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MR COLINS

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cc: Mr Bone, APS/Foreign and Commonwealth Secretary
Sir Robert Armstrong

DRAFT STATEMENT ON EUROPEAN COUNCIL

I attach a draft statement which has been agreed by
officials of the Departments concerned.

D.H.

D J S HANCOCK

22 March 1983

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EUROPEAN COUNCIL, BRUSSELS, 21/22 MARCH

Draft statement to the House

With permission, Mr Speaker, I will make a statement on the European Council in Brussels on 21st and 22nd March which I attended with my rt hon Friend the Foreign and Commonwealth Secretary. Copies of the conclusions have been placed in the library.

The most important developments at this Council concerned the Budget, enlargement and the Middle East.

On the Budget, it was agreed that the Commission would now make specific proposals about the long-term future financing of the Community to include a lasting solution to the British budget problem. The Foreign Affairs Council will examine these proposals and report its conclusions to the next meeting of the European Council in Stuttgart in June.

Meanwhile, the Foreign Ministers will take decisions on the interim period until the lasting solution can be implemented. This will also be done by June. Provision for the refunds in respect of the Budget year 1983 will be incorporated in the draft Community Budget for 1984.

/Progress

Progress was also made on unblocking the obstacles that stand in the way of the accession of Spain and Portugal. The Council considered that the arrangements for olive oil should include a long transitional period and that the measures affecting fruit and vegetables should pay proper regard to the trading interests of countries outside the Community, while ensuring that free trade within the Community was safeguarded. The Agriculture Ministers have been asked to take early decisions on these matters.

On the Middle East, the European Council agreed that all parties must seize the present opportunity to achieve the two most urgent objectives: the withdrawal of all foreign forces from the Lebanon and a resumption of negotiations aimed at a comprehensive peace settlement. A declaration by the Palestinian people and the PLO that they were in favour of such negotiations would be a major step forward. The Arab states, the United States and, above all, Israel also have their parts to play. The ten member countries will continue to use their influence in this direction.

The Council discussed the Economic Summit in Williamsburg in May which some of us will be attending. The Community is anxious to ensure an expansion of world trade without renewed inflation. So far as the recent difficulties over trade in agricultural products are concerned, the Community looks for a

/genuine

genuine dialogue with the United States based on mutual respect for the relevant international agreements.

The European Council stressed the need for decisions before June on the Community's internal market and noted with satisfaction that the Council of Ministers also intends to deal with insurance and other services.

In all, this was a useful Council which took place just after the European Monetary System realignment conference at which my rt hon Friend the Chancellor of the Exchequer played a distinctive part. The Council made satisfactory progress on a number of issues including the Budget problem. It was uphill work, and the really tough negotiations on the Budget still lie ahead. But we have made a start and we are determined to succeed.