas where we have made little progress in the last year. These include shipping cabotage, road haulage cabotage, and air transport liberalisation.

- We won't have a real Single Market until we have cleared such restrictions away. Nothing would better demonstrate to the man in the street the reality and value of the 1992 programme than lower transport fares, and better transport services, throughout the Community. I hope we will see progress on all these issues in the Transport Council before long.

Speaking Notes

(1) ISLANDS

- We are very conscious of the particular problems faced by island communities. However, we see no point in a new study: the problems are familiar.

- The right course is to ensure that the Structural Funds, especially the Regional Development Fund, are used as effectively as possible to tackle such problems.

- A further measure to help the economies of islands, particularly the Greek islands, would be to liberalise shipping cabotage services. Freer competition would ensure that island communities received better, cheaper services than they do now, with consequent benefits to their economies.

(2) TRANSPORT

- We understand the Presidency's wish to see progress on transport infrastructure. We sympathise with the particular problems faced by Greece.

Men do talk

(3) **RESEARCH**

- Have to make sure that the priorities for EC-funded R&D reflect our wider priorities, such as industrial competitiveness, the single market or the environment. Must also ensure that proposals for new Community R&D do not cut across work already being done. And must be ready to reduce spending on projects which have not been productive or which are reaching the end of their useful life.

- [If necessary] Mid-term review of R&D Framework Programme not due until next year.

Others' Objectives

(1) ISLANDS

- The Greeks have not so far secured any support for their bid for a Commission study of the economic problems of islands. Delors wants nothing to do with the idea.

(2) TRANSPORT

- The Greeks may argue, with some Southern (and Commission) support for a Transport Infrastructure Fund. France and Germany so far disagree.

- Denmark, the Netherlands and Belgium may criticise German plans to charge an extra fee for lorries using the German motorway system. (Similar Belgian plans were dropped after heavy criticism from eg FRG).

(3) RESEARCH

- The Greeks may argue for a future increase in EC R&D funding.

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GREECE: PAPANDREOU ON THE EVE OF RHODES

1. WHEN THE PRIME MINISTER AND YOU MEET PAPANDREOU IN RHODES (AND WE MUST NOW ASSUME THAT HE WILL BE THERE) YOU WILL FIND HIM IN POOR PHYSICAL AND POLITICAL SHAPE.

2. AFTER HIS MEDICAL CHECK-UP ON 21 NOVEMBER HE SAID HE WAS FEELING FINE AND HIS DOCTORS REPORTED HIS AORTIC VALVE WAS FUNCTIONING NORMALLY. BUT FEW PEOPLE IN GREECE BELIEVE EITHER STATEMENT. HE LOOKS STRONGER NOW THAN A MONTH AGO. BUT WE HEAR THAT HE TIRES EASILY AND CAN ONLY DO ABOUT 2 HOURS WORK A DAY. HIS ENTOURAGE ARE PROTECTING HIM AS MUCH AS THEY CAN. BUT THE PERSONAL AND POLITICAL STRESSES ON HIM SINCE HIS RETURN TO GREECE MUST HAVE BEEN SEVERE. AND THERE MUST BE DOUBT ABOUT WHETHER HE WILL BE ABLE TO COPE AT THE SUMMIT.

3. EVEN MORE UNCERTAIN IS WHETHER HE CAN COPE WITH THE CRISIS HIS GOVERNMENT IS NOW FACING. THE KOSKOTAS (BANK OF CRETE) SCANDAL IS ONLY ONE SYMPTOM OF THE GENERAL CORRUPTION OF PAPANDREOU'S GOVERNMENT. THIS CORRUPTION, AND THE ARROGANCE WITH WHICH PASOK HAS ABUSED ITS POWER, HAS NOW CAUGHT UP WITH THEM. IF KOSKOTAS COMES BACK TO GREECE TO STAND TRIAL, HE IS LIKELY TO NAME PROMINENT POLITICAL FIGURES INVOLVED IN HIS FINANCIAL OPERATIONS. THIS COULD BRING THE GOVERNMENT DOWN.

4. PAPANDREOU HAD WANTED, EARLIER THIS MONTH, TO GIVE HIS GOVERNMENT A FRESH LOOK. BUT THE MOUSE OF A SHUFFLE ANNOUNCED ON 16 NOVEMBER WAS A TACIT ADMISSION THAT HE COULD NOT SACK THOSE OF HIS COLLEAGUES WHO WERE MOST CLOSELY INVOLVED WITH KOSKOTAS. SIMITIS, THE FORMER MINISTER OF NATIONAL ECONOMY, HAD INSISTED ON A CLEAN-UP AS THE CONDITION FOR HIS OWN RETURN TO THE ADMINISTRATION. BUT PAPANDREOU WAS UNABLE, OR UNWILLING, TO DELIVER. SO THE OLD GANG JUST CHANGED PLACES. THE FORMER DEPUTY PRIME MINISTER, KOUTSOGIORGAS, WIDELY BELIEVED TO BE AT THE HEART OF THE SCANDAL, IS STILL MANAGING MUCH

OF THE DAY-TO-DAY BUSINESS OF THE GOVERNMENT. DRIFT AND INDECISION ARE THE ORDER OF THE DAY.

5. WHAT IS REMARKABLE IS THE WAY PASOK SUPPORTERS AND NEWSPAPERS, MINISTERS AND ADVISERS ARE NOW OPENLY CRITICAL OF THE WAY THE GOVERNMENT IS BEING RUN. THE PRIME MINISTER'S ECONOMIC ADVISER WAS HEARD TO DESCRIBE HIS MINISTERS, LAST WEEK, AS A QUOTE BUNCH OF CROOKS UNQUOTE. PAPANDREOU CAN NO LONGER COUNT ON THE SUPPORT OF THE MEDIA. HIS ASSOCIATION WITH MRS LIANI HAS LOST HIM POPULARITY, PARTICULARLY IN THE COUNTRYSIDE, AND HAS PROVOKED THE CRITICISM OF SOME OF HIS SENIOR COLLEAGUES. THEY SAY PAPANDREOU WILL BE TAKING HER TO RHODES.

6. THE LATEST POLL REFLECTS THE GOVERNMENT'S LOSS OF POPULARITY IN THE ATHENS AREA: NEW DEMOCRACY 37 PERCENT, PASOK 20 PERCENT, WITH COMMUNISTS (KKE) AND UNDECIDED BOTH 17 PERCENT.

7. MITSOTAKIS HAS DECLARED PASOK INCAPABLE OF GOVERNMENT. HE AND THE OTHER OPPOSITION LEADERS ARE ALL CALLING FOR EARLY ELECTIONS. HIS MAIN CONCERN IS THAT PAPANDREOU MAY MANIPULATE THE ELECTORAL LAW TO TRY TO KEEP PASOK IN POWER. THERE IS ALSO MUCH TALK OF VARIOUS ELECTORAL COMBINATIONS BETWEEN THE PARTIES.

8. THE FACT IS THAT ANYTHING COULD HAPPEN, EVEN IN THE NEXT FEW DAYS: PAPANDREOU COULD RESIGN AFTER RHODES BECAUSE OF HIS HEALTH OR BECAUSE OF KOSKOTAS. PASOK WOULD THEN PROBABLY SPLIT UP, EITHER BEFORE OR AFTER EARLY ELECTIONS WHICH NEW DEMOCRACY WOULD PROBABLY WIN. AN ALTERNATIVE SCENARIO IS THAT PAPANDREOU WILL TRY TO HANG ON TO OFFICE, WITH PASOK HUDDLING AROUND HIM, AND PLAY FOR TIME, HOPING FOR BETTER DAYS IN THE SPRING. BUT ALMOST EVERY PROSPECT MUST LOOK BLEAK TO HIM, AND I DO NOT SEE HOW THE PRESENT SHAMBLES CAN LONG CONTINUE.

9. SO PAPANDREOU WILL BE ON THE DEFENSIVE AT RHODES. HE WANTS A CALM SUMMIT, WHERE HE CAN POSE AS THE WORLD LEADER. (HENCE THE GREEK ANXIETY TO AVOID A CONTROVERSIAL AGENDA.) HE DOES NOT HAVE MUCH TO BOAST ABOUT IN THE GREEK PRESIDENCY, THOUGH IT IS NOT AS BAD AS IT WOULD HAVE BEEN IF PAPANDREOU HAD BEEN WELL ENOUGH TO FLY SOLO IN SOCIAL SPACE OR EASTERN EUROPE. BUT WE SHOULD BE PREPARED FOR A PRETTY NAUSEATING PRESS CONFERENCE, IN WHICH HE CLAIMS TO HAVE LED THE COMMUNITY INTO A NEW, PASOK-INSPIRED, SOCIAL DIMENSION. EVEN HIS ADVISERS, I SUSPECT, ARE AFRAID HE MAY PROVE AN EMBARRASSMENT IN THE CHAIR. IN THE PAST FEW DAYS HE HAS GIVEN SOME REMARKABLE DISPLAYS OF POOR JUDGEMENT. BUT, WITH LUCK, BY THE END OF THE COUNCIL HE MAY NOT

HAVE MUCH ENERGY LEFT. HE WILL, OF COURSE, HOST THE PROCEEDINGS WITH HIS USUAL, FACILE, CHARM.

THOMAS

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Dear Charles,

RHODES EUROPEAN COUNCIL

My Secretary of State has seen a copy of Lyn Parker's letter to you of 29 November enclosing the revised Greek draft of the proposed European Council statement on the Community's international role.

Lord Young recognises that, thanks to our intervention, the present draft, and particularly the first paragraph, is a considerable improvement over the earlier version. Nevertheless, in the fifteenth line of the first paragraph the Greeks have re-inserted the phrase "global reciprocity". Because of references made to reciprocity in other contexts, for example the Second Banking Directive, the Community's trading partners, and particularly the United States, will see the phrase as qualifying and restricting what is said elsewhere in the paragraph about the Community's willingness to maintain open markets in Europe after 1992. Lord Young therefore believes that we should press very strongly for the removal of the phrase "global reciprocity and". An acceptable version of the underlying thought could be expressed by revising the following sentence to read "The

the Enterprise initiative

dti

the department for Enterprise

Community will continue to seek the expansion of world trade on a multilateral basis through the GATT Uruguay Round".

I am sending copies of this letter to Lyn Parker (FCO), Alex Allan (Treasury), Shirley Stagg (MAFF) and Roger Lavelle (Cabinet Office).

Yours ever,

Neil Thornton

NEIL THORNTON
Principal Private Secretary

the Enterprise initiative

EURO PUR

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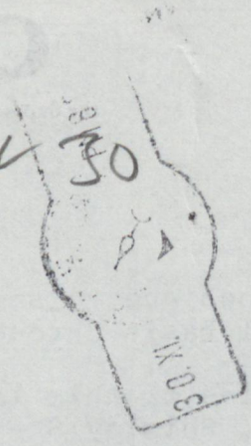

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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

30 November 1988

RHODES EUROPEAN COUNCIL

Thank you for your letter of 29 November covering the proposed European Council statement on the Community's international role. I think the Prime Minister will be generally content with it, but will not like the reference in paragraph 1 to "global reciprocity". She is also likely to have reservations about paragraph 6, in particular the phrase "to strengthen solidarity among them". I hope that our representative on the drafting group will work for changes on these two points.

I am sending a copy of this letter to Alex Allan (H.M. Treasury), Neil Thornton (Department of Trade and Industry), Shirley Stagg (Ministry of Agriculture, Fisheries and Food) and Roger Lavelle (Cabinet Office).

C. D. POWELL

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

EUROPA

Rhodes pt 30

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TELNO 686
OF 301745Z NOVEMBER 88
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RHODES COUNCIL: ITALIAN EXPECTATIONS

SUMMARY

1. ITALIANS UNLIKELY TO SPRING SURPRISES. ANDREOTTI HOPES THAT THE ARAB/ISRAEL PROBLEM WILL NOT BE ALLOWED TO SWEEP EVERYTHING ELSE OFF THE TABLE. HE MAY URGE MORE HELP FOR YUGOSLAVIA.

DETAIL

2. CONTACTS WITH ANDREOTTI AND SENIOR ITALIAN OFFICIALS OVER THE LAST FEW DAYS DO NOT SUGGEST THAT THE ITALIANS HAVE ANYTHING UP THEIR SLEEVES FOR RHODES. ANDREOTTI LOOKS ON IT AS AN OPPORTUNITY FOR QUIET DISCUSSION MORE THAN MAJOR DECISIONS OR STATEMENTS OTHER THAN THOSE ALREADY PREPARED. HE HOPES IT MAY BE AN OPPORTUNITY TO GIVE A MESSAGE OF ENCOURAGEMENT AT A HIGH LEVEL FOR PROGRESS TOWARDS CLOSER INTEGRATION AT A LATER STAGE.

COMMUNITY ISSUES.

3. THE ITALIAN TREASURY, AT LEAST AT SENIOR OFFICIAL LEVEL, REGARDS THE GREEK PRESIDENCY AS HAVING BEEN A BIT OF A MESS. SARCINELLI, WHO IS TO REPLACE SIR G LITTLER AS CHAIRMAN OF THE MONETARY COMMITTEE THOUGHT THE GREEKS HAD CHOSEN TO TRY TO MAKE PROGRESS IN A NUMBER OF AREAS WHERE THE ISSUES WERE NOT RIPE. INSTEAD OF MAKING PROGRESS, THEY HAD SET IT BACK. ON THE MONETARY FRONT, HE DOES NOT EXPECT DELORS TO HAVE A LOT TO SAY. NOR DOES HE EXPECT THE SPANISH PRESIDENCY WILL IN THE EVENT BE ABLE TO MAKE MUCH PROGRESS . SARCINELLI THINKS THAT THE TIME FOR DECISIONS ON MONETARY QUESTIONS IS LIKELY TO BE IN THE EARLY STAGES OF THE FRENCH PRESIDENCY.

MIDDLE EAST.

4. ANDREOTTI TOLD AMBASSADORS OF THE TWELVE OVER LUNCH ON 30

NOVEMBER THAT HE HOPED THE PALESTINIAN PROBLEM WOULD NOT BE ALLOWED TO SWEEP EVERYTHING ELSE OFF THE TABLE AT RHODES. HE REGRETTED THE US DECISION TO REFUSE A VISA TOARAFAT AND HOPED THAT A FACE-SAVING FORMULA MIGHT BE FOUND WHICH WOULD ENABLE THEM TO REVERSE IT. ALTERNATIVELY, ARAFAT IF HE WAS WISE, MIGHT DECIDE NOT TO GO. ANDREOTTI WAS CONCERNED THAT THE RECENT COURSE OF EVENTS MIGHT SET BACK THE TREND THROUGHOUT THE MIDDLE EAST (INCLUDING MAHGREB) TOWARDS GREATER CALM.

5. RETURNING TO THE PALESTINIAN PROBLEM HE SAW LITTLE SCOPE FOR THE RHODES COUNCIL TO DO MORE IN PUBLIC THAN TO CONFIRM THE POSITION TAKEN UP BY THE TWELVE FOREIGN MINISTERS AFTER THE ALGIERS PNC MEETING. THE JORDANIAN RESOLUTION AND THE ''BIZARRE SUGGESTION'' THAT THE UN GENERAL ASSEMBLY SHOULD MOVE TO GENEVA FOR DISCUSSION OF THE PALESTINIAN ITEM SHOULD HAVE BEEN DISPOSED OF BEFORE RHODES. ANDREOTTI'S MAIN WORRY WAS THAT THE ROOT OF THE US PROBLEM MIGHT BE A FUNDAMENTAL UNWILLINGNESS TO TACKLE THE ARAB/ISRAELI PROBLEM. HE FEARED IN ADDITION THAT THE ISRAELI COALITION MIGHT PROVE A RECIPE FOR IMMOBILISM. THESE WOULD BE QUESTIONS FOR DISCUSSION AT RHODES BUT NOT FOR ANY NEW STATEMENT. THE TRICK WOULD BE TO CONVINCE THE PRESS THAT THE FACT THAT THE TWELVE HAD NOTHING NEW TO SAY ON THE SUBJECT DID NOT MEAN THAT THEY HAD FALLEN OUT OVER IT.

YUGOSLAVIA.

6. IN AN ASIDE DURING A DISCUSSION OF SOVIET AND EASTERN EUROPEAN AFFAIRS, ANDREOTTI VOLUNTEERED THAT THE COMMUNITY HAD NOT SO FAR GIVEN SIGNIFICANT HELP TO YUGOSLAVIA AND HE THOUGHT THE TIME MIGHT NOW HAVE COME TO DO SO. HE HAD SEEN THE YUGOSLAV FOREIGN MINISTER RECENTLY AND HAD FOUND HIM CONFIDENT THAT THINGS WERE CALMING DOWN. ANDREOTTI HOPED THAT PAPANDREOU, AS PRIME MINISTER OF THE EC MEMBER COUNTRY MOST CLOSELY AFFECTED BY DEVELOPMENTS IN YUGOSLAVIA, WOULD OFFER AN APPRECIATION OF THE PROBLEMS THERE AND SOME IDEAS OF HOW THE COMMUNITY COULD CONTRIBUTE.

THE WIDER WORLD.

7. ANDREOTTI UNDERLINED THAT THE RHODES COUNCIL WOULD BE AN OPPORTUNITY TO SHOW THAT THE SINGLE EUROPEAN ACT DID NOT REFLECT A SPIRIT OF CLOSING DOORS AGAINST THE OUTSIDE WORLD. THE COMMUNITY NEEDED TO SHOW THAT THE DRIVE TO WORK MORE CLOSELY TOGETHER WAS COMPLEMENTED BY AN EQUAL DRIVE TO BE MORE OPEN TO THE OUTSIDE WORLD, ALWAYS ASSUMING AN APPROPRIATE DEGREE OF RECIPROCITY. IT

WAS UNDERSTANDABLE THAT STATESMEN OUTSIDE EUROPE WERE WORRIED. THEY NEEDED REASSURANCE THAT THE COMMUNITY WAS NOT BENT ON AUTARCHY.

THOMAS

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RHODES EUROPEAN COUNCIL: BELGIAN VIEWS

SUMMARY

1. BELGIAN OFFICIALS HAD EXPECTED AN UNCONTROVERSIAL SUMMIT WITH CENTRAL ISSUES BEING THE SINGLE MARKET REPORT AND SOCIAL SPACE. MARTENS' INSTINCT FOR A LOW PROFILE WILL BE ACCENTUATED BY FEAR OF WHAT MAY BE IN STORE FOR HIM OVER THE RYAN CASE.

DETAIL

SINGLE MARKET

2. PRIME MINISTER MARTENS WILL URGE THE COUNCIL NOT TO LET THE PROPOSALS IN THE FIELD OF FISCAL HARMONISATION AND CITIZEN'S EUROPE LAG FURTHER BEHIND. BUT THE BELGIANS SEE NO VALUE IN FURTHER DISCUSSION OF VAT HARMONISATION UNTIL THE NEW COMMISSION HAS DECIDED WHETHER TO PRODUCE A MODIFIED PROPOSAL ON THE BASIS OF COCKFIELD'S BILATERALS. THEY HOPE THAT DELORS' INTENTION TO CREATE A SEPARATE COMMISSION PORTFOLIO FOR FISCAL AFFAIRS WILL STIMULATE PROGRESS ON THE DOSSIER.

3. EUROPEAN COMPANY STATUTE AND FIFTH COMPANY LAW DIRECTIVE. THE BELGIANS BELIEVE DELORS WOULD LIKE A GREEN LIGHT AT RHODES TO PROCEED WITH DRAFTING ECS PROPOSALS. THEY COULD ACCEPT THIS. THEY DO NOT WANT TO BECOME EMBROILED IN A DEBATE ON WORKER-PARTICIPATION IF THE GERMANS RAISE THEIR NEW COMPROMISE PROPOSAL IN RELATION TO THE FIFTH COMPANY LAW DIRECTIVE. THE BELGIANS DO NOT LIKE THE GERMAN PROPOSAL WHICH THEY REGARD AS GIVING MEMBER-STATES LICENCE TO DO WHATEVER THEY WANT.

4. CTMO. THE BELGIANS WANT A QUICK DECISION, BUT AT IMC NOT SUMMIT LEVEL.

SOCIAL DIMENSION

5. THE BELGIANS FIRMLY BELIEVE IN THE NEED FOR SOCIAL MEASURES IN ORDER TO 'SELL' THE SINGLE MARKET TO EUROPEAN WORKERS AND CITIZENS, BUT ACKNOWLEDGE THE NEED TO BE PRAGMATIC ABOUT THE WAY

FORWARD. MARTENS WILL NOT, THEREFORE, BE LOOKING AT RHODES FOR IDEOLOGICAL DISCUSSION OR NEW PROJECTS. RATHER HE WILL SEEK TO HIGHLIGHT THE SOCIAL DIMENSION OF MEASURES ALREADY PASSED IN OTHER FIELDS (EG MUTUAL RECOGNITION OF DIPLOMAS, LIMITS ON DRIVING TIME FOR LORRY DRIVERS, STRUCTURAL FUNDS ETC) AND TO FOCUS ON THOSE AREAS OF SOCIAL LEGISLATION WHERE CONCRETE PROGRESS IS ALREADY IN SIGHT (EG HEALTH AND SAFETY DIRECTIVE).

THE COMMUNITY'S GLOBAL ROLE.

6. THE BELGIANS HAVE NO PARTICULAR PROBLEMS WITH THE PROPOSED DECLARATION. THEY HOPE IT WILL HELP ALLAY 'FORTRESS EUROPE' PARANOIA AMONGST OUR MAIN TRADING PARTNERS.

ENVIRONMENT

7. THEY AGREE WITH THE UK IN OPPOSING THE IDEA OF A HIGH LEVEL GROUP OF EXPERTS AND IN THE NEED TO AVOID DUPLICATION OF THE WORK OF THE ENVIRONMENT COUNCIL AND UNEP.

AUDIOVISUAL

8. THE BELGIANS EXPECT NOTHING SUBSTANTIVE ON THIS AND REGARD IT SIMPLY AS A CHANCE FOR MITTERRAND TO CONFIRM HIS COMMITMENT TO PROGRESS IN THIS FIELD.

TRANSPORT INFRASTRUCTURE

9. MARTENS IS CONTEMPLATING A JOINT INTERVENTION WITH DUTCH PRIME MINISTER, LUBBERS, ON THE NEW GERMAN LORRY TAX.

EPC

10. EAST/WEST. THE BELGIANS ARE KEEN TO KEEP THE IANINA EXERCISE GOING (WHICH TINDEMANS TOUTS AS A PERSONAL SUCCESS FOR HIMSELF) AND TO ENCOURAGE FURTHER REFLECTION ON THE EC'S POLITICAL AND ECONOMIC RELATIONS WITH THE USSR IN THE LIGHT OF GORBACHEV'S REFORMS. THEY ARE HAPPY WITH THE EPC PAPER AGREED AT THE FAC BUT REGRET THAT THERE HAS BEEN NO PARALLELISM BETWEEN THIS AND THE COMMISSION PAPER ON ECONOMIC RELATIONS WITH EASTERN EUROPE. THEY ARE DISAPPOINTED THAT THE UK IS OPPOSED TO THE COORDINATION OF CREDIT POLICY TOWARDS THE EAST WHICH THEY SEE AS IMPORTANT TO AVOID COMPETITION BETWEEN THE TWELVE.

11. THE BELGIANS WILL BE PUSHING THEIR INITIATIVE THAT THE TWELVE USE THE CSCE CLOSING CEREMONY AS A FORUM FOR DELIVERING A EUROPEAN VIEW ON THE FUTURE OF RELATIONS WITH THE EAST. THEY MAY ALSO PROPOSE A MEETING OF THE TWELVE FOREIGN MINISTERS WITH SHEVARDNADZE.

12. ON ARAB/ISRAEL, THE BELGIANS ARE VERY UNHAPPY WITH THE AMERICAN DECISION TO EXCLUDE ARAFAT AND WILL BE TAKING SERIOUSLY THE SPANISH COREU CALLING FOR A JOINT DEMARCHE. THE BELGIANS HAVE PROPOSED A STATEMENT ON SOUTH AFRICA/ANGOLA BUT HAVE SO FAR HAD NO REACTIONS.

COMMENT

13. AT TIMES OF DOMESTIC DIFFICULTY, MARTENS HAS BEEN KNOWN TO TAKE A VERY LOW PROFILE AT EUROPEAN SUMMITS. HOW MUCH OF HIS AGENDA HE WILL ACTUALLY PURSUE IN THE LIGHT OF RECENT EVENTS MUST BE OPEN TO QUESTION.

PETRIE

FCO PLEASE PASS ALL SAVING

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FRAME GENERAL

RHODES EUROPEAN COUNCIL

1. THE IRISH ENVISAGE AN UNEVENTFUL COUNCIL. THE TAOISEACH WILL ATTEND.

DETAIL

2. MR HAUGHEY WILL ALMOST CERTAINLY GO TO THE EUROPEAN COUNCIL IN SPITE OF HIS RECENT ILLNESS. HE WILL BE ACCOMPANIED BY HIS PERSONAL DOCTOR.

3. THE FOLLOWING IS BASED ON DFA BRIEFING:

A. INTERNAL MARKET. FOR THE IRISH, THE MOST IMPORTANT ITEM IS PROGRESS TOWARDS COMPLETION OF THE SINGLE MARKET AND PRIORITIES UNTIL THE END OF 1989. THE COMMISSION HAVE PREPARED A USEFUL MID-TERM REVIEW (SEMI-COLON) THE IRISH AGREE WITH THE COMMISSION'S PRIORITIES FOR 1989 - FISCAL HARMONISATION, ANIMAL AND PLANT HEALTH AND FRONTIER CONTROLS. BUT THEY ARE NOT HAPPY WITH THE TWO MINOR REFERENCES TO DEFENCE (COCOM AND DEFENCE PROCUREMENT) WHICH THEY CONSIDER LIE OUTSIDE THE COMMISSION'S COMPETENCE.

B. SOCIAL DIMENSION. THE IRISH EXPECT CONTROVERSIAL DISCUSSION, BUT HAVE NO STRONG LINE THEMSELVES. THEY AGREE WITH THE PRESIDENCY THAT THIS SUBJECT SHOULD BE TAKEN SERIOUSLY. THE SEQUENCE OF GREEK, SPANISH, FRENCH AND IRISH PRESIDENCIES WILL ENSURE CONTINUING INTEREST. DISCUSSIONS SO FAR HAVE CONCENTRATED ON STANDARDS IN THE AREA OF HEALTH AND SAFETY AT WORK, AND ON THE EUROPEAN COMPANY STATUTE, INCLUDING WORKER PARTICIPATION. THE IRISH HAVE NOTED WITH APPROVAL THAT PAPANDREOU HAS PUT JOB CREATION BEFORE THESE OTHER ISSUES, THERE IS SCOPE FOR TACTICAL COOPERATION WITH THE IRISH ON THESE SUBJECTS.

C. ENVIRONMENT. THE IRISH DO NOT EXPECT OPPOSITION TO THE DRAFT

DECLARATION. THEY SEE NO NEED FOR A HIGH LEVEL GROUP, BUT WILL NOT OBJECT IF A CONSENSUS DEVELOPS IN SUPPORT. IF THE SUBJECT OF POLLUTON OF THE MEDITERRANEAN ARISES THEY MAY TAKE THE OPPORTUNITY TO RAISE IN A LOW KEY THE PROBLEM OF POLLUTION OF THE NORTH ATLANTIC AND THE IRISH SEA.

D. THE COMMUNITY IN THE WORLD. THE PRESIDENCY'S TEXT ON THE EC'S ROLE IN THE WORLD IS VERBOSE BUT HARMLESS. BUT THEY SEE THIS AS A LIVE ISSUE IN VIEW OF THE GATT/MTM AND THE PROSPECT OF TRADE DISPUTES WITH THE US. IRELAND IS VERY CONCERNED AT POSSIBLE US RETALIATION FOR THE EC PROHIBITION OF GROWTH PROMOTING HORMONES AND OF THE EFFECT ON THE URUGUAY ROUND OF A MORE PROTECTIONIST CONGRESS FOLLOWING THE US ELECTIONS.

E. AUDIO-VISUAL. THE IRISH HAVE NO LINE AT ALL. THEY DO NOT UNDERSTAND WHAT THE FRENCH ARE ON ABOUT.

4. FOR BILATERAL, SEE MY TELNOS 593 AND 594 (NOT TO ALL).

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EUROPEAN COUNCIL IN RHODES : LUXEMBOURG CONCERNS

LUXEMBOURG HAS NO GREAT EXPECTATIONS OF THIS MEETING WHICH IS REGARDED AS RELATIVELY ROUTINE. SANTER WILL HAVE THE FOLLOWING CONSIDERATIONS IN MIND.

INTERNAL POLITICAL

THE PARTIES ARE JOCKEYING FOR POSITION IN ADVANCE OF NEXT JUNE'S PARLIAMENTARY ELECTIONS. SO FAR NO ISSUE HAS CAUGHT FIRE, AND THE OPPOSITION LIBERALS HAVE NOT FOUND ANY SERIOUS DISCONTENT TO EXPLOIT IN A PROSPEROUS COUNTRY. THE MAIN PROBLEM THE COALITION PARTIES FACE IS AN AIR OF TIREDNESS, ACCENTUATED BY TWO MINOR SCANDALS. IT IS NOT CUSTOMARY FOR PARTIES TO INDICATE PREFERRED COALITION PARTNERS IN ADVANCE OF AN ELECTION. I THINK SANTER EXPECTS TO BE ABLE TO CONTINUE IN GOVERNMENT, WITH EITHER LIBERALS OR SOCIALISTS, BUT HE CANNOT BE ALTOGETHER CONFIDENT. MEANWHILE HE WILL BE TRYING TO DEMARCATE HIS CHRISTIAN SOCIAL PARTY WITHOUT PUTTING EXCESSIVE STRAINS ON THE COALITION.

FUTURE EUROPEAN CONSTRUCTION

SANTER HAS TAKEN THE LEAD IN THE EUROPEAN PEOPLE'S PARTY IN ADOPTING A TRADITIONAL INTEGRATIONIST STANCE. THERE IS LITTLE SIGN THAT THIS STRIKES MANY CHORDS WITH THE LUXEMBOURG POPULATION. POOS TOLD ME THE OTHER DAY THAT HE THOUGHT THE PPE LINE MISTAKEN, AND THAT THE SOCIALISTS WOULD ADOPT A MORE PRAGMATIC, LOW PROFILE LINE. THE LIBERALS WILL PROBABLY DO THE SAME.

TAXATION OF SAVINGS

THIS IS THE MAIN THREAT ON THE COMMUNITY HORIZON FOR LUXEMBOURG, AND SANTER WILL NOT WANT THE SUBJECT TO SURFACE AT RHODES. LUXEMBOURG TAKES COMFORT IN THE UK POSITION AND WOULD WELCOME ANY BILATERAL CONCERTATION ABOUT HOW TO HANDLE THE COMMISSION'S EXPECTED RECOMMENDATIONS.

INTERNAL MARKET

HERE THE MAIN PROBLEM FOR LUXEMBOURG REMAINS FISCAL HARMONISATION (WITH UNIFIED EXCISE DUTIES EVEN WORSE 'THAN HARMONISED VAT RATES). WITH TRIPARTISM BUILT INTO THE INDUSTRIAL STRUCTURE AT ALL LEVELS, LUXEMBOURG LOOKS FORWARD WITHOUT INHIBITIONS TO PROGRESS ON ''SOCIAL EUROPE''. BUT AT RHODES THEY WILL PROBABLY SETTLE HAPPILY FOR AN OVERALL PROGRESS REPORT FROM THE COMMISSION.

AUDIO-VISUAL

SANTER TAKES PERSONAL RESPONSIBILITY FOR THIS FIELD AND WILL HOPE TO TURN DEVELOPMENTS TO ADVANTAGE. LUXEMBOURG GIVES PRIORITY TO THE COMMUNITY OVER THE COUNCIL OF EUROPE, BUT SEEKS MINIMAL REGULATION OF ADVERTISING IN EITHER. SANTER, WHO HIMSELF ATTENDED THE STOCKHOLM MEETING LAST WEEK, HAS PLAYED DOWN ITS RESULTS TELLING THE PRESS THAT NOTHING WAS DECIDED.

LUXEMBOURG IS INTRODUCING A NEW PACKAGE OF FISCAL INCENTIVES TO ENCOURAGE INVESTMENT IN THE AUDIO-VISUAL SECTOR, WHICH MAY TURN OUT TO BE MORE ABOUT FINANCING THAN PRODUCTION. EITHER WAY THEY ARE HOPING TO ESTABLISH A NEW MARKET NICHE. IN THE MEAN TIME GREAT HOPES ARE PINNED ON THE ASTRA LAUNCH ON 9 DECEMBER. (BAE'S CHANCES OF LANDING THE CONTRACT FOR ASTRA 1B ARE ALAS FADING).

CAMPBELL

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Foreign and Commonwealth Office

London SW1A 2AH

29 November 1988

Dear Charles

Rhodes European Council

The Greek Presidency have circulated their revised draft of the proposed European Council statement on the Community's international role. The text is better than we expected, and a great improvement on the first Greek draft. The "no Fortress Europe" message is now commendably clear, and the Greeks have accepted UK advice to include a prominent and forthcoming reference to the new US Administration.

We will be trying to seek a few further - relatively minor - amendments in the official drafting group which will meet in Rhodes. I shall be happy to explain these to you on the telephone. But in the Foreign Secretary's view the exercise so far has gone well: we can be fairly confident that at Rhodes we will be able to lift our reserve on the idea of issuing such a statement.

I am sending copies of this letter and its enclosure to Alex Allan (HM Treasury), Neil Thornton (DTI), Shirley Stagg (MAFF) and Roger Lavelle (Cabinet Office).

Yours ever,

(L Parker)
Private Secretary

C D Powell Esq
10 Downing Street

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DECLARATION OF THE EUROPEAN COUNCIL ON THE INTERNATIONAL ROLE OF THE EUROPEAN COMMUNITY

(RHODES 2-3/XII/1988)

1. DETERMINED TO STRENGTHEN AND EXPAND THE ROLE OF THE EUROPEAN COMMUNITY AND ITS MEMBER STATES ON THE INTERNATIONAL POLITICAL AND ECONOMIC STAGE, IN COOPERATION WITH ALL OTHER STATES AND APPROPRIATE ORGANISATIONS,

- AND AWARE THAT THE COMPLETION OF THE INTERNAL MARKET IN 1992, WHICH IS ALREADY INSPIRING A NEW DYNAMISM IN THE COMMUNITY'S ECONOMIC LIFE, WILL EQUALLY AFFECT THE COMMUNITY'S POLITICAL AND ECONOMIC ROLE IN THE WORLD.

THE EUROPEAN COUNCIL REAFFIRMS THAT THE SINGLE MARKET WILL BE OF BENEFIT TO COMMUNITY AND NON-COMMUNITY COUNTRIES ALIKE. THE INTERNAL MARKET WILL NOT CLOSE IN ON ITSELF. 1992 EUROPE WILL NOT BE A FORTRESS EUROPE BUT A PARTNERSHIP EUROPE. THE INTERNAL MARKET WILL BE A DECISIVE FACTOR CONTRIBUTING TO GREATER LIBERALIZATION IN INTERNATIONAL TRADE ON THE BASIS OF THE PRINCIPLES OF GLOBAL RECIPROCITY AND MUTUAL ADVANTAGE. THE COMMUNITY WILL CONTINUE TO SEEK IN THE GATT URUGUAY ROUND TO STRENGTHEN THE MULTILATERAL TRADING SYSTEM. IT WILL ALSO CONTINUE TO PURSUE, WITH THE US, JAPAN AND OTHER PARTNERS, POLICIES DESIGNED TO PROMOTE SUSTAINABLE NON-INFLATIONARY GROWTH IN THE WORLD ECONOMY.

2. THE COMMUNITY AND ITS MEMBER STATES WILL WORK CLOSELY AND COOPERATIVELY WITH THE NEW US ADMINISTRATION TO MAINTAIN AND DEEPEN THE SOLID AND COMPREHENSIVE TRANSATLANTIC RELATIONSHIP. CLOSER POLITICAL AND ECONOMIC RELATIONS WITH OTHER MAJOR INDUSTRIALISED COUNTRIES WILL ALSO BE DEVELOPED.

IN PARTICULAR, THE COMMUNITY AND THE TWELVE WILL SEEK TO DEVELOP THEIR RELATIONS WITH EFTA COUNTRIES AND ALL OTHER EUROPEAN NATIONS WHICH SHARE THE SAME IDEALS AND OBJECTIVES. OPEN AND CONSTRUCTIVE DIALOGUE WILL BE ACTIVELY PURSUED WITH OTHER COUNTRIES OR REGIONAL GROUPS OF THE MEDITERRANEAN, AFRICA, THE CARIBBEAN, THE PACIFIC, ASIA AND LATIN AMERICA, WITH ALL OF WHICH EUROPE HAS CLOSE HISTORICAL TIES.

3. THE EUROPEAN COUNCIL EMPHASISES THE NEED TO IMPROVE SOCIAL AND ECONOMIC CONDITIONS IN LESS-DEVELOPED COUNTRIES AND TO PROMOTE STRUCTURAL ADJUSTMENT BOTH THROUGH TRADE AND AID. IT LOOKS FORWARD TO THE SUCCESSFUL CONCLUSION OF THE NEGOTIATIONS FOR THE RENEWAL OF THE CONVENTION BETWEEN THE EUROPEAN COMMUNITY AND ITS 66 AFRICAN, PACIFIC AND CARIBBEAN PARTNERS DURING THE COMING YEAR.

4. THE EUROPEAN COMMUNITY AND ITS MEMBER STATES ARE DETERMINED TO PLAY AN ACTIVE ROLE IN THE PRESERVATION OF INTERNATIONAL PEACE AND SECURITY IN CONFORMITY WITH THE UNITED NATIONS CHARTER. EUROPE CANNOT BUT ACTIVELY DEMONSTRATE ITS SOLIDARITY TO THE GREAT AND SPREADING MOVEMENT FOR DEMOCRACY AND RESPECT OF HUMAN RIGHTS. TO THIS EFFECT, THEY WILL ENDEAVOUR TO STRENGTHEN THE EFFECTIVENESS OF THE UNITED NATIONS AND TO ACTIVELY CONTRIBUTE TO ITS PEACE-KEEPING ROLE.

5. AGAINST THE BACKGROUND OF IMPROVED EAST-WEST RELATIONS, THE EUROPEAN COUNCIL WELCOMES THE READINESS OF THE EASTERN EUROPEAN COUNTRIES TO DEVELOP RELATIONS WITH THE EUROPEAN COMMUNITY.

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THE EUROPEAN COUNCIL REAFFIRMS ITS DETERMINATION TO ACT WITH RENEWED HOPE TO OVERCOME THE DIVISIONS OF OUR CONTINENT AND TO PROMOTE ~~THE~~ WESTERN VALUES AND CONCEPT OF SECURITY WHICH MEMBER STATES HAVE IN COMMON.

TO THIS EFFECT, WE WILL STRIVE TO ACHIEVE:

- FULL RESPECT FOR THE PROVISIONS OF THE HELSINKI FINAL ACT AND FURTHER PROGRESS IN THE CSCE PROCESS;

- THE ESTABLISHMENT OF A SECURE AND STABLE BALANCE OF CONVENTIONAL FORCES IN EUROPE AT A LOWER LEVEL AND THE STRENGTHENING OF MUTUAL CONFIDENCE;

- PROMOTION OF HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS, FREE CIRCULATION OF PEOPLE AND IDEAS AND THE ESTABLISHMENT OF MORE OPEN SOCIETIES. PROMOTION OF HUMAN AND CULTURAL EXCHANGES BETWEEN EAST AND WEST;

POLITICAL DIALOGUE WITH THE COUNTRIES OF EASTERN EUROPE, AND FURTHER COOPERATION WITH THEM, TAKING INTO ACCOUNT EACH COUNTRY'S SPECIFIC SITUATION. IN ORDER TO USE THE ECONOMIC OPPORTUNITIES AVAILABLE IN A MUTUALLY BENEFICIAL WAY.

6. THE EUROPEAN COMMUNITY AND THE TWELVE ARE DETERMINED TO MAKE FULL USE OF THE PROVISIONS OF THE SINGLE EUROPEAN ACT IN ORDER TO STRENGTHEN SOLIDARITY AMONG THEM, COORDINATION ON THE POLITICAL AND ECONOMIC ASPECTS OF SECURITY, AND CONSISTENCY BETWEEN THE EXTERNAL POLICIES OF THE EUROPEAN COMMUNITY AND THE POLICIES AGREED IN THE FRAMEWORK OF THE EUROPEAN POLITICAL

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COOPERATION AND TO REACH SWIFT ADOPTION OF COMMON POSITIONS AND IMPLEMENTATION OF JOINT ACTION.

7. THE EUROPEAN COUNCIL INVITES ALL COUNTRIES TO EMBARK WITH THE EUROPEAN COMMUNITY AS WORLD PARTNER ON AN HISTORIC EFFORT TO LEAVE TO THE NEXT GENERATION A CONTINENT AND A WORLD FREE OF THE SCARS OF THE PAST - A WORLD MORE SECURE, MORE JUST AND MORE FREE.

Rhodes
EURO POL Cards pt 30

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

29 November 1988

EUROPEAN COUNCIL, RHODES

I enclose Mr. Papandreou's letter to Heads of Government about the forthcoming European Council in Rhodes. You will no doubt let me know if any further briefing is required on the basis of it.

I am copying this letter and enclosure to Alex Allan (H.M. Treasury), Neil Thornton (Department of Trade and Industry), Shirley Stagg (Ministry of Agriculture, Fisheries and Food), Clive Norris (Department of Employment), Roger Bright (Department of the Environment) and Roger Lavelle (Cabinet Office).

C. D. Powell

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

ATHENS, 28 NOVEMBER 1988

DEAR PRIME MINISTER AND COLLEAGUE,

IT IS A PARTICULAR HONOUR AND PLEASURE FOR ME TO WELCOME YOU TO RHODES FOR OUR MEETING WITHIN THE FRAMEWORK OF THE EUROPEAN COUNCIL ON 2 AND 3 DECEMBER.

OUR MEETING IN RHODES IS TAKING PLACE AT A TIME WHEN THE EUROPEAN COMMUNITY WOULD SEEM TO HAVE EMBARKED ON A STEADY COURSE TOWARDS THE ACHIEVEMENT OF THE GOALS WE AGREED WHEN WE ADOPTED THE SINGLE EUROPEAN ACT. THE DECISIONS WE TOOK AT RECENT EUROPEAN COUNCILS FOR THE SUCCESSFUL IMPLEMENTATION OF THE PROVISIONS OF THE SINGLE ACT, TOGETHER WITH THE RECENT PROGRESS ACHIEVED IN THE COUNCIL OF MINISTERS AS REGARDS THE ADOPTION OF IMPLEMENTING REGULATIONS FOR THE STRUCTURAL FUNDS IN ORDER TO STRENGTHEN ECONOMIC COHESION, PROVIDE A SOUND FRAMEWORK FOR THE ACCOMPLISHMENT OF OUR OBJECTIVES FOR 1992, WHICH ARE TO CULMINATE IN A "EUROPE WITHOUT FRONTIERS" ON THE BASIS OF THE GRADUAL PROCESS TOWARDS EUROPEAN UNION.

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I LOOK FORWARD TO MEETING YOU IN RHODES.

A.G.PAPANDREOU

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OF 291700Z NOVEMBER 88
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SIC
EUROPEAN COUNCIL IN RHODES: SPANISH CONCERNS

SUMMARY

1. SOME DOMESTIC DIFFICULTIES FOR FELIPE GONZALEZ, THE MOST SERIOUS BEING THE THREAT OF A GENERAL STRIKE ON 14 DECEMBER. FRANCO-SPANISH INTEREST IN COORDINATING THE AIMS OF THEIR PRESIDENCIES IN 1989. POSSIBLE SPANISH EC INTITIATIVES IN EARLY 1989. FOREIGN MINISTER TO VISIT THE SOVIET UNION AND THE MIDDLE EAST. BILATERALLY, SOME NOTABLE COMMERCIAL SUCCESSES.

DETAIL

2. I UNDERSTAND THAT THE PRIME MINISTER MAY HAVE A BRIEF MEETING WITH FELIPE GONZALEZ IN THE MARGINS OF THE RHODES COUNCIL. WHEN SHE TALKED TO HIM IN MADRID IN SEPTEMBER HE EMPHASISED HIS DETERMINATION TO TACKLE RESURGENT INFLATION AND RISING PAY SETTLEMENTS. IN OCTOBER AND NOVEMBER THE SPANISH ECONOMY HAS CONTINUED TO BOOM BUT INFLATION HAS BECOME MORE WORRYING (AND WILL PROBABLY RISE TO 6% BY THE END OF 1988). THE GOVERNMENT'S DETERMINATION TO HOLD DOWN PUBLIC SECTOR PAY SETTLEMENTS AND ITS COMMITMENT TO ITS YOUTH EMPLOYMENT SCHEME HAVE PROVOKED THE MAIN UNIONS INTO CALLING A ONE-DAY GENERAL STRIKE ON 14 DECEMBER. IT WOULD BE THE FIRST FOR 50 YEARS AND THE GOVERNMENT ARE DISMAYED THAT THEIR NATURAL ALLIES AND OLD ASSOCIATES IN THE SOCIALIST TRADE UNION MOVEMENT (WITH WHICH GONZALEZ WAS IN THE PAST CLOSELY INVOLVED) SHOULD THUS HAVE TURNED AGAINST THEM. THEY HAVE MOUNTED A MAJOR CAMPAIGN TO TRY TO HEAD IT OFF.

3. AGAINST THIS BACKGROUND FELIPE GONZALEZ MAY BE MORE THAN USUALLY SENSITIVE ABOUT HOW THE SPANISH MEDIA REPORT HIS PARTICIPATION AT THE RHODES COUNCIL. THIS MAY BE REFLECTED IN HIS CONTRIBUTION TO DISCUSSION OF THE ''SOCIAL DIMENSION''. HE HAS ALREADY SAID PUBLICLY THAT HE REGARDS THE ESTABLISHMENT OF AN EC SOCIAL DIMENSION, INCLUDING COMMON SOCIAL AND LABOUR RIGHTS

FOR EUROPEAN WORKERS, AS A SPANISH PRIORITY. THIS WAS CONFIRMED IN THE TALKS WHICH THE SPANISH MINISTER OF LABOUR HAD TODAY WITH MR NORMAN FOWLER. THE SPANIARDS HOWEVER ADMIT THAT THEIR PRESIDENCY GIVES THEM LITTLE SCOPE FOR TAKING SPECIFIC STEPS IN THE SOCIAL FIELD.

4. AT THE FRANCO-SPANISH SUMMIT IN MONTPELLIER ON 23-24 NOVEMBER, GONZALEZ AND MITTERRAND/ROCARD AGREED THAT SPAIN AND FRANCE SHARED, AS THEIR PRIORITIES FOR 1989, SOCIAL AND FISCAL ISSUES AND MONETARY COOPERATION - ACCORDING TO THE FRENCH EMBASSY IN MADRID. THE EMBASSY SAID THAT THE SPANISH AND FRENCH GOVERNMENTS HAVE AGREED ON INFORMAL ALIGNMENT OF THEIR POSITIONS DURING 1989. THERE APPEARS TO BE NO INSTITUTIONALISED MECHANISM FOR FORMAL COORDINATION, BUT FRANCO-SPANISH COLLABORATION OVER THE DIRECTION OF THEIR FORTHCOMING PRESIDENCIES IS CLEARLY VERY CLOSE.

5. MEANWHILE THE FOREIGN MINISTER AND HIS SENIOR OFFICIALS HAVE MET TO DECIDE THIER PRIORITIES FOR EPC DURING THE SPANISH PRESIDENCY. THESE INCLUDE CLOSER RELATIONS BETWEEN EC AND EASTERN EUROPE AND THE SOVIET UNION, (FERNANDEZ ORDONEZ IS DUE TO VISIT MOSCOW IN EARLY 1989). A SECOND OBJECTIVE IS SAID TO BE AN EC DECLARATION CALLING FOR AN INTERNATIONAL CONFERENCE ON THE MIDDLE EAST. FERNANDEZ ORDONEZ IS PLANNING TO VISIT THE REGION, INCLUDING ISRAEL, DURING THE SPANISH PRECIDENCY.

6. ON THE BILATERAL INDUSTRIAL FRONT VOSPER THORNEYCROFT HAVE VERY RECENTLY WON THE CONTRACT (AGAINST THE ITALIANS) TO UPDATE THE SPANISH MINEHUNTER FLOTILLA - A MAJOR BREAKTHROUGH INTO ''VISIBLE'' DEFENCE CONTRACTS (A PUBLIC ANNOUNCEMENT IS STILL HOWEVER AWAITED). ROLLS ROYCE HAVE SIGNED UP AS SPAIN'S PARTNER FOR EUROJET, THE MANUFACTURER OF THE EFA ENGINE.

GORDON LENNOX

YYYY

Foreign and Commonwealth Office

London SW1A 2AH

29 November 1988

Dear Charles

Rhodes European Council:
Letter from Papandreou

Thank you for your letter enclosing the eve of Council agenda letter from the President of the European Council. I attach an annotated version of Papandreou's text, which contains no surprises, and necessitates no changes to the briefing which we have already sent to you. We see no need for the Prime Minister to reply.

You will have seen, from the press and UKREP Telno 3609 (copy enclosed), that M Delors took a helpful line at his pre-Rhodes press conference yesterday.

I am sending a copy of this letter to Alex Allan (HMT), Neil Thornton (DTI) and Roger Lavelle (Cabinet Office).

Yours ever,

(L Parker)
Private Secretary

COMMENTARY

Acceptable reference to recent European Council decisions as basis for progress to completion of Single Market. The phrase "Europe without frontiers" is a short-hand reference to the Single European Act which in fact contains qualifications. The text itself refers to establishment of an area without frontiers in accordance with the provisions of this Treaty (ie recognising the right to retain restrictions on grounds, inter alia, of public morality, public security and public health). The SEA also has accompanying declarations safeguarding Member States' rights to take measures against terrorism, crime, drug trafficking and illegal immigration, and undertaking to co-operate in these fields.

HELLENIC REPUBLIC
MINISTRY OF FOREIGN AFFAIRS

Dear Prime Minister

It is a particular honour and pleasure for me to welcome you to Rhodes for our meeting within the framework of the European Council on 2 and 3 December.

Our meeting in Rhodes is taking place at a time when the European Community would seem to have embarked on a steady course towards the achievement of the goals we agreed when we adopted the Single European Act. The decisions we took at recent European Councils for the successful implementation of the provisions of the Single Act, together with the recent progress achieved in the Council of Ministers as regards the adoption of implementing regulations for the Structural Funds in order to strengthen economic cohesion, provide a sound framework for the accomplishment of our objectives for 1992, which are to culminate in a "Europe without frontiers" on the basis of the gradual process towards European Union.

Our meeting is also taking place at a time when in other parts of Europe and in the wider international context, particularly important changes are taking place in the advancement of values and aspirations which open up hopeful prospects for humanity with the consolidation of peace, security, stability and the principles of democracy, human rights and dignity.

Unwelcome reference to defining "new objectives" since the emphasis should be on getting on with the mainstream 1992 priorities as established at Hanover. But if the next paragraph is read as explaining what this means, there should be no difficulty.

Sound approach to progress on the Single Market.

The right priorities for social issues: measures to combat unemployment etc. Useful that the disagreeable dogs (worker participation) did not bark here.

These changes require, in my opinion, in addition to the political reaffirmation of some of our aims, the definition of new objectives in the context of a more general examination of progress in the further development of the Community, bearing in mind experience to date with the application of the Single Act, both as regards its provisions concerning completion of the internal market and as regards its provisions on the strengthening of economic and social cohesion, the implementation of the Articles concerning workers' health, social security and protection, the development of environmental policy, etc. At the same time, as a creative response to changes in the international situation, we should re-examine and reaffirm the position of the European Community in the world.

I would therefore propose that we begin our work on Friday afternoon, after our discussion with the President of the European Parliament, Lord Plumb, with an examination of the prospects for the further development of the Community, concentrating on the following topics: progress towards achieving the internal market, taking into account the report which the Commission has prepared on the basis of Article 8b of the Single European Act. Our discussions should be in the nature of a mid-term review, since we are already half way towards 1992. We should assess the progress which has been made, identify any delays or difficulties, and reaffirm our political will to achieve the objective of the single market, outlining for this purpose the appropriate guidelines.

At the same time, we should examine the social dimensions of the internal market in the context of a wider attempt to create the conditions for the single social area. In this context we should seek the most effective means of creating new jobs, combatting unemployment, providing vocational training and ensuring the protection and health of workers on the basis of a wider political and economic consensus.

Acceptable paragraph on the environment: as we would wish, no reference to Pangalos's idea of setting up a High Level Group.

Given that Papandreou was bound to refer to a range of issues, the reference is generally acceptable. We shall need to watch out for any bids for more money.

Monetary: acceptable, since we know Delors will stick to a procedural report.

International issues: generally acceptable. But we must ensure the right division of labour. We prefer the original Greek proposal that Foreign Ministers should discuss the text of the statement over dinner, for approval by Heads of Government next day; leaving Heads of Government free to concentrate on transatlantic relations and East/West over dinner.

BR4AEM/6

I then should like to invite you to deal with the problems of the environment which are becoming ever more acute worldwide, basing the discussion on the text of the statement prepared for us by the Ministers for the Environment. I believe that by making full use of the relevant provisions of the Single Act the Community can play a more effective role in tackling these problems.

I also feel that we should discuss the important subject of the development of the audio-visual media within the Community and also the progress made in implementing the research and technology programme. I think, too, that we should turn our attention to the question of transport infrastructure as a basic accompanying measure to the internal market and also to the particular problems facing certain islands in the Community.

In the evening, before dinner, the President of the Commission, Mr Delors will make an oral report on the progress of the Commission's work on monetary union and on the economic situation in the Community.

During dinner I propose that we have an exchange of views on the Community's international role, with the aim of adopting the text of a statement setting forth the basic principles governing our relations with third countries with a view to strengthening the position of the Community in the international arena, in co-operation, of course, with all the other countries and organisations.

We shall also consider any current international issues which we feel should be discussed within the framework of European Political Co-operation, such as East-West relations, the Middle East, etc.

(There were three EP Resolutions calling mainly for progress on the Single Market, social issues, monetary cooperation etc.)

On the morning of the second day the Presidency will as usual submit to you the draft conclusions and the final draft of the statement on the Community's international role, which we will then discuss with a view to final adoption.

Dear Colleague,

I hope that our meeting in Rhodes will represent a valuable contribution to the advancement of European unification by reaffirming, reinforcing and adopting aims and objectives that will lead to the realisation of our common ideals and to the strengthening of our international position and our political credibility. In this connection I would refer also to the Resolution concerning the European Council in Rhodes which the European Parliament adopted at its last plenary sitting.

I look forward to meeting you in Rhodes.

Embassy of Greece
1a Holland Park,
London W11

29/11

29 November, 1988

No.F.3432

Dear Private Secretary,

I have the honour to enclose the text of a letter by the Greek Prime Minister, in Greek, English and French, sent by telex which is addressed to the Prime Minister the Rt.Hon. Margaret Thatcher, M.P. The original will be handed to the Prime Minister in Rhodes.

I would be grateful if this letter could be brought to the Prime Minister's attention at the earliest opportunity.

Yours sincerely,

D. Vidouris
Charge d'Affaires a.i.

The Principal Private Secretary
to the Rt.Hon. Margaret Thatcher M.P.,
Prime Minister,
10 Downing Street,
London S.W.I.

STATEMENT BY EC PRESIDENCY ON BEHALF OF THE TWELVE AT THE UN, 29 NOVEMBER 1988

Turning now to the most important issue before us in this item we would like to stress the following:

The Twelve have taken notice with concern of the refusal by the US government to grant an entry visa to Mr Y Arafat, Chairman of the PLO, in order to visit the UN Headquarters and address the General Assembly on the question of Palestine.

The Twelve believe that in accordance with the Headquarters agreement and the opinion of legal counsel of the United Nations Mr Arafat should be allowed to address the UN Assembly in New York.

The Twelve are also firmly of the opinion that at this crucial stage of the situation regarding the Middle East it would be important not to hinder the role of the UN as a forum before which a leader of a party to the dispute would express his views on the matter.

Moreover, the Twelve feel it is necessary to maintain and encourage the momentum created by the recent decisions of the National Palestinian Council.

The Twelve call upon the US government to review the legal arguments and reconsider its decision.

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OF 281430Z NOVEMBER 88

FROM CONFERENCE SECTION FOR MR ROBERTS
EUROPEAN COUNCIL MEETING: RHODES
1 FOLLOWING BILATERAL MEETINGS HAVE BEEN ARRANGED FOR THE PRIME MINISTER ON 2 DECEMBER, ALL TAKING PLACE AT RODOS PALACE.

0830 - 1000	CHANCELLOR KOHL
1030 - APPROX 1115	THE TAIOSEACH
1145 - 1230	MR LUBBERS

2 THE SECRETARY OF STATE IS ALSO LIKELY TO HOLD BILATERAL MEETINGS THAT MORNING. WE WILL CONFIRM AS SOON AS POSSIBLE.

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PRIME MINISTER'S PERSONAL MESSAGE
SERIAL No. T180/88

ATHENS, 28 NOVEMBER 1988

Prime Minister
Mr. Papandreou's bidding
letter for the European
Council.
CDP
29/xi

DEAR PRIME MINISTER AND COLLEAGUE,

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I LOOK FORWARD TO MEETING YOU IN RHODES.

A.G.PAPANDREOU

ATHENES, LE 28 NOVEMBRE 1988

MONSIEUR LE PREMIER MINISTRE, CHERE COLLEGUE,

JE SUIS PARTICULIEREMENT HONORE ET HEUREUX DE VOUS ACCUEILLIR A RHODES DANS LE CADRE DU CONSEIL EUROPEEN QUI S'Y REUNIRA LES 2 ET 3 DECEMBRE.

NOTRE RENCONTRE A RHODES INTERVIENT A UN MOMENT OU LA COMMUNAUTE EUROPEENNE SEMBLE FERMEMENT ENGAGEE DANS LA VOIE DE LA REALISATION DES OBJECTIFS QUE NOUS NOUS SOMMES FIXES D'UN COMMUN ACCORD DANS L'ACTE UNIQUE EUROPEEN. LES DECISIONS QUE NOUS AVONS PRISES LORS DES DERNIERS CONSEILS EUROPEENS POUR "REUSSIR L'ACTE UNIQUE" AINSI QUE LES PROGRES ACCOMPLIS RECEMMENT AU NIVEAU DES MINISTRES EN CE QUI CONCERNE L'ADOPTION DES REGLEMENTS D' EXECUTION RELATIFS AUX FONDS STRUCTURELS EN VUE DU RENFORCEMENT DE LA COHESION ECONOMIQUE CONSTITUENT UN CADRE SOLIDE POUR LA REALISATION DE NOS OBJECTIFS D'ICI 1992, POUR CET EXPLOIT FORMIDABLE QU'EST L' "EUROPE SANS FRONTIERES" QUI NOUS MENERA A L'UNION EUROPEENNE.

NOTRE RENCONTRE INTERVIENT AUSSI A UN MOMENT OU DANS D'AUTRES PARTIES DE L'EUROPE, ET DANS LE MONDE EN GENERAL, ONT LIEU DES REAJUSTEMENTS PARTICULIEREMENT IMPORTANTS VISANT A PROMOUVOIR DES VALEURS ET DES OBJECTIFS QUI OUVRENT DES PERSPECTIVES PORTEUSES D'ESPOIR POUR L'AVENIR DE L'HUMANITE GRACE A LA CONSOLIDATION DE LA PAIX, DE LA SECURITE, DE LA STABILITE ET DES PRINCIPES DE LA DEMOCRATIE, DES DROITS DE L'HOMME ET DE LA DIGNITE HUMAINE.

CES REAJUSTEMENTS EXIGENT A MON AVIS NON SEULEMENT QUE L'ON CONFIRME SUR LE PLAN POLITIQUE CERTAINS DE NOS OBJECTIFS, MAIS AUSSI QUE L'ON DEFINISSE DE NOUVEAUX OBJECTIFS EN EXAMINANT GLOBALEMENT LE PROCESSUS DE DEVELOPPEMENT FUTUR DE LA COMMUNAUTE, COMPTE TENU DE L'EXPERIENCE ACQUISE JUSQU'ICI DANS LE CADRE DE L'APPLICATION DE L'ACTE UNIQUE, TANT POUR CE QUI EST DE SES DISPOSITIONS RELATIVES A LA REALISATION DU MARCHE INTERIEUR QUE DE CELLES QUI ONT TRAIT AU RENFORCEMENT DE LA COHESION ECONOMIQUE ET SOCIALE, A L'HYGIENE, LA SECURITE ET LA PROTECTION DES TRAVAILLEURS,

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AU DEVELOPPEMENT DE LA POLITIQUE DE L'ENVIRONNEMENT, ETC. SI L'ON VEUR REAGIR DE MANIERE CONSTRUCTIVE A L'EVOLUTION MONDIALE, IL NOUS FAUT REEXAMINER ET RECONFIRMER LA PLACE DE LA COMMUNAUTE DANS LE MONDE.

JE VOUS PROPOSE DONC D'ENTAMER NOS TRAVAUX LE VENDREDI APRES-MIDI, APRES NOTRE RENCONTRE AVEC LE PRESIDENT DU PARLEMENT EUROPEEN, LORD PLUMB, ET DE COMMENCER PAR EXAMINER LES PERSPECTIVES DE DEVELOPPEMENT DE LA COMMUNAUTE EN AXANT NOTRE DISCUSSION SUR LE PROCESSUS CONDUISANT AU MARCHE INTERIER COMPTE RENDU DU RAPPORT ELABORE PAR LA COMMISSION SUR LA BASE DE L'ARTICLE 8B DE L'ACTE UNIQUE EUROPEEN. NOS DISCUSSIONS DEVRONT AVOIR LE CARACTERE D'UN EXAMEN A MI-PARCOURS, PUISQUE NOUS AVONS DEJA PARCOURU LA MOITIE DU CHEMIN MENANT A 1992. NOUS DEVRONS APPRECIER LES PROGRES ACCOMPLIS, CERNER LES RETARDS OU LES DIFFICULTES EVENTUELS ET REAFFIRMER NOTRE VOLONTE POLITIQUE DE REALISER LE MARCHE UNIQUE EN DEFINISSANT A CETTE FIN LES LIGNES DIRECTRICES APPROPRIEES.

PARALLELEMENT, NOUS DEVRONS EXAMINER LES DIMENSIONS SOCIALES DU MARCHE INTERIEUR DANS LE CADRE DE L'EFFORT GENERAL VISANT A CREER LES CONDITIONS D'UN ESPACE SOCIAL UNIQUE. A CET EGARD, NOUS DEVRONS RECHERCHER LES MOYENS LES PLUS EFFICACES DE CREER DE NOUVEAUX EMPLOIS, DE LUTTER CONTRE LE CHOMAGE, DE DEVELOPPER LA FORMATION PROFESSIONNELLE, D'ASSURER LA PROTECTION ET L'HYGIENE DES TRAVAILLEURS SUR LA BASE D'UN CONSENSUS POLITIQUE ET ECONOMIQUE PLUS LARGE.

ENSUITE, JE VOUS INVITE SUR LA BASE DU TEXTE DE LA DECLARATION PREPAREE PAR LES MINISTRES DE L'ENVIRONNEMENT A EXAMINER LES PROBLEMES DE L'ENVIRONNEMENT QUI SE POSENT AVEC UNE ACUITE ACCRUE A L'ECHELLE MONDIALE. JE SUIS CONVAINCU QUE, GRACE AUX DISPOSITIONS PERTINENTES DE L'ACTE UNIQUE, LA COMMUNAUTE EST EN MESURE DE JOUER UN ROLE PLUS EFFICACE FACE A CES PROBLEMES.

JE PENSE QUE NOUS DEVRONS NOUS PENCHER EGALEMENT SUR LA QUESTION IMPORTANTE DU DEVELOPPEMENT DES MOYENS AUDIOVISUELS DANS L'ESPACE COMMUNAUTAIRE ET SUR LES PROGRES DE LA MISE EN OEUVRE

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DU PROGRAMME DE RECHERCHE ET DE TECHNOLOGIE. IL NOUS FAUT AUSSI, A MON AVIS, PORTER NOTRE ATTENTION SUR LA QUESTION DES INFRASTRUCTURES DE TRANSPORT EN TANT QUE MESURE D'ACCOMPAGNEMENT ESSENTIELLE DE LA REALISATION DU MARCHE INTERIEUR ET SUR LES PROBLEMES PARTICULIERS AUXQUELS SONT CONFRONTEES CERTAINES ILES DE L'ESPACE COMMUNAUTAIRE.

LE SOIR, AVANT LE DINER, LE PRESIDENT DE LA COMMISSION EUROPEENNE, M. J. DELORS, NOUS EXPOSERA L'ETAT D'AVANCEMENT DES TRAVAUX DE LA COMMISSION SUR L'UNION MONETAIRE ET LA SITUATION DE L'ECONOMIE EUROPEENNE.

AU COURS DU DINER, JE VOUS PROPOSE DE PROCEDER A UN ECHANGE DE VUES SUR LE ROLE INTERNATIONAL DE LA COMMUNAUTE, EN VUE DE L'ADOPTION DE LA DECLARATION DANS LAQUELLE NOUS ENONCERONS LE PRINCIPES FONDAMENTAUX SUR LESQUELS REPOSENT NOS RELATIONS AVEC LES PAYS TIERS, DANS LA PERSPECTIVE DU RENFORCEMENT DE LA POSITION DE LA COMMUNAUTE DANS LE SYSTEME INTERNATIONAL, EN COOPERATION BIEN SUR AVEC TOUS LES AUTRES PAYS ET ORGANISATIONS.

NOUS NOUS PENCHERONS EGALEMENT SUR LES QUESTIONS QUI SONT A L'ORDRE DU JOUR AU NIVEAU INTERNATIONAL ET QU'IL NOUS PARAIT NECESSAIRE D'EXAMINER DANS LE CADRE DE LA COOPERATION POLITIQUE EUROPEENNE, COMME PAR EXEMPLE LES RELATIONS EST-OUEST, LE MOYEN-ORIENT, ETC.

LE LENDEMAIN MATIN LA PRESIDENCE VOUS PRESENTERA, COMME A L'ACCOUTUMEE, UN PROJET DE CONCLUSIONS AINSI QUE LE PROJET FINAL DE LA DECLARATION CONCERNANT LE ROLE INTERNATIONAL DE LA COMMUNAUTE, PROJETS QUE NOUS EXAMINERONS EN VUE DE LEUR ADOPTION DEFINITIVE.

CHERE COLLEGUE,

J'ESPERE QUE NOTRE RENCONTRE A RHODES CONTRIBUERA EFFICACEMENT AU PROCESSUS DE PROMOTION DE L'UNIFICATION EUROPEENNE AVEC LA REAFFIRMATION, LE RENFORCEMENT ET LA DEFINITION D'OBJECTIFS ET D'ASPIRATIONS QUI CONDUIRONT A LA REALISATION DE NOS IDEAUX COMMUNS

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AINSI QU'AU RENFORCEMENT DE NOTRE POSITION INTERNATIONALE ET DE NOTRE CREDIBILITE POLITIQUE. A CET EGARD, JE VOUS SIGNALE LA RESOLUTION QU'A ADOPTEE LE PARLEMENT EUROPEEN LORS DE SA DERNIERE SEANCE PLENIERE CONCERNANT LE CONSEIL EUROPEEN DE RHODES.

C'EST AVEC LE PLUS GRAND PLAISIR QUE JE VOUS RETROUVERAI A RHODES.

A.G. PAPANDREOU

ΑΘΗΝΑ, 28 ΝΟΕΜΒΡΙΟΥ 1988

ΚΥΡΙΑ ΠΡΩΘΥΠΟΥΡΓΕ, ΑΓΑΠΗΤΗ ΣΥΝΑΔΕΛΦΕ,

ΑΠΟΤΕΛΕΙ ΙΔΙΑΙΤΕΡΗ ΤΙΜΗ ΚΑΙ ΧΑΡΑ ΓΙΑ ΜΕΝΑ ΝΑ ΣΑΣ ΥΠΟΔΕΧΘΩ ΣΤΗ ΡΟΔΟ ΣΤΗ ΣΥΝΑΝΤΗΣΗ ΜΑΣ ΣΤΑ ΠΛΑΙΣΙΑ ΤΟΥ ΕΥΡΩΠΑΪΚΟΥ ΣΥΜΒΟΥΛΙΟΥ ΠΟΥ ΘΑ ΠΡΑΓΜΑΤΟΠΟΙΗΘΕΙ ΣΤΙΣ 2 και 3 ΔΕΚΕΜΒΡΙΟΥ.

Η ΣΥΝΑΝΤΗΣΗ ΜΑΣ ΣΤΗ ΡΟΔΟ ΛΑΜΒΑΝΕΙ ΧΩΡΑ ΣΕ ΜΙΑ ΠΕΡΙΟΔΟ ΠΟΥ Η ΕΥΡΩΠΑΪΚΗ ΚΟΙΝΟΤΗΤΑ ΕΜΦΑΝΙΖΕΤΑΙ ΝΑ ΕΧΕΙ ΜΠΕΙ ΣΕ ΜΙΑ ΣΤΑΘΕΡΗ ΠΟΡΕΙΑ ΥΛΟΠΟΙΗΣΗΣ ΤΩΝ ΣΤΟΧΩΝ ΠΟΥ ΕΧΟΥΜΕ ΣΥΜΦΩΝΗΣΕΙ ΜΕ ΤΗΝ ΥΙΟΘΕΤΗΣΗ ΤΗΣ ΕΝΙΑΙΑΣ ΕΥΡΩΠΑΪΚΗΣ ΠΡΑΞΗΣ. ΟΙ ΑΠΟΦΑΣΕΙΣ ΠΟΥ ΛΑΒΑΜΕ ΣΤΑ ΤΕΛΕΥΤΑΙΑ ΕΥΡΩΠΑΪΚΑ ΣΥΜΒΟΥΛΙΑ ΓΙΑ ΤΗΝ ΕΠΙΤΥΧΗ ΥΛΟΠΟΙΗΣΗ ΤΩΝ ΡΥΘΜΙΣΕΩΝ ΤΗΣ ΕΝΙΑΙΑΣ ΠΡΑΞΗΣ ΚΑΘΩΣ ΚΑΙ Η ΠΡΟΣΦΑΤΗ ΠΡΟΟΔΟΣ ΠΟΥ ΣΥΝΤΕΛΕΣΘΗΚΕ ΣΤΟ ΣΥΜΒΟΥΛΙΟ ΥΠΟΥΡΓΩΝ ΓΙΑ ΤΗΝ ΥΙΟΘΕΤΗΣΗ ΤΩΝ ΕΚΤΕΛΕΣΤΙΚΩΝ ΚΑΝΟΝΙΣΜΩΝ ΤΩΝ ΔΙΑΡΘΡΩΤΙΚΩΝ ΤΑΜΕΙΩΝ ΓΙΑ ΤΗΝ ΕΝΙΣΧΥΣΗ ΤΗΣ ΟΙΚΟΝΟΜΙΚΗΣ ΣΥΝΟΧΗΣ ΔΙΑΜΟΡΦΩΝΟΥΝ ΕΝΑ ΑΞΙΟΠΙΣΤΟ ΠΛΑΙΣΙΟ ΓΙΑ ΤΗΝ ΠΡΑΓΜΑΤΩΣΗ ΤΩΝ ΣΤΟΧΩΝ ΜΑΣ ΜΕ ΧΡΟΝΙΚΟ ΟΡΙΖΟΝΤΑ ΤΟ 1992 ΚΑΙ ΜΕ ΚΑΤΑΛΗΚΤΙΚΟ ΕΠΙΤΕΥΓΜΑ ΤΗΝ "ΕΥΡΩΠΗ ΧΩΡΙΣ ΣΥΝΟΡΑ" ΣΤΗΝ ΒΑΣΗ ΤΗΣ ΕΞΕΛΙΚΤΙΚΗΣ ΔΙΑΔΙΚΑΣΙΑΣ ΓΙΑ ΤΗΝ ΕΥΡΩΠΑΪΚΗ ΕΝΩΣΗ.

ΠΑΡΑΛΛΗΛΑ Η ΣΥΝΑΝΤΗΣΗ ΜΑΣ ΠΡΑΓΜΑΤΟΠΟΙΕΙΤΑΙ ΣΕ ΜΙΑ ΣΤΙΓΜΗ ΠΟΥ ΣΕ ΑΛΛΑ ΤΜΗΜΑΤΑ ΤΗΣ ΕΥΡΩΠΗΣ ΑΛΛΑ ΚΑΙ ΣΤΟ ΕΥΡΥΤΕΡΟ ΔΙΕΘΝΕΣ ΣΥΣΤΗΜΑ ΛΑΜΒΑΝΟΥΝ ΧΩΡΑ ΕΞΑΙΡΕΤΙΚΑ ΣΗΜΑΝΤΙΚΕΣ ΑΝΑΚΑΤΑΤΑΞΕΙΣ ΓΙΑ ΤΗΝ ΠΡΟΑΓΩΓΗ ΑΞΙΩΝ ΚΑΙ ΕΠΙΔΙΩΞΕΩΝ ΠΟΥ ΔΙΑΝΟΙΓΟΥΝ ΕΛΠΙΔΟΦΟΡΕΣ ΠΡΟΟΠΤΙΚΕΣ ΓΙΑ ΤΗΝ ΑΝΘΡΩΠΟΤΗΤΑ ΜΕ ΤΗΝ ΕΔΡΑΙΩΣΗ ΤΗΣ ΕΙΡΗΝΗΣ, ΑΣΦΑΛΕΙΑΣ, ΣΤΑΘΕΡΟΤΗΤΑΣ ΚΑΙ ΤΩΝ ΑΡΧΩΝ ΤΗΣ ΔΗΜΟΚΡΑΤΙΑΣ, ΑΝΘΡΩΠΙΝΩΝ ΔΙΚΑΙΩΜΑΤΩΝ ΚΑΙ ΑΞΙΟΠΡΕΠΕΙΑΣ.

ΟΙ ΠΑΡΑΠΑΝΩ ΑΝΑΚΑΤΑΤΑΞΕΙΣ ΕΠΙΒΑΛΛΟΥΝ, ΚΑΤΑ ΤΗΝ ΑΠΟΨΗ ΜΟΥ, ΠΑΡΑΛΛΗΛΑ ΜΕ ΤΗΝ ΠΟΛΙΤΙΚΗ ΕΠΑΝΑΒΕΒΑΙΩΣΗ ΟΡΙΣΜΕΝΩΝ ΕΠΙΔΙΩΞΕΩΝ ΜΑΣ, ΤΟΝ ΠΡΟΣΔΙΟΡΙΣΜΟ ΝΕΩΝ ΣΤΟΧΩΝ ΜΕΣΑ ΑΠΟ ΜΙΑ ΓΕΝΙΚΟΤΕΡΗ ΕΞΕΤΑΣΗ ΤΗΣ ΠΟΡΕΙΑΣ ΓΙΑ ΤΗΝ ΠΕΡΑΙΤΕΡΩ ΑΝΑΠΤΥΞΗ ΤΗΣ ΚΟΙΝΟΤΗΤΑΣ ΛΑΜΒΑΝΟΝΤΑΣ ΥΠΟΨΗ ΤΗΝ ΜΕΧΡΙ ΤΩΡΑ ΕΜΠΕΙΡΙΑ ΑΠΟ ΤΗΝ ΕΦΑΡΜΟΓΗ ΤΗΣ ΕΝΙΑΙΑΣ ΠΡΑΞΗΣ ΤΟΣΟ ΣΤΙΣ ΡΥΘΜΙΣΕΙΣ ΤΗΣ ΠΟΥ ΑΝΑΦΕΡΟΝΤΑΙ ΣΤΗΝ ΥΛΟΠΟΙΗΣΗ ΤΗΣ ΕΣΩΤΕΡΙΚΗΣ ΑΓΟΡΑΣ ΟΣΟ ΚΑΙ ΑΥΤΕΣ ΠΟΥ ΣΥΝΔΕΟΝΤΑΙ ΜΕ ΤΗΝ ΕΝΙΣΧΥΣΗ ΤΗΣ ΟΙΚΟΝΟΜΙΚΗΣ ΚΑΙ ΚΟΙΝΩΝΙΚΗΣ ΣΥΝΟΧΗΣ, ΣΤΗΝ ΕΦΑΡΜΟΓΗ ΤΩΝ ΑΡΘΡΩΝ ΓΙΑ ΤΗΝ ΥΓΙΕΙΝΗ, ΑΣΦΑΛΕΙΑ

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ΚΑΙ ΠΡΟΣΤΑΣΙΑ ΤΩΝ ΕΡΓΑΖΟΜΕΝΩΝ, ΤΗΝ ΑΝΑΠΤΥΞΗ ΤΗΣ ΠΟΛΙΤΙΚΗΣ ΓΙΑ ΤΟ ΠΕΡΙΒΑΛΛΟΝ Κ.Λ.Π. ΠΑΡΑΛΛΗΛΑ ΚΑΙ ΩΣ ΔΗΜΙΟΥΡΓΙΚΗ ΑΠΑΝΤΗΣΗ ΣΤΙΣ ΔΙΕΘΝΕΙΣ ΑΝΑΚΑΤΑΤΑΞΕΙΣ ΘΑ ΠΡΕΠΕΙ ΝΑ ΕΠΑΝΕΞΕΤΑΣΟΥΜΕ ΚΑΙ ΕΠΑΝΑΒΕΒΑΙΩΣΟΥΜΕ ΤΗΝ ΘΕΣΗ ΤΗΣ ΕΥΡΩΠΑΪΚΗΣ ΚΟΙΝΟΤΗΤΑΣ ΣΤΟΝ ΚΟΣΜΟ.

ΣΑΣ ΠΡΟΤΕΙΝΩ ΛΟΙΠΟΝ ΝΑ ΑΡΧΙΣΟΥΜΕ ΤΙΣ ΕΡΓΑΣΙΕΣ ΜΑΣ ΤΟ ΑΠΟΓΕΥΜΑ ΤΗΣ ΠΑΡΑΣΚΕΥΗΣ ΜΕΤΑ ΤΗΝ ΣΥΝΑΝΤΗΣΗ ΜΑΣ ΜΕ ΤΟΝ ΠΡΟΕΔΡΟ ΤΟΥ ΕΥΡΩΠΑΪΚΟΥ ΚΟΙΝΟΒΟΥΛΙΟΥ LORD PLUMB ΜΕ ΤΗΝ ΕΞΕΤΑΣΗ ΤΩΝ ΠΡΟΟΠΤΙΚΩΝ ΓΙΑ ΤΗΝ ΠΕΡΑΙΤΕΡΩ ΑΝΑΠΤΥΞΗ ΤΗΣ ΚΟΙΝΟΤΗΤΑΣ ΕΠΙΚΕΝΤΡΩΝΟΝΤΑΣ ΤΗΝ ΣΥΖΗΤΗΣΗ ΜΑΣ ΣΤΑ ΑΚΟΛΟΥΘΑ ΘΕΜΑΤΑ : ΤΗΝ ΠΟΡΕΙΑ ΓΙΑ ΤΗΝ ΕΓΚΑΘΙΔΡΥΣΗ ΤΗΣ ΕΣΩΤΕΡΙΚΗΣ ΑΓΟΡΑΣ ΛΑΜΒΑΝΟΝΤΑΣ ΥΠΟΨΗ ΤΗΝ ΕΚΘΕΣΗ ΠΟΥ Η ΕΠΙΤΡΟΠΗ ΠΡΟΕΤΟΙΜΑΣΕ ΜΕ ΒΑΣΗ ΤΟ ΑΡΘΡΟ 8Β ΤΗΣ ΕΝΙΑΙΑΣ ΕΥΡΩΠΑΪΚΗΣ ΠΡΑΞΗΣ. ΟΙ ΣΥΖΗΤΗΣΕΙΣ ΜΑΣ ΘΑ ΠΡΕΠΕΙ ΝΑ ΕΧΟΥΝ ΤΟ ΧΑΡΑΚΤΗΡΑ ΤΗΣ ΕΝΔΙΑΜΕΣΗΣ ΑΝΑΣΚΟΠΗΣΗΣ ΚΑΘΩΣ ΒΡΙΣΚΟΜΑΣΤΕ ΗΔΗ ΣΤΟ ΗΜΙΣΥ ΤΗΣ ΠΟΡΕΙΑΣ ΜΑΣ ΓΙΑ ΤΟ 1992. ΘΑ ΠΡΕΠΕΙ ΝΑ ΕΚΤΙΜΗΣΟΥΜΕ ΤΗΝ ΠΡΟΟΔΟ ΠΟΥ ΕΧΕΙ ΕΠΙΤΕΥΧΘΕΙ,ΝΑ ΕΠΙΣΗΜΑΝΟΥΜΕ ΤΙΣ ΟΠΟΙΕΣΔΗΠΟΤΕ ΚΑΘΥΣΤΕΡΗΣΕΙΣ Η ΔΥΣΚΟΛΙΕΣ ΚΑΙ ΝΑ ΕΠΑΝΑΒΕΒΑΙΩΣΟΥΜΕ ΤΗΝ ΠΟΛΙΤΙΚΗ ΜΑΣ ΒΟΥΛΗΣΗ ΓΙΑ ΤΗΝ ΕΠΙΤΕΥΞΗ ΤΟΥ ΣΤΟΧΟΥ ΤΗΣ ΕΝΙΑΙΑΣ ΑΓΟΡΑΣ ΔΙΑΓΡΑΦΟΝΤΑΣ ΓΙΑ ΤΟΝ ΣΚΟΠΟ ΑΥΤΟ ΤΙΣ ΚΑΤΑΛΛΗΛΕΣ ΚΑΤΕΥΘΥΝΤΗΡΙΕΣ ΟΔΗΓΙΕΣ.

ΠΑΡΑΛΛΗΛΑ ΘΑ ΠΡΕΠΕΙ ΝΑ ΕΞΕΤΑΣΟΥΜΕ ΤΙΣ ΚΟΙΝΩΝΙΚΕΣ ΔΙΑΣΤΑΣΕΙΣ ΤΗΣ ΕΣΩΤΕΡΙΚΗΣ ΑΓΟΡΑΣ ΣΤΑ ΠΛΑΙΣΙΑ ΤΗΣ ΕΥΡΥΤΕΡΗΣ ΠΡΟΣΠΑΘΕΙΑΣ ΓΙΑ ΤΗΝ ΔΗΜΙΟΥΡΓΙΑ ΤΩΝ ΠΡΟΫΠΟΘΕΣΕΩΝ ΓΙΑ ΤΟΝ ΕΝΙΑΙΟ ΚΟΙΝΩΝΙΚΟ ΧΩΡΟ. ΣΤΑ ΠΛΑΙΣΙΑ ΑΥΤΑ ΘΑ ΠΡΕΠΕΙ ΝΑ ΑΝΑΖΗΤΗΣΟΥΜΕ ΤΟΥΣ ΑΠΟΤΕΛΕΣΜΑΤΙΚΟΤΕΡΟΥΣ ΤΡΟΠΟΥΣ ΓΙΑ ΤΗΝ ΔΗΜΙΟΥΡΓΙΑ ΝΕΩΝ ΘΕΣΕΩΝ ΑΠΑΣΧΟΛΗΣΗΣ, ΚΑΤΑΠΟΛΕΜΗΣΗΣ ΤΗΣ ΑΝΕΡΓΙΑΣ, ΕΠΑΓΓΕΛΜΑΤΙΚΗΣ ΚΑΤΑΡΤΙΣΗΣ, ΠΡΟΣΤΑΣΙΑΣ ΚΑΙ ΥΓΙΕΙΝΗΣ ΤΩΝ ΕΡΓΑΖΟΜΕΝΩΝ ΣΤΗ ΒΑΣΗ ΕΥΡΥΤΕΡΗΣ ΠΟΛΙΤΙΚΗΣ ΚΑΙ ΟΙΚΟΝΟΜΙΚΗΣ ΣΥΝΑΙΝΕΣΗΣ.

ΣΤΗ ΣΥΝΕΧΕΙΑ ΣΑΣ ΠΡΟΣΚΑΛΩ ΝΑ ΑΣΧΟΛΗΘΟΥΜΕ ΜΕ ΤΑ ΠΡΟΒΛΗΜΑΤΑ ΤΟΥ ΠΕΡΙΒΑΛΛΟΝΤΟΣ ΠΟΥ ΠΡΟΣΛΑΜΒΑΝΟΥΝ ΚΑΘΗΜΕΡΙΝΑ ΟΞΥΤΕΡΟ ΧΑΡΑΚΤΗΡΑ ΣΕ ΠΑΓΚΟΣΜΙΑ ΚΛΙΜΑΚΑ ΣΤΗΡΙΖΟΜΕΝΟΙ ΣΤΟ ΚΕΙΜΕΝΟ ΔΗΛΩΣΗΣ ΠΟΥ ΜΑΣ ΠΡΟΕΤΟΙΜΑΣΑΝ ΟΙ ΥΠΟΥΡΓΟΙ ΠΕΡΙΒΑΛΛΟΝΤΟΣ. ΠΙΣΤΕΥΩ ΟΤΙ ΑΞΙΟΠΟΙΩΝΤΑΣ ΤΙΣ ΣΧΕΤΙΚΕΣ ΡΥΘΜΙΣΕΙΣ ΤΗΣ ΕΝΙΑΙΑΣ ΠΡΑΞΗΣ Η ΚΟΙΝΟΤΗΤΑ ΜΠΟΡΕΙ ΝΑ ΔΙΑΔΡΑΜΑΤΙΣΕΙ ΑΠΟΤΕΛΕΣΜΑΤΙΚΟΤΕΡΟ ΡΟΛΟ ΣΤΗΝ ΑΝΤΙΜΕΤΩΠΙΣΗ ΤΩΝ ΠΡΟΒΛΗΜΑΤΩΝ ΑΥΤΩΝ. ΑΚΟΜΗ ΝΟΜΙΖΩ ΟΤΙ ΘΑ ΠΡΕΠΕΙ ΝΑ ΑΣΧΟΛΗΘΟΥΜΕ ΜΕ ΤΟ ΣΗΜΑΝΤΙΚΟ ΘΕΜΑ ΤΗΣ ΑΝΑΠΤΥΞΗΣ

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ΤΩΝ ΟΠΤΙΚΟ-ΑΚΟΥΣΤΙΚΩΝ ΜΕΣΩΝ ΣΤΟΝ ΚΟΙΝΟΤΙΚΟ ΧΩΡΟ ΚΑΙ ΤΗΝ ΠΡΟΟΔΟ ΓΙΑ ΤΗΝ ΥΛΟΠΟΙΗΣΗ ΤΟΥ ΠΡΟΓΡΑΜΜΑΤΟΣ ΕΡΕΥΝΑΣ ΚΑΙ ΤΕΧΝΟΛΟΓΙΑΣ.ΚΡΙΝΩ ΕΠΙΣΗΣ ΟΤΙ ΘΑ ΠΡΕΠΕΙ ΝΑ ΣΤΡΕΨΟΥΜΕ ΤΗΝ ΠΡΟΣΟΧΗ ΜΑΣ ΣΤΟ ΘΕΜΑ ΤΗΣ ΥΠΟΔΟΜΗΣ ΜΕΤΑΦΟΡΩΝ ΩΣ ΒΑΣΙΚΟΥ ΣΥΝΟΔΕΥΤΙΚΟΥ ΜΕΤΡΟΥ ΤΗΣ ΕΣΩΤΕΡΙΚΗΣ ΑΓΟΡΑΣ ΚΑΘΩΣ ΚΑΙ ΣΤΑ ΕΙΔΙΚΑ ΠΡΟΒΛΗΜΑΤΑ ΠΟΥ ΑΝΤΙΜΕΤΩΠΙΖΟΥΝ ΩΡΙΣΜΕΝΑ ΝΗΣΙΑ ΤΟΥ ΚΟΙΝΟΤΙΚΟΥ ΧΩΡΟΥ.

ΤΟ ΒΡΑΔΥ ΚΑΙ ΠΡΙΝ ΑΠΟ ΤΟ ΓΕΥΜΑ Ο ΠΡΟΕΔΡΟΣ ΤΗΣ ΕΥΡΩΠΑΪΚΗΣ ΕΠΙΤΡΟΠΗΣ κ. J. DELORS ΘΑ ΜΑΣ ΕΚΘΕΣΕΙ ΠΡΟΦΟΡΙΚΑ ΤΗΝ ΠΟΡΕΙΑ ΤΩΝ ΕΡΓΑΣΙΩΝ ΤΗΣ ΕΠΙΤΡΟΠΗΣ ΓΙΑ ΤΗΝ ΝΟΜΙΣΜΑΤΙΚΗ ΕΝΩΣΗ ΚΑΘΩΣ ΚΑΙ ΤΗΝ ΚΑΤΑΣΤΑΣΗ ΤΗΣ ΕΥΡΩΠΑΪΚΗΣ ΟΙΚΟΝΟΜΙΑΣ.

ΚΑΤΑ ΤΗΝ ΔΙΑΡΚΕΙΑ ΤΟΥ ΓΕΥΜΑΤΟΣ ΣΑΣ ΠΡΟΤΕΙΝΩ ΝΑ ΑΝΤΑΛΛΑΞΟΥΜΕ ΑΠΟΨΕΙΣ ΓΙΑ ΤΟ ΔΙΕΘΝΗ ΡΟΛΟ ΤΗΣ ΚΟΙΝΟΤΗΤΑΣ ΜΕ ΣΚΟΠΟ ΤΗΝ ΥΙΟΘΕΤΗΣΗ ΚΕΙΜΕΝΟΥ ΔΙΑΚΗΡΥΞΗΣ ΜΕ ΤΟ ΟΠΟΙΟ ΘΑ ΔΙΑΓΡΑΦΟΥΜΕ ΤΙΣ ΒΑΣΙΚΕΣ ΑΡΧΕΣ ΠΟΥ ΔΙΑΜΟΡΦΩΝΟΥΝ ΤΙΣ ΣΧΕΣΕΙΣ ΜΑΣ ΜΕ ΤΙΣ ΤΡΙΤΕΣ ΧΩΡΕΣ ΑΠΟΒΛΕΠΟΝΤΑΣ ΣΤΗΝ ΕΝΙΣΧΥΣΗ ΤΗΣ ΘΕΣΗΣ ΤΗΣ ΚΟΙΝΟΤΗΤΑΣ ΣΤΟ ΔΙΕΘΝΕΣ ΣΥΣΤΗΜΑ ΣΕ ΣΥΝΕΡΓΑΣΙΑ ΒΕΒΑΙΩΣ ΜΕ ΟΛΕΣ ΤΙΣ ΑΛΛΕΣ ΧΩΡΕΣ ΚΑΙ ΟΡΓΑΝΙΣΜΟΥΣ.

ΘΑ ΑΣΧΟΛΗΘΟΥΜΕ ΕΠΙΣΗΣ ΜΕ ΤΑ ΤΡΕΧΟΝΤΑ ΔΙΕΘΝΗ ΘΕΜΑΤΑ ΠΟΥ ΚΡΙΝΟΥΜΕ ΑΝΑΓΚΑΙΟ ΝΑ ΣΥΖΗΤΗΘΟΥΝ ΣΤΑ ΠΛΑΙΣΙΑ ΤΗΣ ΕΥΡΩΠΑΪΚΗΣ ΠΟΛΙΤΙΚΗΣ ΣΥΝΕΡΓΑΣΙΑΣ ΟΠΩΣ ΤΙΣ ΣΧΕΣΕΙΣ ΑΝΑΤΟΛΗΣ - ΔΥΣΗΣ, ΤΟ ΜΕΣΑΝΑΤΟΛΙΚΟ ΚΛΠ.

ΤΗΝ ΔΕΥΤΕΡΗ ΗΜΕΡΑ ΤΟ ΠΡΩΪ Η ΠΡΟΕΔΡΙΑ ΘΑ ΣΑΣ ΠΑΡΟΥΣΙΑΣΕΙ ΩΣ ΣΥΝΗΘΩΣ, ΣΧΕΔΙΟ ΚΕΙΜΕΝΟΥ ΣΥΜΠΕΡΑΣΜΑΤΩΝ ΚΑΘΩΣ ΚΑΙ ΤΕΛΙΚΟ ΣΧΕΔΙΟ ΤΗΣ ΔΙΑΚΗΡΥΞΗΣ ΓΙΑ ΤΟΝ ΔΙΕΘΝΗ ΡΟΛΟ ΜΕ ΤΑ ΟΠΟΙΑ ΘΑ ΑΣΧΟΛΗΘΟΥΜΕ ΓΙΑ ΤΕΛΙΚΗ ΥΙΟΘΕΤΗΣΗ.

ΑΓΑΠΗΤΗ ΣΥΝΑΔΕΛΦΕ,

Η ΣΥΝΑΝΤΗΣΗ ΜΑΣ ΣΤΗ ΡΟΔΟ ΕΛΠΙΖΩ ΟΤΙ ΘΑ ΑΠΟΤΕΛΕΣΕΙ ΜΙΑ ΑΞΙΟΛΟΓΗ ΣΥΜΒΟΛΗ ΣΤΗΝ ΔΙΑΔΙΚΑΣΙΑ ΠΡΟΑΓΩΓΗΣ ΤΗΣ ΕΥΡΩΠΑΪΚΗΣ ΕΝΟΠΟΙΗΣΗΣ ΜΕ ΤΗΝ ΕΠΑΝΑΒΕΒΑΙΩΣΗ, ΕΝΙΣΧΥΣΗ Η ΥΙΟΘΕΤΗΣΗ ΣΤΟΧΩΝ ΚΑΙ ΕΠΙΔΙΩΞΕΩΝ ΠΟΥ ΘΑ ΟΔΗΓΟΥΝ ΣΤΗΝ ΥΛΟΠΟΙΗΣΗ ΤΩΝ ΚΟΙΝΩΝ ΜΑΣ ΙΔΑΝΙΚΩΝ ΚΑΙ ΣΤΗΝ ΕΝΙΣΧΥΣΗ ΤΗΣ ΔΙΕΘΝΟΥΣ ΜΑΣ ΘΕΣΗΣ ΚΑΙ ΠΟΛΙΤΙΚΗΣ ΜΑΣ ΑΞΙΟΠΙΣΤΙΑΣ. ΣΧΕΤΙΚΑ ΣΑΣ ΕΠΙΣΗΜΑΙΝΩ ΚΑΙ ΤΟ ΨΗΦΙΣΜΑ ΠΟΥ ΤΟ ΕΥΡΩΠΑΪΚΟ ΚΟΙΝΟΒΟΥΛΙΟ ΥΙΟΘΕΤΗΣΕ ΑΝΑΦΟΡΙΚΑ ΜΕ ΤΟ ΕΥΡΩΠΑΪΚΟ ΣΥΜΒΟΥΛΙΟ ΤΗΣ ΡΟΔΟΥ ΣΤΗΝ ΤΕΛΕΥΤΑΙΑ ΤΟΥ ΟΛΟΜΕΛΕΙΑ.

ΚΑΛΗ ΑΝΤΑΜΩΣΗ ΛΟΙΠΟΝ ΣΤΗ ΡΟΔΟ.

Α.Γ. ΠΑΠΑΝΔΡΕΟΥ

TXW 026/358/1

DEPARTURE ARRANGEMENTS FOR THE VISIT OF THE PRIME MINISTER AND SECRETARY OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS TO RHODES FOR THE EUROPEAN COUNCIL MEETING: 2-3 DECEMBER 1988

1. TRAVEL DETAILS (All times local)

London = GMT; Rhodes = GMT + 2

Outward on Thursday 1 December

The Prime Minister, Foreign and Commonwealth Secretary and those shown at Appendix I will depart London Heathrow (Southside) in an RAF VC10 Task No Ascot 1188 on Thursday 1 December at 1630 hours, arriving Rhodes at 2235 hours. Flying time: 4 hours 5 minutes.

Return on Saturday 3 December

The RAF VC10 is on standby to depart Rhodes at 1500 hours. If the aircraft departs at this time the arrival time at London Heathrow (Southside) will be 1735 hours local.

2. BOXES, BRIEFCASES, LUGGAGE, ETC

(a) Two FCO security vans have been reserved to take boxes, briefcases and luggage etc from No 10 and the FCO to LHR (Southside) on 1 December. Both vans will depart from Downing Street at 1345 hours (the Duty Clerk will travel in one van and a Security Officer in the other van).

(b) Boxes, luggage and briefcases etc for the VC10 may be left in Room 1 (Security), Downing Street West up to 1230 hours on Thursday 1 December.

3. TRANSPORT IN THE UK FOR THOSE TRAVELLING ON THE RAF AIRCRAFT

Outward on 1 December

(a) Please see Appendix II for transport to London Heathrow (Southside).

Return on 3 December

(b) Two security vans, one Security Officer and cars will meet the party on their return to London Heathrow (Southside).

BD2AOA

Duty Officer (2-4 December)

(c) The weekend Conference Section Duty Officer is Miss Sheila Waghorn.

Colin Gibson

C Gibson (Miss)
Conference Section
Protocol Department
210 6375

25 November 1988

BD2AOG

APPENDIX I

PASSENGER LIST OF THOSE TRAVELLING BY RAF VC10 TASK NO 1188, LHR (SOUTHSIDE) - RHODES ON THURSDAY 1 DECEMBER 1988
UK = GMT; RHODES = GMT + 2 (all times local)
(Not in protocol order)

Outward

Prime Minister	RAF VC10	ETD LHR	1630
Secretary of State	Task No 1188	(Southside)	
Sir John Fretwell		ETA Rhodes	2235
Sir David Hannay			
Mr Powell	Flying time 4 hours 5 minutes		
Mr Ingham			
Miss Parkin	Afternoon tea and dinner will		
Mrs Ailes	be served		
D/Supt Butler			
D/Insp Lewis			
D/Sgt Leach			
Mr Wall			
Miss McGinty			
D/Con Stickland			
Mr Lavelle			
Mr Kerr			
Mr Burns			
Miss Rea			
Mr T Smith			
Miss T Neville-Rolfe			
Cpl Kennedy			
Cpl Hillman			
W/L/Cpl Phillips			
Mr Damm			
Mr Pim			
Mr Goddard	Total = 26		

Return on Saturday 3 December

Passengers as for outward journey minus	VC10 on standby from 1500 hours. If aircraft leaves at this time ETA LHR (Southside) will be 1735 hours.
Sir David Hannay	
plus	Flying time 4 hours 35 minutes
Mr Ersboell	Refreshments and a meal will be available.
Mr Christofferson	
D/Insp Carthew	
D/Sgt Kingston	Total = 29

BD2AOB

APPENDIX II

TRANSPORT TO LONDON HEATHROW (SOUTHSIDE)
ON THURSDAY 1 DECEMBER 1988

Vehicle	Arranged by	Passengers	Leaving from/ at	To arrive at LHR (Southside) No later than .... VC10 departs at 1630 hours
Security Van 1 FCO Security Van 2	Conference Section	Miss Parkin Boxes, luggage, etc Security Officer Fax equipment Boxes, etc	Depart FCO at 1320 and No 10 at 1345 hours	1515
Own transport	Own Office	RMPs	As directed	1530
GCS Car No 1	Conference Section	Miss McGinty Miss Rea Mr Goddard	FCO Main Courtyard at 1430 hours	1530
GCS Car No 2	Conference Section	Sir John Fretwell Sir David Hannay	From FCO Main Courtyard at 1500 hours	1600

BD2AOD

APPENDIX II
(cont'd)

TRANSPORT TO LONDON HEATHROW (SOUTHSIDE) ON THURSDAY 1 DECEMBER 1988

Vehicle	Arranged by	Passengers	Leaving from/ at	To arrive at LHR (Southside) No later than .... VC10 departs at 1630 hours
GCS Car No 3	Conference Section	Mr Lavelle Mr Kerr Miss Neville-Rolfe	From FCO Main Courtyard at 1500 hours	1600
GCS Car No 4	Conference Section	Mr Burns Mr T Smith	From FCO Main Courtyard at 1500 hours	1600
Own Car	Private Office	Secretary of State Mr Wall D/Con Stickland	As directed	1620
Puma helicopter	Conference Section	Prime Minister Mr Powell Mr Ingham Mrs Ailes D/Supt Butler D/Insp Lewis D/Sgt Leach	Wellington Barracks at 1610 hours	1625

Mr Damm and Mr Pim will join the aircraft at Brize Norton.

BD2AOD

Useful Telephone numbers:

LHR (Southside)	-	759 4321 Ext 5247
Security Vans	-	270 3001
GCS Cars	-	211 7510/7539

Return on Saturday 3 December

The RAF VC10 is on standby to depart Rhodes at 1500 hours. If the aircraft leaves at this time the ETA LHR (Southside) will be 1735 hours.

Conference Section will arrange two security vans, plus one Security Officer and cars for the following passengers:

GCS Car No 1	Sir John Fretwell	20 Seymour Road, London SW18 (goes off from crossing of West Hill Road and Wimbledon Park Road, second house on right)
	Mr Wall	69 Loxley Road, Wandsworth Common SW18
GCS Car No 2	Mr Kerr	60 Abbey Road NW8
	Mr Lavelle	36 Cholmley Crescent, Highgate N6
GCS Car No 3	Mr Burns	25 Stratford Villas, Camden Town NW1
	Mr T Smith	7 Spencer Rise, Kentish Town NW5
GCS Car No 4	Miss McGinty	Flat 2, 268 Elgin Avenue W9
	Miss Neville-Rolfe	42 Wilmington Square, London WC1
GCS Car No 5	Miss Rea	13 Century House, 245 Streatham High Road SW16
	Mr Goddard	2 St John's Road, Welling, Kent

No 10 Downing Street and RMPs will arrange own transport. Private Office will arrange car for Secretary of State. Flt Lt Forbes will arrange to transport Mr Ersboell and Mr Christofferson to LHR (Terminal 4) for BA 3 (Concorde) to New York ETD LHR 1900.

BD2AOH

DISTRIBUTION

No 10 Downing Street

Duty Clerk

Cabinet Office

Mr C K Davies
Mr R Hope
Mr A Hart

Foreign and Commonwealth Office

Private Secretary (2)
Assistant Private Secretary (2)
Private Office (2)
ECD(I)
ECD(E)
COD: Telegram Section
Outward Bag Room
News Department
Protocol Department (15)
Resident Clerks (2)
Security Department: Mr S Papworth, Room W1

RAF Northolt

Flt Lt B Forbes MBE, Senior Air Movements Officer

Royal Military Police

OC London Provost Company

Department of the Environment

Car Bookings
The Crown Suppliers
Ponton Road
London SW8

Ministry of Defence

Wing Cdr Richard Johnson
Room 5166, Main Building

PM (2) RAF, Metropole Building

MOVOPS (RAF), Desk Officer
Room 5178, Main Building

BD2AOC

British Airports Authority

Heathrow Airport Ltd
D'Albiac House
Heathrow Airport
Hounslow
Middx
TW6 1JH

Mr R Baxendale
Manager Special Facilities (2)

Chief Superintendent M Theobald
Heathrow Police Station
(via New Scotland Yard)

Each member of the Delegation

BD2AOC

Foreign and Commonwealth Office

London SW1A 2AH

25 November 1988

Dear Charles,

European Council, Rhodes: Bilaterals

In your letter of 23 November you asked that we investigate whether Mr Lubbers would be free for a meeting with the Prime Minister between 1145 and 1230 on 2 December.

The answer from The Hague is yes. Mr Lubbers had planned to fly out to Rhodes only on the morning of 2 December, arriving just before the European Council proceedings started; but on hearing that the Prime Minister might like a morning meeting with him he has changed his plans, will fly out the night before, and will be ready to see the Prime Minister at 1145.

A copy of this letter goes to Trevor Woolley (Cabinet Office).

Yours ever,

(L Parker)
Private Secretary

C D Powell Esq
PS/No 10 Downing Street

EUROPOL. Eurocoval mtgs pt 30.

(2)

CONFIDENTIAL

Prime Minister
This is mostly familiar to you. Worth only a quick glance.
CDP 25/11

PM/88/059

PRIME MINISTER

Issues for the Rhodes European Council

1. OD(E) met after Cabinet today to discuss the prospects for the Rhodes European Council.

2. Because of Papandreou's fragile health, and the fact that they have little in the way of achievement to parade, the Greeks are keen to contrive a brief and low key European Council, not calling for operational decisions. Their precise plans are not yet certain, but Papandreou is expected to circulate on 28 November a letter setting out a 3 part agenda:

- the development of the Community, a general discussion concentrating on Single Market issues including the "Social Dimension" and the Environment (plenary session on 2 December);

- wider world issues, concentrating on East/West and transatlantic relations (dinner on 2 December);

- discussion of possible conclusions, statements (short plenary session on 3 December).

General Considerations

3. There are no operational issues ripe for resolution at European Council level on which we need decisions now. Present evidence suggests that neither the Commission nor any other member state want a more sharply decision-oriented summit than the Greeks envisage. On the two key areas where decisions will be sought next year - ie on monetary and tax issues - no-one appears to want to provoke a substantive pre-emptive debate. The monetary dossier is now in the hands of the Delors Group which will report in April; the indirect tax issue will return to ECOFIN after Rhodes; and Commission ideas on tax on savings will be for consideration in ECOFIN in early 1989. The greater risk of unwelcome pressure at Rhodes may be on the "Social Dimension" (paragraphs 10-11 below).

The Development of the Community

4. On Single Market issues, the focus of discussion will be the Commission's mid-term progress report called for under Article 8(b) of the EC Treaty, as revised by the Single European Act. Our aim should be to secure conclusions which reaffirm commitment to the mainstream 1992 programme, and to the short term priorities selected at Hanover notably financial services, public purchasing and standards. The Commission report contains a number of critical remarks about the Council's record in getting through the necessary work, which it compares

/unfavourably

unfavourably to that of the Commission; there will therefore be no question of its being "adopted" by the European Council. It also touches briefly on frontiers issues, the Social Dimension, etc.

Frontiers

5. The references to frontiers issues have a familiar Cockfield ring, reflecting his view that all internal frontiers must go by the end of 1992. If the Commission's presentation provokes discussion we will want to present by contrast an undogmatic and very practical approach. In your speech in Bruges you emphasised the need for "plain common sense" in this area, particularly in relation to drugs, terrorism and illegal immigration.

6. Over the last 18 months colleagues in OD(E) have been establishing what continuing frontier checks we shall need and how best to operate them in conformity with the Treaty and the Single European Act. The Attorney General has assured us that we do indeed have power to take national action as necessary in the key areas (and the Commission recognise in their report that enforcement agencies must be able to operate in frontier zones); but he has emphasised that the checks that remain must be both soundly based and proportionate to the threats to which they are addressed.

/7.

7. We have established that there is real scope for reducing the present level of action at frontiers. The Home Secretary is likely to announce next month at a meeting of Community Interior Ministers that there will be a single channel at UK ports of entry for all EC nationals. HM Customs and Excise are developing ideas which could eliminate fiscal frontier controls on commercially-traded goods. The Minister of Agriculture is working actively with his colleagues to find Community solutions to animal and plant health problems, which will nonetheless retain protection where this is essential for us. Some other member states are, we know, as concerned as we are about the need to retain effective action against illegal immigration, terrorism and drug trafficking: we are working with them to find common solutions.

8. There is no reason to expect - or indeed to encourage - protracted discussion of these issues at Rhodes. But by emphasising points of this sort we can demonstrate our willingness to seek practical solutions to real problems. The more we are able to shift the whole debate, on this and other issues, away from the kind of absolutism that characterizes the Cockfield - and, less often, the Delors - approach, the more we are likely to gain support for our kind of practical common sense. We shall want also to stress that finding ways through some of the thorniest problems will take time, certainly well beyond the life of the present Commission.

The Social Dimension

9. M. Delors has said that he has no intention of provoking a wide-ranging discussion at Rhodes of the "social dimension" of the Single Market programme. But despite his wishes there could be Presidency pressure for endorsement of the discussion paper which the Commission put to the "social partners" in September. We should make it clear that we do not challenge the concept of the "social dimension". The concept of the social market economy was after all being commended by Keith Joseph long before anyone in the present Commission thought of it. Moreover since we took office we have invested a great deal of effort and money in developing industrial training, encouraging share ownership by employees and allied initiatives, all of which are very positive parts of the social dimension of a market economy. This point was underlined by the Employment Secretary at our OD(E) discussion today: the number of employee share ownership schemes in Britain has grown from 30 to over 1,500 during the nine years since my first Budget.

10. At the same time, we shall make it clear that we see little value in debating generalities and that we will not endorse any new measure just because it sails under the "social dimension" flag. Each issue needs to be addressed on its own merits. We should argue that the top social priority for all member states remains the reduction of unemployment, and point out that measures

/suggested

suggested in our 1986 Employment Growth Resolution have not yet been adopted. We have no difficulty in principle with further work on health and safety: indeed we endorsed that in the Single European Act. But we are against action which will add burdens to business, so cutting growth and jobs. It is for this reason that we will oppose any moves to legislate for compulsory worker participation, while being ready to commend an approach which simply offers a menu of alternative options including employee share-ownership, management buy-out and the like. We should also emphasise the extent to which the Community is already committed to supporting the "social dimension" through the doubling of the structural funds over the next four years - money which is expected to go to precisely those parts of the Community which will face the highest transitional costs as the single market spreads and deepens.

Environment

11. We see no harm, and indeed some advantage, in a discussion of global Environmental issues. But the Presidency may hanker after more discussion of European problems, and the possibility of more EC budget finance for measures against eg Mediterranean pollution, or even the case for a new EC Environment Fund. Our line should be that it is for member states, in submitting projects for financing from the (augmented) Regional fund, to take due account of environmental considerations. A

/potentially

potentially useful draft statement on environmental issues is being discussed in the Environment Council today. The Greeks may also propose the establishment of a new high level group of Community experts on environment issues. We see no advantage, and some risks, in the idea; helpfully, the Commission oppose it. We shall want to use the discussion to draw attention to our international conference on the protection of the ozone layer in London next March.

13. Certain other subjects may also arise:

(a) Youth: There may be a risk of a last minute Commission/Presidency initiative. The only area where the Presidency have been pressing for an early decision concerns the proposed second phase of the action programme on cooperation between universities and industry on training in technology (COMMETT II); following discussion in the Education Council on 23 November they now seem likely to settle for agreement in principle to a second phase. We have reservations (shared by many other member states) about the proposed budget, legal base, and duration.

(b) Audio-Visual: The French may seek to boost the existing EUREKA project on high definition television, which would cause us no problem.

/(c)

(c) Island problems and Transport Infrastructure: The Presidency are likely to ask for a Commission study of the particular economic problems of small islands, and for acceleration of Council consideration of help for transport infrastructure. They can expect no support from the Commission on the islands. Our line on both should be negative.

Wider World

12. We welcome the idea of a broad discussion on external issues. Our aim should be to focus it principally on relations with the next US Administration (following your visit, and Chancellor Kohl's, to Washington), and on East/West relations (Da Mita, Kohl and Mitterrand have recently visited Moscow, and we will of course be able to point to Gorbachev's forthcoming visit here). There will be some discussion of the Middle East. Following successful exchanges in the Agriculture Council and FAC, there is no requirement for substantive discussion of the Community's approach to the immediately following Uruguay Round Midterm Meeting in Montreal. The President are preparing a possible statement on the Community's relations with the wider world. Though the initial Greek text contained more material on improving East/West than on maintaining good West/West relations, there seems a fair prospect of satisfactory amendment: Greek reluctance to expose Papandreou to a detailed drafting exercise may work in our favour.

Conclusions

13. Despite continuing doubts about precise Greek plans, the overall prospect therefore is probably for a low key European Council, with this Commission signing off and the Presidency concerned to salvage something from an ineffectual autumn. Any lack of harmony is more likely to stem from confusion (as a result of weak chairmanship) than conspiracy.

14. OD(E) concluded that our objectives should be:

a) to concentrate attention on the mainstream 1992 programme, and the short term priorities agreed at Hanover;

b) while recognising the validity of the concept of the "social dimension", to argue as necessary for a pragmatic programme, avoiding additional burdens on business; and

c) to ensure that public texts, eg on issues of foreign policy and environment policy, are satisfactory.

/15.

CONFIDENTIAL

15. I am copying this minute to other members of OD(E), the Home Secretary, the Secretary of State for the Environment, the Secretary of State for Transport and to Sir Robin Butler.

(GEOFFREY HOWE)

Foreign and Commonwealth Office

24 November 1988

CONFIDENTIAL

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

23 November 1988

EUROPEAN COUNCIL, RHODES: BILATERALS

I have spoken to Mr. Nally, the Irish Cabinet Secretary and made a provisional arrangement for the Prime Minister and the Taoiseach to meet in the Rodos Palace Hotel at 1030 on Friday 1 December. Mr. Nally said that on present plans the Taoiseach would go to Rhodes but he was not absolutely certain that he would be well enough to do so. I said that we could allow up to one hour for the meeting.

I think the Prime Minister would also like to see Mr. Lubbers if possible. Could you investigate whether he might be free for a meeting with the Prime Minister between 1145 and 1230. The first European Council engagement seems to be the lunch at 1330.

I am copying this letter to Mike Maxwell (Northern Ireland Office) and Trevor Woolley (Cabinet Office).

C. D. POWELL

Lyn Parker, Esq.,
Foreign and Commonwealth Office

Patricia

TXW 026/358/1

ADMINISTRATIVE ARRANGEMENTS FOR THE VISIT OF THE PRIME MINISTER AND THE FOREIGN AND COMMONWEALTH SECRETARY TO RHODES FOR THE EUROPEAN COUNCIL: 2-3 DECEMBER 1988

1. DATE AND PLACE OF THE COUNCIL

The European Council Meeting attended by the Prime Minister and the Secretary of State for Foreign and Commonwealth Affairs will take place at the Castle of the Grand Knights in Rhodes from 2-3 December 1988.

2. COMPOSITION OF THE DELEGATION

See Appendix I.

3. PROGRAMME

The outline programme, as at present known, is shown at Appendix II.

4. TRAVEL

(All times local)

London = GMT
Rhodes = GMT + 2

(a) The travel schedule including passenger lists for the RAF VC10 is shown at Appendix III.

Outward

(b) The Prime Minister, Foreign and Commonwealth Secretary, and main Delegation will travel to Rhodes in an RAF VC10, Task No Ascot 1188, leaving London Heathrow (Southside) at 1630 hours on Thursday 1 December: ETA Rhodes will be 2235 hours local.

Flying time: 4 hours 5 minutes.
Tea and dinner will be served.

Return

(c) The Prime Minister, Foreign and Commonwealth Secretary and main Delegation will return to London Heathrow (Southside) in the RAF VC10 on Saturday 3 December. The Meeting is expected to end at 1230 hours followed by an official lunch and Press Conferences and the VC10 will be on standby to depart Rhodes from 1500 hours. If the aircraft departs at this time the arrival time at London Heathrow

(Southside) will be 1735 hours. Flying time 4 hours 35 minutes. A meal will be available on the aircraft for those requiring one.

(d) Air tickets for those travelling by commercial flights from the UK have been distributed by Conference Section.

5. PASSPORTS AND HEALTH

(a) Valid passports should be taken.

(b) There are no special health requirements for Greece.

6. CLIMATE/CLOTHING

The temperature in Rhodes in early December will be between 12°C and 15°C. It can be wet and windy. Black tie/long dress will not be required.

7. BAGGAGE AND INSURANCE

(a) See note at Appendix IV.

(b) Free baggage allowance on Club Class commercial flights is 30 kilos: Economy Class 20 kilos.

(c) Those travelling on the VC10 may take up to 30 kilos.

8. PERSONAL BAGGAGE LABELS

Baggage labels are enclosed for those travelling on the VC10. Please ensure that all baggage is clearly labelled. Unused labels should be returned to Conference and Visits Section. Labels used or otherwise should not be left in hotels. Colours are:

Rodos Palace Hotel	-	Blue
Official Items	-	White
Cabin Load	-	Yellow

9. LIVING ACCOMMODATION

See Appendix I.

10. WORKING ACCOMMODATION

(a) Castle of the Grand Knights: The UK Delegation will be allocated two rooms as Delegation Offices in the Conference Centre. There will be a briefing room allocated to the UK in the Hotel of Roses.

(b) Rodos Palace Hotel: The No 10 Private Office, Secretary of State's Private Office, and General Office will be situated on the 9th Floor; the Comcen will be on the 10th Floor. Mr Ingham will have a suite for informal press briefings on the 8th Floor of the Hotel.

11. COMMUNICATIONS

(a) Telegrams

(i) The Comcen in the Rodos Palace Hotel staffed by Communications Officers from the UK will maintain a permanent communications watch from the time of the Prime Minister's departure from the UK on 1 December until the Prime Minister's aircraft has left Rhodes on 3 December and all outward traffic has been cleared.

(ii) Telegrams to and from the UK Delegation should be addressed for/from "UK Delegation, Rhodes" followed by the name of the addressee where relevant. In Rhodes, telegrams marked "Following for UK Delegation" will be distributed to all senior members of the party. Telegrams marked "For Private Secretary to Prime Minister" will be distributed to the Private Secretary and Duty Clerk and "For Private Secretary to Secretary of State" to Private Secretary and Personal Assistant.

Telegrams addressed to other named individuals in the party should not be given any distribution without prior reference to that person.

(b) Telephones

Direct dial telephones will be installed in:

(i) The Delegation Offices in the Castle of the Grand Knights and the UK Briefing Centre/Press Office in the Hotel of Roses.

(ii) Rodos Palace Hotel: No 10 Private Office (Room 903), FCO Private Office (Room 901), General Office (Room 902), Comcen (Room 1002), Press Suite (Suite 813), and bedrooms of the Private Secretary to the Prime Minister (Room 917) and Private Secretary to the Secretary of State (Room 1017).

(iii) Two Direct Private Lines to No 10 will be installed in the No 10 Private Office in the hotel. These lines can be re-routed to the Delegation Office in the Castle of the Grand Knights if required.

(iv) Useful telephone numbers are at Appendix V.

(v) Walkie-Talkies: Hand-held radio sets will be issued to various personnel for administration use and transport co-ordination.

12. SPECIAL COURIERS: VC10 PARTY

(a) Miss P Parkin (No 10) and Miss S McGinty (FCO) will be designated as Special Couriers for their respective offices. Members of the Delegation travelling on the VC10 and taking classified material with them are asked to contact COD (Tel: 270 2781) so that all boxes and briefcases can be entered on the appropriate waybill.

(b) Members of the party travelling commercially who must carry classified documents up to and including Secret are asked to apply for a Letter of Authority from their Head of Department or Departmental Security Officer (see Home Circular "B" 32/85 of 26 April 1985).

13. SECURITY

(a) Passes:

(i) Presidency passes within the usual limits for the conference room and main conference centre will be issued to members of the Delegation in Rhodes.

(ii) All members of the Delegation are reminded that their London security passes must be left in Departments and not taken with them.

(b) Classified papers from the Delegation Offices in the Conference Centre must be taken to the No 10 Private Office in the hotel for safekeeping overnight. The No 10 Private Office will be guarded round the clock by a member of the Royal Military Police team.

(c) The Royal Military Police team will also be responsible for safe-hand services between the Communications Centre in the hotel and the Private Offices in the hotel/Conference Centre.

(d) Two suites of safe-hand boxes will be taken to Rhodes on the VC10:-

No 10 - Black
FCO - Green

Relevant keys have been handed over to the Duty Clerk at No 10 and the Personal Assistant, FCO Private Office. The Comcen will also have keys.

14. OFFICE EQUIPMENT AND STATIONERY

(a) Equipment will be provided as follows:

(i) Delegation Offices in the Conference Centre:

2 Electronic typewriters (provided by the Presidency)
2 IBM Selectric typewriters (hire)
1 Photocopier (hire)

(ii) UK Press Office

1 IBM typewriter (hire)

(iii) Private Offices in Hotel:

No 10 Private Office:

1 IBM Selectric typewriter (hire)
1 Photocopier (hire)

FCO Private Office:

(Toshiba Computer: PA's own)
1 IBM Selectric typewriter (hire)

General Office:

2 IBM Selectric typewriters (hire)
1 Photocopier

(iv) Press Suite:

1 IBM Selectric typewriter

(b) Any special stationery required for the Prime Minister and Foreign and Commonwealth Secretary will be taken to Rhodes by their Private Offices.

(c) Common-user stationery will be provided in both venues.

15. TRANSPORT

(a) Protected cars from the Embassies in Athens, Paris and BHC Cyprus will be provided for the Prime Minister, Foreign and Commonwealth Secretary and HM Ambassador Athens.

(b) The Embassy, Athens will also provide one other car and a van. The Greeks will supply two unprotected cars. The remainder of the cars will be hired.

(c) Transport arrangements in the UK for the VC10 party will be given in the Departure Arrangements to be issued shortly.

(d) Car seating allocation for the convoy from Rhodes Airport will be sent to the party before their departure from the UK.

(e) All members of the UK Delegation will be met on arrival in Rhodes.

16. COI SUMMARY AND UK NEWSPAPERS

(a) The COI News Room will send a summary of UK newspapers covering editions of 2 and 3 December to Rhodes for distribution early each morning.

(b) UK newspapers for Friday 2 December will be purchased locally in Rhodes on the morning Saturday 3 December.

17. DUTY FREE

(a) As already circulated, a small amount of duty-free liquor and cigarettes will be available from the Embassy in Athens for members of the Delegation travelling on the VC10.

(b) Liquor will be provided for official entertainment purposes.

18. ELECTRICITY

220 Volts: 50 HZ

19. FINANCE

(a) Subsistence: The Embassy in Athens will pay the cost of the suite/room, standard breakfast, service charge and taxes and each person will receive a residual allowance of DRS 4912 per night to cover all other expenses.

DRS: 258 = £1

(b) Costs will be borne by parent departments except as shown below.

(c) Common service costs, ie transport, office machinery, stationery, special telephone lines, official telephone calls, entertainment, newspapers etc, will be borne by the Office of the Minister for the Civil Service.

(d) The Office of the Minister for the Civil Service will be responsible for the costs of the Overseas Conference

Section representation, the Royal Military Police, the Cabinet Office Coordinator and the Central Office of Information representative.

(e) FCO costs will be charged to the DCS Vote A1(1)(U)(1). These will include costs for the Communications Officers (except Messrs Damm and Pim who will be a charge to the OMCS) and freight charges for communications equipment.

(f) Costs for members of the Delegation from UKREP Brussels to be charged to UKREP Brussels.

(g) The detectives will have their room, service charge and taxes paid for by the Embassy and debited to the Metropolitan Police, but will provide their own subsistence for all other expenses.

20. ADMINISTRATION

The Delegation will be administered in Rhodes by Overseas Conference Section, in conjunction with representatives from HM Embassy, Athens. Enquiries at the London end should be addressed to the undersigned until 23 November; thereafter to Miss C Gibson (tel no 210 6375) from 23-25 November and Miss S Waghorn (tel no 210 6373) from 28 November. Miss Waghorn will also be the Conference Section Duty Officer for the weekend 3-4 December.

B D Davis (Miss)
Conference Section
Protocol Department
OAB SG95 210 6374

22 November 1988

APPENDIX I

EUROPEAN COUNCIL - RHODES
COMPOSITION OF THE DELEGATION
(Not in Protocol Order)

Serial No	Name	Designation	Accommodation in Rhodos Palace Hotel (Nights of)
1	The Rt Hon Margaret Thatcher FRS MP	Prime Minister	1-2 December inclusive
No 10 Downing Street			
2	Mr C D Powell	Private Secretary	1-2 December inclusive
3	Mr B Ingham	Chief Press Secretary	1-2 December inclusive
4	Miss P Parkin	Duty Clerk	1-2 December inclusive
5	Mrs D Ailes	Secretarial Assistant	1-2 December inclusive
6	Det Supt T Butler	Detective	1-2 December inclusive
7	Det Insp D Lewis	Detective	1-2 December inclusive
8	Det Sgt R Kingston	Detective	29 Nov-2 Dec inclusive
9	Det Sgt A Leach	Detective	1-2 December inclusive
Cabinet Office			
10 ✓	Mr R G Lavelle	Deputy Secretary	1-2 December inclusive
11	Mr R Hope	Communications Coordinator	29 Nov-4 Dec inclusive

BD2ANT

APPENDIX I
(cont'd)

Foreign and Commonwealth Office

12	The Rt Hon Sir Geoffrey Howe QC MP	Secretary of State for Foreign and Commonwealth Affairs	1-2 December inclusive
13	Mr J S Wall LVO	Private Secretary	1-2 December inclusive
14	Miss S McGinty	Personal Assistant	1-2 December inclusive
15	Det Insp K Carthew	Detective	29 Nov-2 Dec inclusive
16	Det Cons C Stickland	Detective	1-2 December inclusive
17	Sir John Fretwell GCMG	Deputy to the Permanent Under Secretary of State and Political Director	1-2 December inclusive
18	Mr J O Kerr CMG	Assistant Under Secretary of State	1-2 December inclusive
19	Mr R A Burns	Head of News Department	1-2 December inclusive
20	Miss E Rea	Personal Assistant to Head of News Dept	1-2 December inclusive
21	Mr T W M Smith	First Secretary (European Correspondent)	1-2 December inclusive

UKREP Brussels

22	Sir David Hannay KCMG	Ambassador and UK Permanent Representative to the European Communities	1-3 December inclusive
23	Mr J de Fonblanque	Counsellor	1-3 December inclusive
24	Mr P L Thomas	First Secretary Information and Press)	1-3 December inclusive

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APPENDIX I
(cont'd)

Department of Trade and Industry

25	Miss M T Neville-Rolfe	Assistant Under Secretary	1-2 December inclusive

British Embassy, Athens

26	Sir Jeremy Thomas KCMG	HM Ambassador	To be advised

Support Staff

27	Miss B D Davis MBE	Conference Officer	24-28 Nov inclusive Grand Hotel 29 Nov-4 Dec inclusive Rhodos Palace
28	Miss M M Goldsmith	Conference Officer	"
29	Miss C Ingham	Personal Assistant	"
30	*Mr N J Fish	Communications Officer	29 Nov-4 Dec inclusive
31	*Mr R Baker	Communications Officer	29 Nov-4 Dec inclusive
32	*Mr D S Price	Communications Officer	29 Nov-4 Dec inclusive
33	Mr F C Webber	Communications Officer	30 Nov-3 Dec inclusive
34	Mr B I McCall	Communications Officer	30 Nov-3 Dec inclusive
35	Mr F Damm	Communications Officer	1-2 December inclusive
36	Mr N J Pim	Communications Officer	1-2 December inclusive
37	Mr J C Goddard	Communications Officer	1-2 December inclusive
38	Captain P McIvor	Royal Military Police	30 Nov-4 Dec inclusive

APPENDIX I
(cont'd)

39	S/Sgt R J Williams	Royal Military Police	30 Nov-4 Dec inclusive
40	S/Sgt M D Cooper	Royal Military Police	30 Nov-4 Dec inclusive
41	Cpl F G Kennedy	Royal Military Police	1-2 December inclusive
42	Cpl M D Hillman	Royal Military Police	1-2 December inclusive
43	W/L/Cpl L M Phillips	Royal Military Police	1-2 December inclusive
Central Office of Information			
44	Mr M Smith	Radio Technician	30 Nov-3 Dec inclusive
British Embassy, Athens			
45	Mr M J W Roberts	Second Secretary	To be advised
46	Miss D L Birtles	Personal Assistant	To be advised
47	Mr Akis Demetriades	British Consulate, Rhodes	-

* denotes Hanslope Park TSD Engineers

TXW 026/358/1

AMENDMENT TO ADMINISTRATIVE ARRANGEMENTS FOR THE VISIT OF THE PRIME MINISTER AND THE FOREIGN AND COMMONWEALTH SECRETARY TO RHODES FOR THE EUROPEAN COUNCIL: 2-3 DECEMBER 1988

APPENDIX V - USEFUL TELEPHONE NUMBERS

Rooms in Rodos Palace Hotel have been re-allocated as follows:-

Secretary of State	Suite 813
Mr Wall	Room 817 (Tel 37470)
D/Insp Carthew	Room 815
COMCEN	Room 802 (Tel 35999/36892)
Mr Ingham	Suite 1013 (Tel 37248)
Mr Burns	Suite 1011

28 November 1988

CONABA

Distribution

No 10 Downing Street

Duty Clerk
Press Office

Cabinet Office

Mr C K Davies

Foreign and Commonwealth Office

PS to Secretary of State
APS to Secretary of State
D/Insp Carthew
ECD(I): Mr M d'Ath
News Dept: Mr R A Burns
COD: Mr J Coll
TSD: Mr A Hobbs
Resident Clerks
Protocol

CONABA

APPENDIX II

OUTLINE PROGRAMME FOR THE EUROPEAN COUNCIL, RHODES 2-3 DECEMBER 1988 (as at present known)

Thursday 1 December

2235	RAF VC10 arrives Rhodes.

Friday 2 December

0830-1000	Prime Minister's Breakfast Meeting with Chancellor Kohl.
1330	Luncheon given by M Andreas Papandreou Prime Minister of Greece at the Castle of the Grand Knights for Members of the European Council - Dining Room First Floor (Prime Minister, Secretary of State, Mr Powell and 2 Detectives).
	Luncheon for other Ministers, Secretaries of State, Permanent Representatives, Political Directors, European Correspondents in the Restaurant of the Castle of the Grand Knights.
From 1230	Luncheon for other Members of Delegations at the Grand Hotel.
1530	Meeting of the European Council in the Throne Room of the Castle of the Grand Knights.
1900 approx	Meeting adjourns.
2030	Dinner given by M Papandreou in honour of the Heads of State or Government, the President of the Commission, the Foreign Ministers and the Vice-President of the Commission at the Villa of Roses. (Prime Minister, Secretary of State, Mr Powell, Mr Wall and 2 Detectives).
2030	Reception given for other members of the Delegation at the Hotel Rodos Palace.

Saturday 3 December

1015	Family photograph
1030	Meeting of the European Council in the Throne Room of the Castle of the Grand Knights.

BD2ANJ

1230	Luncheon offered by the President for Members of the European Council in the Dining Room of the Castle of the Grand Knights. Luncheon for other Ministers, Secretaries of State, Permanent Representatives, Political Directors, European Correspondents in the Restaurant of the Castle of the Grand Knights.
From 1230	Buffet luncheon for other Members of Delegations in their respective hotels.
After luncheon	Press Conference held by the Presidency and the President of the Commission in the National Theatre. Departure of Delegations.

APPENDIX III

TRAVEL ARRANGEMENTS
(all times local)
London GMT
Rhodes GMT + 2

Outward

Thursday 24 November

Miss Davis	OA 260	ETD LHR	1130
Miss Goldsmith		ETA Athens	1655
Miss Ingham			
	OA 710	ETD Athens	1955
		ETA Rhodes	2050

Tuesday 29 November

D/Insp Carthew	OA 260	ETD LHR	1130
D/Sgt Kingston		ETA Athens	1655
Mr Hope			
Mr Fish	OA 710	ETD Athens	1955
Mr Baker		ETA Rhodes	2050
Mr Price			

Wednesday 30 November

Mr Webber	OA 260	ETD LHR	1130
Mr McCall		ETA Athens	1655
Captain McIvor			
S/Sgt Williams	OA 710	ETD Athens	1955
S/Sgt Cooper		ETA Rhodes	2050
Mr M Smith			

Thursday 1 December

Mr de Fonblanque	EC Charter	ETD Brussels	1325
Mr Thomas		ETA Rhodes	1750
Prime Minister	RAF VC10	ETD LHR	1630
Secretary of State	Task No	(Southside)	
Sir John Fretwell			
Sir David Hannay	Ascot 1188	ETA Rhodes	2235
Mr Powell			
Mr Ingham	Flying time 4 hours 5 minutes		
Miss Parkin	Afternoon tea and dinner		
Mrs Ailes	will be served.		
D/Supt Butler			
D/Insp Lewis			
D/Sgt Leach			
Mr Wall			

BD2ANM

APPENDIX III
(cont'd)

Miss McGinty
D/Cons Stickland
Mr Lavelle
Mr Kerr
Mr Burns
Miss Rea
Mr T Smith
Miss Neville-Rolfe
Cpl Kennedy
Cpl Hillman
W/L/Cpl Phillips
Mr Damm
Mr Pim
Mr Goddard

Total 26

Return

Saturday 3 December

Passengers as for outward journey plus
Mr Ersboell
Mr Christofferson
D/Insp Carthew
D/Sgt Kingston
minus Sir David Hannay

Total 29

RAF VC10 will be on standby to depart Rhodes at 1500 hours. If aircraft departs at this time ETA LHR (Southside) will be 1735 hours.

Flying time 4 hours 35 minutes
A meal will be available during the flight.

Sunday 4 December

Mr Webber Mr McCall Mr M Smith	OA 701	ETD Rhodes ETA Athens	0715 0810
	OA 269	ETD Athens ETA LHR	1215 1355
Sir David Hannay Mr de Fonblanque Mr Thomas	EC Charter	ETD Rhodes ETA Brussels	1600 1840

Monday 5 December

Miss Davis Miss Goldsmith Miss Ingham	OA 701	ETD Rhodes ETA Athens	0715 0810
Mr Hope Mr Fish Mr Baker	OA 269	ETD Athens ETA LHR	1215 1355

BD2ANM

APPENDIX III
(cont'd)

Mr Price
Captain McIvor
S/Sgt Williams
S/Sgt Cooper

To be advised:

Sir Jeremy Thomas
Mr Roberts
Miss Birtles

BD2ANM

APPENDIX IV

TRAVEL ON SPECIAL FLIGHTS

BAGGAGE AND INSURANCE REGULATIONS

1. BAGGAGE

(a) Those travelling by RAF aircraft are reminded that baggage should be left unlocked for the customary check. Butane gas lighter refills and matches, other than safety ones, may not be taken on the aircraft; certain aerosol sprays are now accepted on flights, provided they are not used on the aircraft. Any electrical items must be disconnected from their batteries.

(b) Those travelling in the VC10 may take up to 66 lbs of personal baggage.

2. INSURANCE

(a) No refund of insurance premium is payable from public funds for officers on short-term visits overseas.

(b) Those travelling by RAF aircraft are subject to the same statutory limits of compensation as apply to carriage by commercial airlines but international journeys to or from the UK with an agreed stopping place in the United States are governed by the provisions of the IATA/Montreal Agreement which include a compensation limit higher than the statutory one. Prospective travellers in RAF aircraft are advised to check whether their personal insurance policies provide cover for travelling by non-commercial flights and to consult their insurers if they are in any doubt about their position.

(c) When the personal property (other than money or luxury articles) of an officer sent overseas on a short-term visit is lost or damaged during transit to or from the UK or while he is in receipt of subsistence allowance (but not local allowances and DSA) during his stay overseas and the loss or damage is not covered by an existing insurance policy, and the officer himself has not been negligent, compensation may be paid at the discretion of PSD. The amount of compensation would be based on the current cost of replacing the articles less an amount for depreciation or, if less, the full cost of repair.

FOREIGN AND COMMONWEALTH OFFICE

LIBABM

APPENDIX V

USEFUL TELEPHONE NUMBERS

Dial Code to Rhodes	-	010 30 241
Dial Code to Athens	-	010 30 1
Rodos Palace Hotel Trianton Avenue Ixia PO Box 121 85100 Rhodos Greece	-	Tel no: 25222 26222 Telex: 292212-213
No 10 Private Office (Room 903)	-	35799 35899
FCO Private Office (Room 901)	- -	33860 33997
General Office (Room 902)	- -	35299 35584
COMCEN (Room 1002)	- -	35999 36892
Press Suite (Suite 813)	-	37248
Mr Powell's bedroom (Room 917)	-	37334
Mr Wall's bedroom (Room 1017)	-	37470
UK Delegation Offices Castle of the Grand Knights		
Room 9	- -	24739 To be notified
Room 11	-	26679
British Consulate 25 H Martiou Street No 23 PO Box 47 851 00 Rhodes	- -	27247 27306
Manousos Hotel (RAF Crew)	-	22741
Grand Astir Palace Arti Miaouli	-	26284

APPENDIX V
(cont'd)

Hotel of Roses (UK Press Centre/ Briefing Room)	-	28171
British Embassy 1 Ploutarchou Street 10675, Athens	-	Tel no: 7236-211 (or dial direct from FCO #6-115)
	-	Telex: 216440
Mediterranean Hotel 35-37 KO Street 85 100 Rhodes	-	24661-5
Ibiscus Hotel	-	24421-3

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Mr C K Davies
Mr P Martin, Room 70/2, GOGGS (OMCS)
Mr I Pickersgill, Room 231, Whitehall

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Resident Clerks (2)
Security Dept: Mr Nicholls

Ministry of Defence

Wing Cdr R Johnson, Room 5166, Main Building
PM (2) RAF Metropole Building
S9 B2 Air (Mr Hucker), Room 1379, Main Building
MOV OPS (RAF), Desk Officer, Room 5178, Main Building
Fl Lt B Forbes, MBE, RAF Northolt

BD2ANO

Department of Trade and Industry

Accounts Branch, Cardiff

Royal Military Police

APM London District
OC London District Provost Co

Scotland Yard

Det Chief Supt W Greenup

British Embassy, Athens (6)

EACH MEMBER OF THE DELEGATION

BD2ANO

PM2AHT

(1)

PRIME MINISTER

EUROPEAN COUNCIL, RHODES: BILATERAL WITH THE TAOISEACH

It is not yet clear that Mr. Haughey will be well enough to go to Rhodes. But if he is, he will want a bilateral.

The best time is likely to be on the first morning before the European Council starts. You have a working breakfast with Chancellor Kohl from 0830-1000, but nothing thereafter until lunch.

You might like to fit in:

- a meeting with Mr. Haughey from 1030-1115;

- a meeting with Mr. Lubbers from 1130-1215.

Agree?

C.D.P

Yes no

C. D. POWELL

22 November 1988

CONFIDENTIAL

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

10 November 1988

EUROPEAN COUNCIL

The Prime Minister will see David Williamson privately on 24 November. If there are any points you would like her to raise, I would be grateful for a brief note.

I am copying this letter to Roger Lavelle.

C. D. Powell

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

E.R.

~~CTP~~

5pm on Thursday

24 November

TG

10/11

MRS GAISMAN

Mr. Williamson

informed.

CDN.

The Prime Minister is keen to see David Williamson, Secretary General of the EC Commission, before the European Council in Rhodes. He is going to be in London on 24 and 25 November. Is there any chance of finding him half an hour in the late afternoon of the 24th or the morning of the 25th?

C.D.?

Charles Powell

9 November 1988

Foreign and Commonwealth Office

London SW1A 2AH

2 November 1988

Dear Charles, or.

Delors

The Foreign Secretary had a useful informal discussion with M. Delors over the weekend about the Rhodes European Council.

Delors was clear that there would be no need to discuss Monetary or Tax issues: they would be for next year. The Foreign Secretary agreed, while urging that the Delors Group report on monetary issues, due in April, should allow for a step-by-step practical approach. (Delors was at pains to pay tribute to our skill in developing the use of the ECU, and hoped that the London market would continue to make the running.)

Delors did not mention the Environment as a Rhodes subject (though we know that the Greeks will insist on some discussion of environmental concerns). His ideas on the scope and nature of the discussion of External Issues were sensible: he wishes to avoid discussion taking off into an ideological and wide-ranging debate, and accepted the Foreign Secretary's view that it might best be focussed on dealing with the new US Administration, and shared experiences of East/West relations. He also agreed on the importance of not signalling the possibility of a Rhodes discussion of the Montreal MTM: like us, he hopes that the Community's position will be satisfactorily settled in the Foreign Affairs Council on 21/22 November. Nor did he dissent when the Foreign Secretary argued that the EC must be ready to move on agriculture at the MTM. (Incidentally, the Foreign Secretary welcomed the Commission's 19 October statement on the external implications of 1992.)

Delors was also concerned to avoid a wide-ranging discussion of the social dimension at Rhodes. The Foreign Secretary agreed, and explained why we had difficulty with the concept of "scope space". Delors said that he was aware of that, and that was why he always spoke of the "social dimension". The Foreign Secretary

/said

said that that was consistent with our endorsement, since Keith Joseph's day, of the social market economy. On that basis, we had no objection to concepts such as action against unemployment (labour mobility, retraining and so on); but we did have difficulty with anything which appeared to impose mandatory participation by trade union representatives in company management. We had not spent 10 years redefining the basis of industrial relations only to have unacceptable practices reintroduced from outside. Delors recognised that the trade unions in Britain had played a uniquely negative role, but hoped we would not rule out reaffirming our acceptance of dialogue with the social partners. Debate at Rhodes on the Social Dimension should however be minimised. The Foreign Secretary agreed.

Delors did, however, think that if the Greeks were not allowed to major on most of their favourite subjects, we would have to allow them something. He thought they might want to give a push to something on youth exchanges and the like - perhaps ERASMUS and COMETT. THis is a useful tip-off: we shall look into it with the other departments concerned.

Copies of this letter go to Alex Allan (HM Treasury), Neil Thornton (DTI), Shirley Staff (MAFF), Clive Norris (DEmp), Tom Jeffery (DES) and Trevor Woolley (Cabinet Office).

Yours ever,

p.p. (J S Wall)
Private Secretary

C D Powell Esq
10 Downing Street

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

31 October 1988

MEETING WITH CHANCELLOR KOHL

I have discussed with Chancellor Kohl's office the possibility of a meeting between him and the Prime Minister before the European Council in Rhodes. We have settled on 8.30-10.00 a.m. on Friday 2 December in Rhodes, over a working breakfast. He will come to the Prime Minister's suite.

Charles Powell

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

Tessa

Hurray!
1/11/88

2

PRIME MINISTER

MEETING WITH CHANCELLOR KOHL

Chancellor Kohl very much regrets that he cannot manage a meeting on either 26 or 27 November but suggests that the two of you meet over a working breakfast in Rhodes before the European Council starts i.e. from 8.30 to 10.00 a.m. on Friday 2 December. He will happily come to you because you always provide such a good breakfast! I have said that I thought you would be content with this.

CDP

Yes

Charles Powell
31 October 1988

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FOREIGN AFFAIRS COUNCIL : 24 OCTOBER 1988

LUNCH : RHODES EUROPEAN COUNCIL

SUMMARY

1. A USEFUL START TO SHAPING THE AGENDA FOR RHODES. LITTLE SUPPORT FOR HAVING THE SOCIAL DIMENSION ON THE AGENDA. DISCUSSION CONCENTRATED MAINLY ON PRESIDENCY PROPOSALS FOR DISCUSSION AT RHODES OF THE ENVIRONMENT AND THE COMMUNITY'S POSITION IN THE WORLD. ON THE LATTER, STRONG SUPPORT FOR THE NEED TO COUNTER THE PERCEPTION OF ''FORTRESS EUROPE'' AND TO UNDERLINE THE COMMUNITY'S COMMITMENT TO FREE TRADE. ENVIRONMENT TO BE DISCUSSED BY THE FAC ON 21/22 NOVEMBER AND THE ENVIRONMENT MINISTERS ON 24 NOVEMBER. NO CONCLUSION REACHED ON PROPOSAL TO SET UP A GROUP OF EXPERTS ON THE ENVIRONMENT.

DETAIL

2. PANGALOS (PRESIDENCY) SAID THERE WERE ONLY TWO MAJOR TOPICS FOR RHODES: THE INTERNAL MARKET AND THE SOCIAL DIMENSION. WHAT WAS NEEDED IN ADDITION WAS TOPICS APPROPRIATE FOR HEADS OF GOVERNMENT. THIS WAS WHY HE WAS PROPOSING THE ROLE OF THE COMMUNITY IN THE WORLD AND THE ENVIRONMENT. THE FORMER SHOULD COVER THE LOME CONVENTION, GATT, THE COMMUNITY'S OPENNESS TO THE WORLD AND HUMAN RIGHTS. ON THE ENVIRONMENT, DISCUSSION SHOULD COVER GLOBAL TOPICS, SUCH AS THE OZONE LAYER. IT MIGHT BE USEFUL TO SET UP A GROUP OF MORE THAN 12 EXPERTS TO PRODUCE A REPORT ON THE ECOLOGICAL STATE OF THE WORLD. THIS WOULD TAKE MORE THAN A YEAR. HE HAD BEEN VERY INTERESTED IN MRS THATCHER'S SPEECH ON THE ENVIRONMENT. FERNANDEZ ORDONEZ (SPAIN) ASKED WHO WOULD PREPARE THE STATEMENT ON THE COMMUNITY'S ROLE IN THE WORLD. PANGALOS SAID FOREIGN MINISTERS SHOULD DO SO, TAKING ACCOUNT OF WORK BY PERMANENT REPRESENTATIVES AND POLITICAL DIRECTORS.

3. LENIHAN (IRELAND) SUPPORTED THE PRESIDENCY. THERE WAS REAL CONCERN ABOUT THE ECOLOGY AND AN EXPECTATION OF A POSITIVE VIEW ON

EAST/WEST RELATIONS. WE MUST ALSO TACKLE THE US VIEW OF ''FORTRESS EUROPE'' WHICH HAD STRUCK HIM FORCEFULLY DURING HIS RECENT VISIT. THE COMMUNITY MUST FIND AN ANSWER OR THERE WAS REAL DANGER OF A PHOBIA DEVELOPING IN THE US. THE COMMUNITY MUST SHOW THAT IT WAS OUTGOING.

4. CRESSON (FRANCE) SAID SHE WAS VERY INTERESTED IN THE IDEA OF A DECLARATION ON THE ROLE OF EUROPE IN THE WORLD. THE WALL STREET JOURNAL SAID EXTRAORDINARY THINGS ABOUT EUROPE AND WE MUST GET THE RIGHT VIEW ACROSS AND CHALLENGE THE IDEA OF FORTRESS EUROPE. WE SHOULD ALSO TALK ABOUT HUMAN RIGHTS AND ABOUT THE SOCIAL DIMENSION: IN THE US THERE WERE 20 MILLION PEOPLE BELOW THE POVERTY LINE. WE MUST PRESERVE EUROPEAN CULTURE AND NOT ALLOW IT TO BE SUBMERGED BY US CULTURE. WE MUST BE MORE POSITIVE ABOUT OUR SUPPORT FOR THE THIRD WORLD AND BE READY TO COOPERATE ON EUREKA WITH OTHER COUNTRIES. WE SHOULD BE A MODEL FOR HUMAN RIGHTS. WE MUST SHOW WE WERE NOT A FORTRESS BUT OPEN TO THE WORLD.

5. I SAID RHODES SHOULD DISCUSS THE COMMISSION'S REPORT ON THE INTERNAL MARKET UNDER ARTICLE 8B OF THE SEA. IT WOULD BE PREMATURE AND UNHELPFUL TO DISCUSS THE SOCIAL DIMENSION. I SUPPORTED THE IDEA OF A DISCUSSION AT RHODES ON THE COMMUNITY'S GLOBAL ROLE. IT WAS PARTICULARLY IMPORTANT TO CONSIDER HOW WE HANDLE THE NEW US ADMINISTRATION. IT WOULD ALSO BE APPROPRIATE TO TAKE STOCK OF DEVELOPMENT IN MOSCOW FOLLOWING VISITS BY A NUMBER OF HEADS OF GOVERNMENT. I WAS NOT SURE WE NEEDED TO PLAN ON A DECLARATION ON THESE SUBJECTS.

6. TYGESEN (DENMARK) WAS IN FAVOUR OF A DISCUSSION ON THE ENVIRONMENT. BUT PRODUCING A DECLARATION ON SO ALL-EMBRACING A TOPIC AS THE COMMUNITY'S ROLE IN THE WORLD WOULD BE VERY DIFFICULT. IT WAS A PITY THE COMMUNITY HAD NOT KEPT BACK ITS AMENDING LETTER ON CAP SAVINGS UNTIL AFTER MONTREAL. IT WAS VERY IMPORTANT TO REBUT THE FORTRESS EUROPE IDEA IN THE EYES OF THE LOME COUNTRIES AND JAPAN AS WELL AS THE US AND THE SCOPE OF THE DECLARATION WOULD NEED CAREFUL CONSIDERATION.

7. ADAM-SCHWAETER SAID A GLOBAL DISCUSSION SHOULD NOT DISTRACT US FROM CURRENT PROBLEMS SUCH AS THE MEDITERRANEAN AND THE NORTH SEA. THE PROBLEM OF THE US PERCEPTION OF FORTRESS EUROPE WAS VERY SERIOUS AND NEEDED TO BE CORRECTED. IT AFFECTED THEIR THINKING ON HORMONES AND AIRBUS FOR EXAMPLE. THIS WAS A MATTER OF CONCERN NOT JUST TO THE U.S. BUT ALSO TO THE LOME COUNTRIES AND EFTA. A DECLARATION COULD BE USEFUL BUT MANY INTERESTS WERE INVOLVED AND IT WOULD BE HARD TO

DRAFT. VAN VOORST (NETHERLANDS) AGREED WITH THE IDEA OF A DECLARATION ON TRADE MATTERS TO COUNTER THE IMAGE OF FORTRESS EUROPE. ON THE ENVIRONMENT, HE AGREED WITH GERMANY THAT WE MUST AVOID LOOKING AS IF WE WERE ESCAPING OUR OWN PROBLEMS BY CONCENTRATING ON GLOBAL MATTERS. THERE WOULD NEED TO BE A CAREFUL BALANCE BETWEEN GLOBAL AND COMMUNITY MATTERS. THE PRESIDENCY SHOULD HAVE DRAFTS READY FOR THE NOVEMBER FOREIGN AFFAIRS COUNCIL MEETING.

8. PINHEIRO (PORTUGAL) WAS ALSO IN FAVOUR OF A FIRM DECLARATION ON THE OUTWARD LOOKING NATURE OF THE COMMUNITY AND OF A DISCUSSION ON THE ENVIRONMENT. POOS (LUXEMBOURG) AGREED TOO. ON THE WORLD VIEW, IT WOULD BE USEFUL TO HAVE A TEXT FOR DISCUSSION. IT WOULD BE DIFFICULT TO DECIDE WHAT TO PUT IN IT AND WHETHER IT COULD BE ADOPTED AT RHODES. BUT WE MUST SHOW THAT THE COMMUNITY'S PERIOD OF INTERNAL PREOCCUPATION WAS OVER AND THAT WE WERE OUTWARD LOOKING. FERNANDEZ ORDONEZ WELCOMED THE IDEA OF A DECLARATION ON THE ROLE OF EUROPE. THIS WAS AN AMIBITIOUS PROJECT AND THERE WOULD BE INTERNAL DIFFICULTIES EG OVER EAST/WEST, THE GATT, THE US, LOME AND THE GULF. THE COMMUNITY RISKED BECOMING A SCAPEGOAT IN THE US ELECTION AND SHOULD MAKE AN EFFORT TO EXPLAIN ITS ATTITUDES. CHEYSSON (COMMISSION) SAID THAT WE MUST NOT FORGET THE CONCERN OF THE THIRD WORLD ABOUT FREE MOVEMENT OF PEOPLE WHICH WORRIED THEM AS MUCH AS THE PROBLEMS OF TRADE.

9. ANDREOTTI (ITALY) CONGRATULATED THE GREEK PRESIDENCY ON THEIR USEFUL SUGGESTIONS. HE ENTIRELY AGREED WITH SPAIN THAT WE NEEDED A CERTAIN AMOUNT OF ''SELF PROPAGANDA'' TO EXPLAIN OUR POSITION MORE CLEARLY TO THE WORLD. LAST WEEK'S COMMISSION DOCUMENT WAS A GOOD TEXT BUT NOT ALL THIS COULD BE PUT INTO A DECLARATION.

10. PANGALOS SAID HE WAS OVERWHELMED BY THE RESPONSE TO HIS IDEA. WHO WAS TO PRODUCE ALL THE PURPLE PROSE REQUIRED? THE DECLARATION SHOULD NOT BE TOO LONG SO THAT IT COULD BE READ BY ORDINARY PEOPLE. COREPER, POLITICAL DIRECTORS AND THE COMMISSION SHOULD ALL COOPERATE IN PRODUCING A TEXT. WE SHOULD AGREE ON THREE OR FOUR MAIN TOPICS. THE AIM SHOULD BE TO AGREE A TEXT AT THE FAC IN NOVEMBER SO THAT HEADS OF GOVERNMENT COULD JUST GIVE THEIR APPROVAL. IF IT WORKED THIS WOULD BE AN IMPORTANT ACHIEVEMENT. IF NOT, A FEW PARAGRAPHS COULD BE ADDED TO THE COMMUNIQUE. ON THE ENVIRONMENT, WE MUST TAKE ACCOUNT OF THE WORK ENVIRONMENT MINISTERS WERE DOING AND WE HOPED A GROUP OF EXPERTS COULD BE SET UP.

COMMENT

11. DELORS TOLD ME PRIVATELY THAT HE WAS AGAINST ANY DISCUSSION

EURO POL: Rhodes pt 30

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MDHIAN 8760

OF THE SOCIAL DIMENSION AT RHODES, EXCEPT POSSIBLY FOR CERTAIN SPECIFIC ITEMS SUCH AS THE EUROPEAN COMPANY STATUTE.

CAMPBELL

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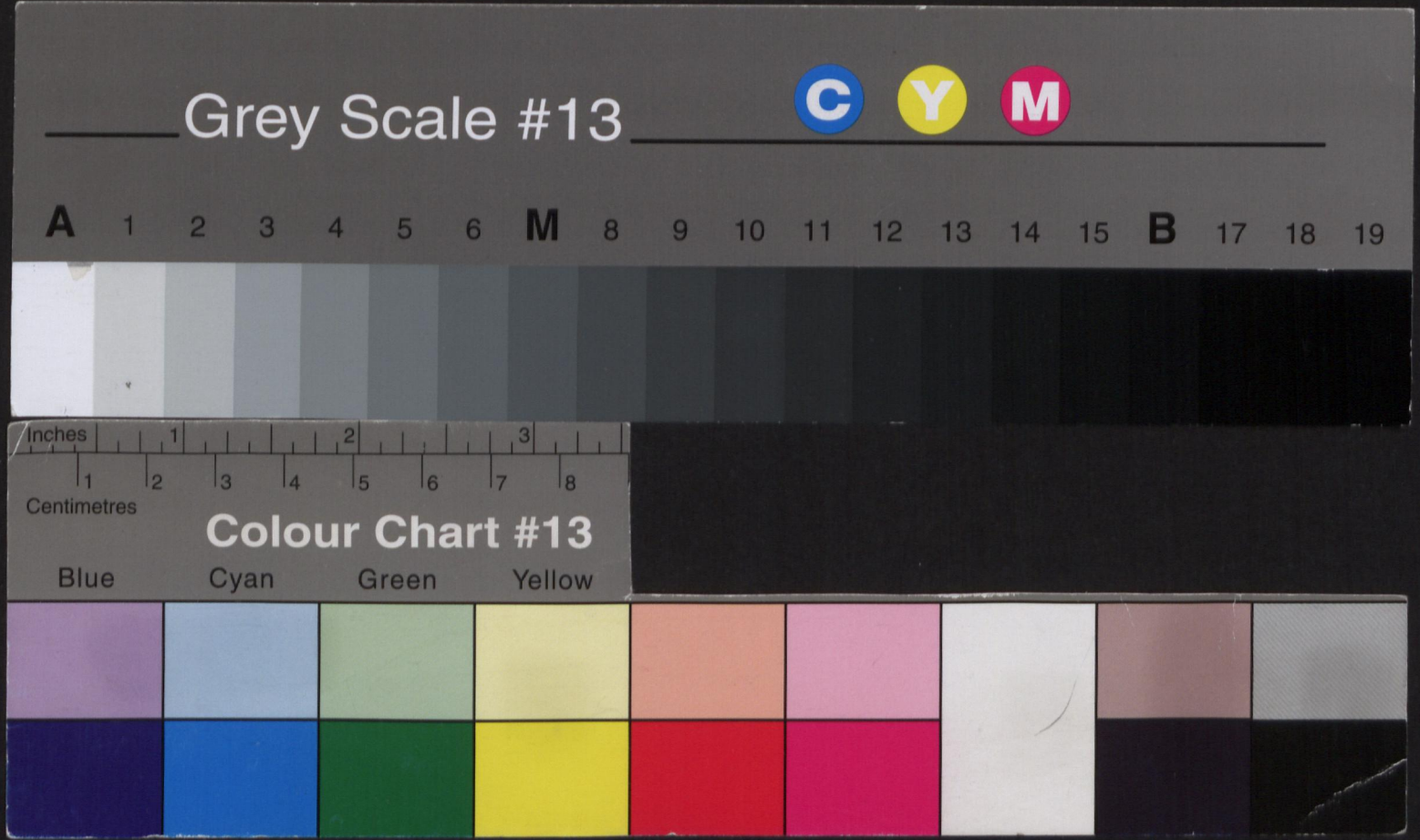
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