

CONFIDENTIAL

PMVG (81) Series

## CABINET

PRIME MINISTER'S VISIT TO THE HAGUE 6 FEBRUARY 1981

### MEMORANDA

Serial No.	Date	Brief Description
1	29. 1.81	LIST OF BRIEFS TO BE ISSUED IN THE PMVG (81) SERIES
	30. 1.81	STEERING BRIEF Brief by the Foreign and Commonwealth Office
2(i)	29. 1.81	EUROPEAN COMMUNITY QUESTIONS: COMMUNITY STEERING BRIEF Brief by the Foreign and Commonwealth Office
2(ii)	29. 1.81	EUROPEAN COMMUNITY QUESTIONS: RESTRUCTURING (INCLUDING CAP REFORM AND 1981 AGRICULTURAL PRICES) Brief by the Foreign and Commonwealth Office
2(iii)	30. 1.81	EUROPEAN COMMUNITY QUESTIONS: 1981 BUDGET AND OTHER CURRENT ISSUES Brief by the Foreign and Commonwealth Office
2(iv) REVISED	<del>29. 1.81</del> 5.2.81	FISHERIES Brief by Ministry of Agriculture, Fisheries and Food
2(v)	29. 1.81	REVISE EUROPEAN COMMUNITY: EXTERNAL TRADE QUESTIONS Brief by the Foreign and Commonwealth Office
2(vi)	30. 1.81	POLITICAL COOPERATION Brief by the Foreign and Commonwealth Office
3	29. 1.81	DEFENCE AND ARMS CONTROL Brief by the Foreign and Commonwealth Office
4 + Add	28. 1.81	EAST/WEST RELATIONS (INCLUDING AFGHANISTAN, POLAND, AND CHINA) Brief by the Foreign and Commonwealth Office
5	30. 1.81	SOUTHERN AFRICA Brief by the Foreign and Commonwealth Office
6	27. 1.81	SOUTH/EAST ASIA Brief by the Foreign and Commonwealth Office

(This column to be left blank)

CONFIDENTIAL

(This column to be left blank)

Serial No	Date	Brief Description
-----------	------	-------------------

- |           |          |  |
|-----------|----------|--|
| 7         | 28. 1.81 | MIDDLE EAST (INCLUDING ARAB/ISRAEL AND IRAN/IRAQ)<br>Brief by the Foreign and Commonwealth Office    |
| 8         | 30. 1.81 | CHAD<br>Brief by the Foreign and Commonwealth Office   |
| 9 REVISED | 3. 2.81  | RELATIONS BETWEEN DEVELOPED AND DEVELOPING COUNTRIES<br>Brief by the Foreign and Commonwealth Office |
| 10        | 28. 1.81 | NEW US ADMINISTRATION<br>Brief by the Foreign and Commonwealth Office                                |
| 11        | 30. 1.81 | THE NETHERLANDS: INTERNAL POLITICAL SCENE<br>Brief by the Foreign and Commonwealth Office            |
| 12        | 30. 1.81 | THE NETHERLANDS: INTERNAL ECONOMIC SCENE<br>Brief by HM Treasury                                     |
| 13        | 30. 1.81 | NUCLEAR ENERGY PROBLEMS (BACKGROUND)<br>Brief by Department of Energy                                |
|           | 6. 2.81  | LIST OF BRIEFS ISSUED IN THE PMVG (81) SERIES  |

CONFIDENTIAL

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

COPY NO 43

PRIME MINISTER'S VISIT TO THE HAGUE  
6 FEBRUARY 1981

LIST OF BRIEFS TO BE ISSUED IN THE PMVG(81) SERIES

1. STEERING BRIEF  
Brief by Foreign and Commonwealth Office
2. EUROPEAN COMMUNITY QUESTIONS:
  - i. COMMUNITY STEERING BRIEF  
Brief by Foreign and Commonwealth Office
  - ii. RESTRUCTURING (INCLUDING CAP REFORM AND 1981 AGRICULTURAL PRICES)  
Brief by Foreign and Commonwealth Office
  - iii. 1981 BUDGET AND OTHER CURRENT ISSUES  
Brief by Foreign and Commonwealth Office
  - iv. FISHERIES  
Brief by the Ministry of Agriculture, Fisheries and Food
  - v. EXTERNAL TRADE QUESTIONS  
Brief by Foreign and Commonwealth Office
  - vi. POLITICAL CO-OPERATION  
Brief by Foreign and Commonwealth Office
3. DEFENCE AND ARMS CONTROL (INCLUDING THEATRE NUCLEAR FORCES)  
Brief by Foreign and Commonwealth Office
4. EAST-WEST RELATIONS (INCLUDING AFGHANISTAN, POLAND AND CHINA)  
Brief by Foreign and Commonwealth Office
5. SOUTHERN AFRICA  
Brief by Foreign and Commonwealth Office
6. SOUTH-EAST ASIA (CAMBODIA AND EAST TIMOR - background only)  
Brief by Foreign and Commonwealth Office

7. MIDDLE EAST (INCLUDING IRAN/IRAQ AND ARAB/ISRAEL)  
Brief by Foreign and Commonwealth Office
8. CHAD (background only)  
Brief by Foreign and Commonwealth Office
9. NORTH/SOUTH DIALOGUE AND SUMMIT  
Brief by Foreign and Commonwealth Office
10. THE NEW UNITED STATES ADMINISTRATION  
Brief by Foreign and Commonwealth Office
11. THE NETHERLANDS: INTERNAL POLITICAL SCENE  
Brief by Foreign and Commonwealth Office
12. THE NETHERLANDS: INTERNAL ECONOMIC SCENE  
Brief by Foreign and Commonwealth Office
13. NUCLEAR ENERGY PROBLEMS  
Brief by the Department of Energy

Cabinet Office

29 January 1981

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

PMVG(81)\

COPY NO 43

30 January 1981

PRIME MINISTER'S VISIT TO THE HAGUE

6 FEBRUARY 1981

---

STEERING BRIEF

Brief by the Foreign and Commonwealth Office

INTRODUCTION

1. The Netherlands Government machinery is fully occupied with running an efficient Presidency. Already, two Ministers have undertaken tours of Community capitals to try to coordinate views. The political parties are more concerned with the legislative elections which must be held by May. These are unlikely to prove decisive; on past form, it will take several months to form a new government, with the present government acting as care-taker meanwhile.

2. A number of political decisions have been shelved until after the election. They will then become the objects of prolonged haggling between the parties as they bid to join the inevitable coalition government. The Christian origins of many of the Dutch political parties lead to great weight being attached to the moral (usually

/Calvinist

Calvinist) element in such political issues as nuclear energy, nuclear weapons and possible sanctions against South Africa: consequently, preconceived positions tend to override dispassionate analysis.

3. The Dutch are among the most communautaire of our EC partners. They are also major net beneficiaries of the Community's budget. Hence, although they accept the value to the Community of Britain's membership and, in theory at least, the need for adaptation of some of the Community's rules and practices, they are reluctant to see any of the benefits they have hitherto enjoyed being substantially reduced. Some Dutchmen have been disappointed at Britain's attitudes since joining and look for more tangible evidence of our commitment to the Community.

OBJECTIVES

4. To reaffirm the Government's commitment to Europe; to put across to the Dutch as current tenants of the Presidency, our views on European Community matters, particularly budget restructuring and the CAP; and to prepare the way for a smooth transfer of the Presidency to the United Kingdom on 1 July.

5. To persuade the Dutch that their attitudes and concerns are of importance to us, particularly on the major international questions of concern to Europe and under discussion in political cooperation.

/6.

6. To emphasise the importance of ensuring the continued cohesion and effectiveness of the NATO alliance, and of maintaining solidarity over the role of nuclear weapons in NATO strategy as well as over decisions for strengthening Western defence (including Theatre Nuclear Force Modernisation).

**PROBABLE DUTCH OBJECTIVES**

7. The Dutch will certainly wish to explain present lines of Dutch thinking on Community matters and to discuss the strategy for carrying forward and developing policies during the consecutive Dutch and British Presidencies. On restructuring, they will want to stress their desire to see agreement reached no later than the June European Council on the broad principles to be followed in the restructuring discussions.

8. The Dutch will also want to exchange views with the Prime Minister on all the main areas of current international tension. Mr van Agt will hope to gain electoral benefit from being seen to do this. His Foreign Minister is preparing for his visit to Washington in February/March, where Mr van Agt will also be going in the second half of March.

**PROGRAMME**

9. The Prime Minister will be met on arrival at 1045 by the Dutch Prime Minister, HM Ambassador and Dutch officials. The Prime Minister, will then travel with

/Mr van Agt

Mr van Agt to the Lange Voorhout Palace for her audience with Queen Beatrix at 1115. Following the audience, at 1200, the Prime Minister will leave for the Catshuis, where there will be a brief photo-call at 1215, followed by 15 minutes discussion alone with Mr van Agt. This will be followed by a short restricted session to which Private Secretaries and the Dutch Foreign Minister, Mr van der Klaauw, will be admitted. Lunch will be at 1300 and there will almost certainly be informal speeches and toasts. Talks will resume with full delegations present at 1500. At about 1630, the Prime Ministers and their delegations will leave for their joint press conference in Binnenhof at 1645. This will last about an hour, after which the Prime Minister and her party will leave for Rotterdam for take off at 1815.

10. Personality notes on the main Dutch participants are at Annex A, the list of briefs is at Annex B and a table of facts and figures on the Netherlands is at Annex C. There is no formal agenda.

#### STRATEGY AND TACTICS

11. The Prime Minister may wish to take advantage of her private meeting with Mr van Agt to explain to him frankly the problems she is facing with British public opinion over the European Community. During the restricted session which follows, Mr van Agt will almost certainly raise defence matters, including the

/question



question of nuclear weapons (Brief No 3). The Prime Minister could express her understanding for the public and party difficulties facing Mr van Agt on this issue, but stress the need for the Dutch Government to counter the worrying anti-nuclear drift in the Netherlands. This could lead naturally to a discussion of the new United States Administration (Brief No 10) and East/West relations (Brief No 4). There is unlikely to be time to raise any other subjects before lunch.

12. Mr van Agt will probably raise Community matters at the larger session after lunch. Given the short time available, it will be advisable to inject matters of primary concern to us, as indicated in the Community steering brief (Brief No 2(i)), early in the discussion.

13. On the Middle East (Brief No 7), the Prime Minister will wish to encourage the Dutch to maintain the momentum of the European initiative on the Arab/Israel dispute and also ask them as Presidency to consider a joint demarche by the Ten on the British detainees in Iran. Other briefs are largely defensive and there is no need for the Prime Minister to raise the issues they cover.

RESUME OF BRIEFS

European Community Questions (Brief No 2)

14. Main topics for discussion set out in Community Steering Brief (No 2(i)).

/Defence

Defence and Arms Control (Brief No 3)

15. The Prime Minister might point out that the new US Administration is likely to keep up pressure on the Europeans for an effective defence effort. Take up Embassy recommendation that the Prime Minister urge Mr van Agt to coordinate an active Government counter-attack on the powerful anti-nuclear lobby in the Netherlands.

East/West Relations (Brief No 4)

16. Prospects for East/West relations are uncertain; essential that the Alliance should appear united. Much depends on developments in Poland where tension is increasing again. Afghanistan.

Southern Africa (Brief No 5)

17. West's longer-term Southern African interests require an internationally recognised settlement in Namibia. Deny opportunities to Soviet Union and gain South Africa a breathing space for peaceful internal reform. Prospects for a Namibia settlement are poor but sanctions would kill remaining chances of settlement and prospects for internal reform. New US Administration needs time and encouragement to find way of inducing South African Government to take domestic political risk of going ahead. We hope to see increased Dutch aid for Zimbabwe.

/South-East

South-East Asia (Brief No 6)

18. ASEAN countries are trying to break the deadlock over Cambodia by pursuing their proposal for an international conference. The relief situation has improved. The Dutch may be helping the Portuguese and Indonesians to reach agreement over East Timor.

Middle East (Brief No 7)

19. On Arab/Israel, encourage Dutch to maintain momentum of European efforts. Stress value of UK/Dutch consultations in run-up to UK Presidency. Undertake to keep them informed of our own contacts with the parties. On Iran/Iraq, little prospect for early end to war. Little scope for EC rôle. Continue to support Olaf Palme's efforts. Ask Presidency to consider EC demarche on our behalf with Iranian Prime Minister to urge speedy resolution of the problem of British detainees.

Chad (Brief No 8)

20. OAU States have shown increasing concern at Libyan involvement. Meeting to be held in early February to discuss plans for peacekeeping force.

North/South Dialogue and Summit (Brief No 9)

21. Powerful development lobby in the Netherlands. Dutch will hope to use their Presidency to push Community in the direction of 'progressive' policies towards Third World. They may seek our support for

/their

their inclusion in the North/South Summit, but decision is for co-sponsors. Preparations for Global Negotiations are stalled while new US Administration settles in.

The New United States Administration (Brief No 10)

22. Prime Minister looking forward to her visit to US at end of February. Mr van Agt shortly afterwards. President Reagan expected to rely heavily on experienced General Haig as far as foreign policy is concerned. Relationships with the Soviet Union are likely to be the main preoccupation. We can hope for more consultation with the Allies than during previous Presidency.

The Netherlands: Internal Political Scene (Brief No 11)

23. Imminent general election means shelving controversial issues until negotiations for new coalition government begin. Current major issues include economy, nuclear debate, sale of submarines to Taiwan and possible oil boycott of South Africa.

The Netherlands: Internal Economic Scene (Brief No 12)

24. Netherlands' economy has many similarities to our own. Main weaknesses are huge growth of public sector, rising tax burden and widespread indexation.

Nuclear Energy Problems (Brief No 13)

25. Covers reprocessing contract between British Nuclear Fuels Ltd and Netherlands company, and Urenco. Foreign and Commonwealth Office

30 January 1981

## PERSONALITY NOTES

AGT, ANDREAS (DRIES) A M van

Prime Minister since December 1977. A Christian Democrat.

Born 1931. Studied law at Catholic University, Nijmegen, 1949-55 and then practised law for two years at Eindhoven. From 1957-63 worked in Legal Department, Ministry of Agriculture, before transferring to Department for Public Law Legislation, Ministry of Justice. In 1968 joined Law Faculty, Catholic University, Nijmegen, where he was Professor of Penal Law and Criminal Procedure.

Originally a member of the Catholic Party (KVP), he was Minister of Justice in the Biesheuvel Cabinet, 1971-3, and then in the den Uyl Cabinet 1973-7. He tended at that time to be 'accident prone'. In 1972 his support for a collective pardon for three Nazi war criminals in Breda gaol ran into strong public opposition, and he showed more political courage than skill in handling this crisis. In the end he was obliged to back down.

Despite his protestations that more suitable candidates were available, he was chosen to lead the newly formed Christian Democrat Appeal in the 1977 elections. Relations between him and Mr den Uyl became strained during the long

negotiations over the formation of a new centre left government; and this may have persuaded him to try for an alliance with the Liberals. Became Prime Minister of the present centre right government in December 1977.

Although as Justice Minister he tended to be rash and erratic, as Prime Minister he has shown an acute tactical sense, particularly in handling Parliament which has earned him great respect. His personal standing in the country and in political circles is high. He has now become the outstanding political figure in the Netherlands. By nature pleasant and approachable, he takes great trouble to ensure that he remains in the public eye.

Married with three children. He and his wife, who rarely comes to The Hague, speak excellent English. His main spare time interest is bicycling.

KLAAUW, DR CHRISTOPH A van der

Minister of Foreign Affairs since December 1977.

A Liberal.

Born 1924. Studied history at Leiden University. Joined Netherlands diplomatic service in 1952, and served at Budapest, Oslo, Paris and Rio de Janeiro. Deputy Permanent Representative to United Nations at New York 1970-4; Permanent Representative to United Nations at Geneva 1975-7; Director General for European Co-operation in Foreign Ministry October-December 1977.

His appointment as Foreign Minister came as a surprise, for he had not taken an active part in politics. In office he has been consistently accident-prone, partly because of his lack of parliamentary experience. His touch remains very unsure, and on the big issues the Prime Minister tends to have to lend a hand. But he is jealous of his constitutional position as the only member of the Government who is responsible for foreign affairs. Overall he remains an unimpressive foreign minister who has failed to acquire much domestic public or political support.

Has a good sense of humour and a friendly manner which assures him of a degree of popularity despite his performance. Married with five children.

negotiations over the formation of a new centre left government; and this may have persuaded him to try for an alliance with the Liberals. Became Prime Minister of the present centre right government in December 1977.

Although as Justice Minister he tended to be rash and erratic, as Prime Minister he has shown an acute tactical sense, particularly in handling Parliament which has earned him great respect. His personal standing in the country and in political circles is high. He has now become the outstanding political figure in the Netherlands. By nature pleasant and approachable, he takes great trouble to ensure that he remains in the public eye.

Married with three children. He and his wife, who rarely comes to The Hague, speak excellent English. His main spare time interest is bicycling.



**CONFIDENTIAL**

KLAUW, DR CHRISTOPH A van der

Minister of Foreign Affairs since December 1977.  
A Liberal.

Born 1924. Studied history at Leiden University. Joined Netherlands diplomatic service in 1952, and served at Budapest, Oslo, Paris and Rio de Janeiro. Deputy Permanent Representative to United Nations at New York 1970-4; Permanent Representative to United Nations at Geneva 1975-7; Director General for European Co-operation in Foreign Ministry October-December 1977.

His appointment as Foreign Minister came as a surprise, for he had not taken an active part in politics. In office he has been consistently accident-prone, partly because of his lack of parliamentary experience. His touch remains very unsure, and on the big issues the Prime Minister tends to have to lend a hand. But he is jealous of his constitutional position as the only member of the Government who is responsible for foreign affairs. Overall he remains an unimpressive foreign minister who has failed to acquire much domestic public or political support.

Has a good sense of humour and a friendly manner which assures him of a degree of popularity despite his performance. Married with five children.

MEI, DRS DURK F van der

State Secretary for Foreign Affairs since  
December 1977. A Christian Democrat.

Born 1924. Served with the Netherlands Army in  
Britain 1945-6 and in Indonesia 1946-9. Studied  
economics at Amsterdam Municipal University (doctorate).  
Adviser on international affairs to Protestant Trade  
Union Federation (CNV). Elected member of Second  
Chamber for Christian Historical Union in 1956. Member  
of the Consultative Assembly of the Council of  
Europe and of the European Parliament.

As State Secretary, he has particular responsibility  
for European affairs.

A dignified man in looks and manner, with twenty  
years experience as a back-bencher, but a rather  
colourless personality, though friendly enough. Not well  
known outside Parliament, but appears confident in his new  
responsibilities.

Speaks English well. Married with three children.

**CONFIDENTIAL**

POSTHUMUS MEYJES, DR Herman C

Director-General for European Co-operation,  
Ministry of Foreign Affairs since January 1978.

Born 1927. Studied political science at Universities  
of Amsterdam and Wisconsin. Ministry of Agriculture  
1958-62. Joined Ministry of Foreign Affairs in 1962.  
Adviser on Policy Planning 1972-77. Part-time  
Professor of International Relations at Wageningen  
University until appointed Director General of European  
Co-operation in January 1978.

A member of the home-based Foreign Ministry, he  
has not served abroad. Rather academic in experience,  
he has a lively mind and a keen sense of humour.  
Labour Party sympathies.

Separated from his wife.

Speaks excellent English.

REININK, DR Kasper Willem

Director General for Political Affairs, Ministry of Foreign Affairs since 1980.

Born 1921. Ministry of Foreign Affairs 1950.

Between 1950 and 1962 served in Bonn, Berlin, Warsaw, La Paz, Quito, Buenos Aires, Moscow and Havana.

MFA 1962-63. Back in Havana 1963-65, then Washington 1966-69. MFA 1969-73. Ambassador to the GDR 1973-77, and to the USSR 1977-80.

Somewhat prickly, and extremely sensitive in particular about any suggestion that the Netherlands Presidency may at times need assistance from members of the Ten - eg. in pursuing the Middle East mission. But by and large friendly to the UK. A strong believer in close trans-Atlantic relations, and consequently a bit anti-French.

Married.

Speaks good English.

## LIST OF BRIEFS

1. Steering Brief
2. European Community Questions:
  - (i) Community Steering Brief
  - (ii) Restructuring (including CAP reform and 1981 agricultural prices)
  - (iii) 1981 Budget and Other Current Issues
  - (iv) Fisheries
  - (v) External Trade Questions
  - (vi) Political Co-operation
3. Defence and Arms Control (including Theatre Nuclear Forces)
4. East-West Relations (including Afghanistan, Poland and China)
5. Southern Africa
6. South-East Asia (Cambodia and East Timor - background only)
7. Middle East (including Iran/Iraq and Arab/Israel)
8. Chad (background only)
9. North/South Dialogue and Summit
10. The New United States Administration
11. The Netherlands: Internal Political Scene
12. The Netherlands: Internal Economic Scene.
13. Nuclear Energy Problems (background only).

## NETHERLANDS: FACTS AND FIGURES

1.	<u>Population</u>		<u>Land Area</u>	
	14.0 million (1979)		40,844 sq km	
2.	<u>GDP Growth</u>		2.2% 1979 )	EC Commission forecast
			1.1% 1980 )	
3.	<u>Rate of Inflation</u>		4.2% 1979	
			7.1% (November 1980 on November 1979)	
4.	<u>Exchange Rate</u>		Guilders 5.245 = £ (19 January 1980)	
5.	<u>Unemployment</u>		(a) 302,000 (December 1980 - seasonally adjusted)	
			(b) % of civil active population 7.1% (December 1980)	
6.	<u>Investment</u>		nil volume growth in 1979	
			-2% 1980	
			-4% 1981	
7.	<u>Central Government Budget Deficit</u>		<u>1980</u>	<u>1981</u>
	Total	14.7 bn guilders	13.1 bn guilders	
		(£3.2 bn)	(£2.8 bn)	
	% of GDP	5	4½	
8.	<u>Balance of Payments</u>	US\$ bn	<u>1979</u>	
	Current Account		-2.4	
	Trade Balance (FOB/FCB)		-1.5	
9.	<u>Netherlands Exports</u>		(1979)	US\$ 63.7 billion FOB
	F R Germany	30.9%		
	Belgium/Luxembourg	15.5%		
	France	10.7%		
	UK	8.4%		
	Italy	5.2%		

<u>10. Netherlands Imports</u>		(1979)	US\$ 68.2 billion CIF
F R Germany	23.0%		
Belgium/Luxembourg	13.4%		
USA	8.3%		
UK	7.6%		
France	7.2%		

11. Principal Dutch Exports

Metals (25.9% of total Dutch Exports)  
 Chemicals (19.4%)  
 Oil Products (12.9%)  
 Raw Agricultural Products (7.0%)  
 Natural Gas (6.0%)

12. Principal Dutch Imports

Consumer Goods (17.3%)  
 Oil Products (13.2%)  
 Investment Goods (12.0%)  
 General Goods (9.3%)

13. Trade with the UK.1980 provisional

UK Exports f.o.b.	£3847.5 million up 25.6% on 1979
UK Imports	£3406.9 million down 1.1% on 1979
UK surplus	£440.6 million

29 January 1981

PRIME MINISTER'S VISIT TO THE HAGUE

6 FEBRUARY 1981

---

EUROPEAN COMMUNITY QUESTIONS:

COMMUNITY STEERING BRIEF

Brief by the Foreign and Commonwealth Office

1. This visit provides an opportunity to put across to the Dutch at an early stage in their Presidency our views on a number of important Community issues, particularly budget restructuring and CAP reform and to get from them an idea of how they are going to handle these issues, in particular at the two European Councils (March and June) over which they will preside. As the country next in line for the Presidency, it is useful for us to coordinate views with the Dutch on the handling of major items of business.

2. As one of the small, prosperous Member States, which are major beneficiaries from the CAP, the Dutch are not our natural allies on budget restructuring. Moreover as one of the most overtly Community-minded of Member States, they are often prickly about those they consider to be less so, including, but not only, us. They strongly resent any suggestion that the Community is effectively run by the larger Member States.

3. But they are realistic enough to accept the need for change. They accept the view that the best way to preserve the CAP is to reform it. And in recent months they have come to accept that restructuring will have to be achieved within the 1% ceiling, although they have not abandoned the possibility that the ceiling might be raised in the longer term. The Prime Minister will want to emphasise that it is in the interests of the Com-

munity



munity itself and its longer term development that a permanent solution on a Community basis should be found to the budget problem. She will want to make it clear to the Dutch that while we think CAP reform is essential in its own right and may make some resources available for non-agricultural expenditure policies, we do not think that this alone will solve our budget problem. We do not ourselves want to put forward precise ideas at this stage about what additional measures are needed but we do ~~not~~ want other Member States and the Commission to come up with ideas in coming months. We hope the Dutch will keep up the pressure on the Commission to produce their paper in good time. The Prime Minister might also welcome the Dutch idea that the June European Council should set out the broad principles for the further discussion on budget restructuring, though we think this timetable could prove rather optimistic.

4. The European Council in Maastricht on 23 March will be too soon for a detailed discussion on restructuring. There would be little prospect of progress without the Commission's paper and in advance of the French elections and the discussion could all too easily lead to the taking up of hard positions which would tend to tie the Commission's hands in preparing their paper. If Mr van Agt is looking for topics for the European Council to discuss, the Prime Minister could suggest that the main weight of the agenda should be on political questions (Iran, Afghanistan, new administration in US, from where the Prime Minister will recently have returned) and possibly on trade problems (Japan, US energy pricing) depending on progress on these topics in the meantime .

5. Dutch ideas on CAP reform are reasonably close to ours in a number of respects and they could prove useful allies in discussion of any proposals the Commission put forward in this respect. They do not much like linear co-responsibility measures and they help us to resist attempts to discriminate in favour of small farmers and against larger, more efficient ones. The Prime Minister may wish to emphasise the importance of reforms which help to curb surplus production and do not simply provide additional sources of finance which will get

round the 1% ceiling. The Dutch have so far given lukewarm support to our effort to get Finance Ministers to set financial guidelines for CAP expenditure in 1981 and have argued for a longer term target. The Prime Minister may wish to emphasise the need to make a start this year. She will also wish to stress the importance we attach to achieving a modest price increase at this year's price fixing. The Dutch Prime Minister who faces an election in the spring will certainly be pre-occupied by the agricultural price issue. These points are developed in Brief No 2(ii).

6. Brief 2(iii) covers three subjects (insurance, air fares and telematics) on which we are anxious to see progress made in the Community during 1981. The Prime Minister may wish to raise these with Mr Van Agt and urge the Dutch Presidency to keep up the momentum of Community discussion. The Prime Minister raised insurance at the European Council in December as did Lord Carrington when he subsequently saw the Dutch Foreign Minister. The Dutch share our wish to make progress. Our aim is to reach a conclusion in 1981. On air fares we would like the Commission's consultations, which have been in progress since last June, to be speeded up with a view to gradual liberalisation in the Community and lower fares. On telematics, we are keen to see some flesh put on the Davignon initiative and will be following this up in our Presidency.

7. Brief 2(iii) also covers a number of other Community subjects which the Prime Minister will not wish to raise but which the Dutch may raise. We wish to keep a low profile on the problems which have arisen over the 1980 and 1981 budgets and leave the running to those more directly concerned. We are paying our contributions and we think that time is needed for a solution to the problem of the three Member States who are not paying theirs in full. The brief also covers discussions about a common format for Member States' passports, the enlargement of the Court of Justice, the proposed Joint Council of Economic Affairs, Finance and Social Affairs Ministers, the question of the siting of the institutions and the issue of whether or not the President of the European Council should thereafter report to the European Parliament. There is also a background note on staff pay.

8. On Fisheries the Prime Minister will wish to express her full support for the Dutch Presidency's efforts to get agreement on a Common Fisheries Policy at the 9/10 February Council (Brief 2(iv)).

9. On external trade questions (Brief No 2(v)) the Dutch generally are not far from our approach, although they tend to regard us as a shade more protectionist than they are and are a great deal more enthusiastic about North/South issues than us. It would be useful to raise with the Dutch Prime Minister the need for the Community to take a firm line with the Japanese and to continue to press the US on decontrolling energy pricing. The visit will also provide an opportunity for the Prime Minister to underline our inability to accept what the French have proposed on New Zealand butter and to encourage the Dutch to give priority to this issue in the Agriculture Council and to continue to stand firm with us in support of the Commission's three year proposal. The next Agriculture Council should settle this. The Presidency's proposal for a package covering sugar and Australian manufactured beef as well as New Zealand butter offers the best prospect. The brief also covers enlargement and textiles questions.

10. Mr Van Agt may raise the question of strengthening Political Cooperation (Brief 2(vi)) either taking up the suggestions Lord Carrington made in his Hamburg speech, or Herr Genscher's idea of a new Treaty.

Foreign and Commonwealth Office

29 January 1981

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

PMVG(81) 2(ii)

COPY NO 43

29 January 1981

PRIME MINISTER'S VISIT TO THE HAGUE  
6 FEBRUARY 1981

EUROPEAN COMMUNITY QUESTIONS:  
RESTRUCTURING (INCLUDING CAP REFORM AND 1981 AGRICULTURAL  
PRICES)

Brief by Foreign and Commonwealth Office

POINTS TO MAKE

Restructuring

1. Welcome Dutch readiness to maintain momentum. Hope you will help ensure Commission produce paper in good time.
2. We hope Commission report will analyse the total problem and identify a range of options which will genuinely solve it. A lasting solution essential to Community's health and prospects for future development.
3. Welcome your intention of having a first discussion of the report at the June European Council. How do you envisage handling it?
4. Any views on what Thorn hopes to achieve by raising this at the March European Council - beyond giving a progress report on the Commission's work so far? Inclined to feel too soon then for substantive discussion. Would not wish Commission's freedom of manoeuvre to be cramped by member states taking up entrenched positions.
5. Important to maintain 1% ceiling. Not a question of dogma but of practical politics. None of the problems we face (CAP reform, enlargement, unacceptable situations) can be solved just

by/

by spending more money. We are all having to cut back public expenditure nationally.

6. Important to curtail tendency of CAP to encourage surpluses. This is essential in own right for the future well-being of the Community; but it will also help with the problem of unacceptable situations, as will development of non-agricultural expenditure policies.

7. Increasingly clear, however, that these two methods will not in themselves be sufficient to solve that problem entirely, especially with the prospect soon of further enlargement. We must look for additional measures. No firm ideas yet on what these should be but Member States and Commission should reflect in coming months. Community cannot simply ignore budgetary consequences of its policies.

#### 1981 CAP Prices

8. Essential that the 1981 price fixing should not prejudice the results of the overall restructuring exercise. Rigorous price policy is necessary, with particularly low rises for products in surplus and some realistic suggestions for economies.

9. Pleased that the ECOFIN Councils in February and March will discuss the financial framework. Financial guidelines necessary to bring home to Agriculture Ministers need to reduce proportion of the Budget spent on agriculture and to keep within 1% ceiling.

#### Commission Paper "Reflections on the CAP"

10. Welcome recognition that the Community can no longer afford an open ended guarantee. In principle support idea of producers accepting some financial responsibility for surpluses.

11. But method important. Ready to examine proposals for supplementary levies, standard quantities etc. Totally opposed to imposition of further general or linear co-responsibility levies. They simply evade 1% ceiling at the expense of the consumer.

12. Also opposed to Community involvement in long term export contracts at subsidised prices and further restrictions on 3rd country imports. This would damage the Community's international trade relations and institutionalise uneconomic surpluses.

BACKGROUND

1. Lord Carrington discussed restructuring and CAP reform with Mr Van der Klaauw on 5 December. Officials covered similar ground in a bilateral on 17 December.
2. The Dutch, with an estimated budgetary and non-budgetary gain in 1980 of £800m are major beneficiaries of the present system of Community financing. As a rich Member State with a high level of per capita GNP, they recognise that they stand to lose from reform, but seem ready to make some sacrifice for the sake of a permanent Community solution. Their attitude is cautiously positive, but they have not yet accepted the need for radical changes.
3. On procedure, we understand that M. Thorn plans a series of bilateral discussions leading up to raising restructuring at the March European Council. It will be interesting to learn what the Dutch think of this. In our view, little is likely to be achieved by a formal discussion before the French elections, but M. Thorn could make a progress report on the Commission's work on producing their paper for June. The Dutch themselves are keen to make progress on these issues during the period of their Presidency and would like to see the June European Council reach agreement on the main principles leading to a solution. This may be too optimistic, but it is in our interests to encourage them to maintain this positive attitude. They might otherwise become less interested as their elections in May approach.
4. On substance, the Dutch have expressed themselves opposed to any permanent system of "juste retour" for the UK, to the Schmidt/Giscard idea of a ceiling on net contributions and benefits and to any form of national financing of agriculture guarantee expenditure. Their attitude towards the 1% ceiling is realistic. Ideally they would like to see staged increases in the ceiling, but they accept that no change in the ceiling can take place yet and they recognise the need to maintain the ceiling as a lever for restructuring. They also accept that changes to the CAP are necessary and have so far maintained that a progressive reduction in the CAP share of the budget coupled with expansion<sup>of</sup> non-agricultural spending might be a sufficient solution. Our objective is to convince them that

such measures while desirable in themselves and likely to receive our support will not solve the problem and that a failure to find a full and continuing solution would be extremely damaging to the Community.

6. It would not be appropriate to try out on Van Agt our ideas for budget adjustment mechanisms. We do not wish to be too far out in front and risk having our ideas prematurely rejected. Our main aim at this stage is to ensure that the Commission paper covers a full range of options. Nor would it be appropriate to mention the national financing ideas which are beginning to emerge within the Commission, but which do not yet have any formal status.

#### 1981 CAP Prices

7. The Commission price proposals are likely to appear early in February. We do not know what they will contain. The latest rumours emanating from the Commission suggest 7½%. We have been lobbying the Commission for proposals of 4-5%.

8. At our instigation, the February and March ECOFIN meetings will consider financial guidelines for the price discussion. In December, the Dutch were doubtful about the value of such consideration and thought that the March European Council rather than Finance Ministers might be more effective in circumscribing the freedom of action of Agriculture Ministers. Despite their enthusiasm for progressive reduction in the CAP share of the budget, they are less sure about the possibility of pressing for an effective ceiling in 1981. They need to be convinced that this is a desirable first step.

#### Commission Paper "Reflections on the CAP"

9. The Dutch share many of our reservations about the paper which the Commission produced in December which outlined some proposals for reforming the CAP. Braks, the Agriculture Minister, intends to have an early discussion on it in the Agriculture Council but it could well be overtaken by the price proposals themselves. The main proposals are:-

- (a) Limitations on the open-ended nature of the price guarantees by the introduction of a (rather vaguely defined) principle of producer financial co-responsibility; and
- (b) A more dynamic export policy and further restrictions on

certain agricultural imports.

We welcome the Commission's desire to limit the open-ended nature of the price guarantees, but they do not spell out in any detail how they plan to implement these proposals with regard to specific commodities. More specific proposals will probably be included in the Commission's 1981 price fixing package. We could not subscribe to any expansion of the basic or linear co-responsibility levies nor any proposals which placed the main burden of economies on the larger, more efficient producers. This would discriminate against the UK and also against the Netherlands. The paper also suggests that the Community should enter into long term export contracts as part of a dynamic export policy and should impose greater restrictions on imports of certain food stuffs. The Dutch have told us that they oppose these proposals also. But, like the UK, they would be ready to consider further the Commission's suggestion that for some commodities eg cereals the level of support from the Community budget should be related to a certain volume of Community production.

10. The Commission paper also rejects part national financing of the CAP - the so called 'two tier' pricing structure. The Dutch would share that view. However, as mentioned in para 6 above, this could be one way of dealing with our problems and attitudes within the Commission towards national financing seem to be changing.

Foreign and Commonwealth Office

29 January 1981



THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

PMVG(81)2(111)

COPY NO. 43

30 January 1981

PRIME MINISTER'S VISIT TO THE HAGUE

6 FEBRUARY 1981

---

EUROPEAN COMMUNITY QUESTIONS:  
1981 BUDGET AND OTHER CURRENT ISSUES

Brief by the Foreign and Commonwealth Office

POINTS TO MAKE

Insurance

1. We wish to see a common market for services as well as goods. Strongly favour draft directive facilitating freedom to provide insurance services throughout the Community.
2. Draft directive has been before Council of Ministers since 1975. Both agreed that conclusive progress on this is needed in 1981. Glad this is due to return to Council of Ministers in March. Important to resist pressures from others which might lead to slippage.

Air Fares

3. We want to keep up pressure for gradual liberalisation of present tightly-regulated air transport system in the Community.
4. Fares are the most important area for public opinion. Hope sufficient progress will be made by Commission to enable Council to take action by end 1981.

Telematics

5. Attach importance to Davignon initiative. Glad that discussions on this and other research and development matters among our Ministers and senior officials are proceeding well. We will follow up your efforts during our Presidency.

1980/1981 Budgets [IF RAISED]

6. We have paid our full contributions to both budgets. See no reason to disagree with Commission's view that they were legally adopted.

7. We would like to see a solution to this problem, but fear it will take time.

Common Format Passport [IF RAISED]

8. We are examining the technical and other implications of the EC proposals for a common format passport in preparation for a further discussion at the Foreign Affairs Council in March.

9. We continue to attach importance to the work which needs to be done to introduce a passport system which genuinely gives the traveller practical advantages, such as quicker handling at ports and protection against forgery.

Enlargement of the European Court of Justice [IF RAISED]

10. Important for the Court to have Judge with wide experience of international commercial and English Common law. Hope Presidency will continue their efforts to secure a solution to this problem.

Joint Council of Finance, Economic Affairs and Social Affairs Ministers [IF RAISED]

11. We assume the Dutch, as originators of the idea, will wish to hold the proposed Joint Council under their Presidency. We would not be able to give it any high priority under ours.

Seat of the European Parliament [IF RAISED]

12. UK aim is to eliminate waste of time, money and energy under present arrangements. Decision must be taken by Member States by common accord. We support Dutch view that Parliament must be consulted about its own location.

Reporting on European Council by Presidency [IF RAISED]

13. Does Mr. Van Agt intend to report to European Parliament on European Council? I am prepared to do it during UK Presidency.

BACKGROUND

Insurance

1. Since 1962 the EC has had a programme for establishing a common market in services including insurance, but it has gone very slowly and so far only applies to small areas of insurance. A draft directive on non-life insurance services has been before the Council since 1975, but has been bogged down in a working group for the last three years. The British industry estimate they would gain substantially by adoption of the directive, which would give general freedom for insurance.

2. The Prime Minister raised this question at the last European Council, and Lord Carrington has discussed with the Dutch Foreign Minister the need to make early progress. This has been followed up by close contacts with the Dutch Presidency at official level, and it has been agreed to do all we can through the successive Presidencies to conclude the negotiations by the end of 1981. A first batch of questions on the directive is to go to the Finance Council in March.

3. Other Member States, particularly the French, have obstructed progress. The Dutch share our desire to see early progress in 1981, though they do not share our economic stake. We look to them to ensure the timetable does not slip, and will fully support them.

#### AIR FARES

4. The UK has been pressing for liberalisation in the regulatory system for aviation in Europe. However, there are difficulties in persuading other European States to agree to a more liberal regime on air fares, because they are concerned to protect their national airlines from open competition with ~~our~~ larger and more innovative airline industry (particularly the independents) which they fear they could not match. We have however pressed for a number of measures in the Community; eg:-

- (a) easier access to intra-regional services
- (b) simplified low-weight high-speed cargo service
- (c) a more open regime which could allow lower air fares

Public interest has concentrated on the last.

5. The Commission has been carrying on detailed consultations on fares with national experts and interested outside bodies since the Transport Council in June 1980. At present this study is unlikely to be completed in time to allow action on fares in 1981, but we wish to speed it up. There is public pressure in the UK for action; even if the chances of early progress in the EC are slight, we need to be seen to be pressing this as vigorously as possible.

6. The Dutch share our general liberalising approach to a greater degree than other Member States (though they do not give such priority to fares). They are anxious to see progress on aviation matters during their Presidency, and are holding an informal meeting of Transport Ministers in the Hague on 16 February, at which Lord Trefgarne will cover our aviation and shipping interests.

TELEMATICS

7. The Dutch are keen that we and they should coordinate policy on information, micro-electronics and energy research; and, particularly on the proper and selective use of resources and distribution of funds. Mr Adam Butler MP, the former Minister of State for Information Technology, met the Dutch Minister of Science Policy, Dr Van Trier, in the Hague in December. The British Ambassador followed up this initial meeting and it has been agreed that a meeting of senior officials should be held in March or April.

8. M Davignon has brought forward proposals to improve the framework within which the European telematics industry works: at present the industry is hampered by a proliferation of national standards which prevents it from producing on a ~~large~~ scale which would permit it to compete with the US and Japan. The British industry is one of the strongest in Europe and should benefit from a liberalisation of markets.

1980/1981 BUDGETS

9. Unlike France, Germany and Belgium, the Dutch are paying their full contributions to the 1980 supplementary and 1981 budgets.
10. Early in January, they expressed the view that this was a dispute between three member states and the Commission, and not one in which they saw a role for the Presidency. Latterly however, they have been drawn into attempts to find a compromise solution. The issue was discussed informally after the Foreign Affairs Council on 20 January at the request of the Belgians, who proposed that the credits for the Social Fund carried over from the 1980 supplementary budget into 1981 should not be used before the 1981 budget credits were exhausted. This would make time for a political solution to be found. The Dutch later proposed that Member States pay the full amounts for 1981 while reaffirming their legal reservations, if any, on the 1981 budget's validity. Discussion of these ideas continues in COREPER. There is no sign that the French have any intention of modifying their position, nor have the Germans so far shown any inclination to compromise on the legal issues. No one has yet made any move to refer the issue to the European Court.
11. We have accepted the validity of the two budgets. Although the French press has tried to treat this as an Anglo-French dispute, we have not been drawn into taking the lead in discussion. We judge it better to leave the running to those more directly involved.

COMMON FORMAT PASSPORTS

12. In 1974, EC Heads of Government agreed in principle that there should be a common format passport for Member States. Agreement on  
/a common format

a common format in conventional style was almost reached in 1977 when discussions were abandoned due to lack of political will. The question has recently been revived by the Italian and Luxembourg Presidencies, but discussions in a Council Working Group have been slow. The UK (and the Germans) have insisted that Member States should have the option of introducing a passport with a machine-readable page in the format recommended by ICAO. Differences still exist between Member States on the format to be adopted but there is now some pressure from the Commission and other Member States for agreement on a compromise formula which would give Member States discretion on whether to introduce machine-readability. The subject will be on the agenda of the March Foreign Affairs Council.

ENLARGEMENT OF THE EUROPEAN COURT OF JUSTICE

13. Member States have been discussing for some time the creation of additional posts on the Court - an eleventh Judge (to be nominated by the large States) and a fifth Advocate General (to be nominated by the small States). We have some hesitations about the need for these posts, but have given our conditional agreement to the fifth Advocate General. The Lord Chancellor feels strongly that the Court's effectiveness would be greatly enhanced by the early presence on the Bench of a Judge with experience in English Common and International Commercial Law. If we can secure an early term for an English candidate, we are prepared to accept unconditionally both additional appointments. The Advocate General post would probably go to the Dutch.

JOINT COUNCIL OF FINANCE, ECONOMIC AFFAIRS  
AND SOCIAL AFFAIRS MINISTERS

14. The proposal for a Joint Council of Finance, Economic and Social Affairs (ie Finance and Employment) Ministers to consider the employment position was put forward by the Dutch Prime Minister in December and approved by <sup>European</sup> the Council. It is not at all clear what the Joint Council would be expected to achieve but the Commission is preparing a paper on the employment position in the Community, to serve as the basis for discussion. We understand that the Dutch have asked for this to be tabled at an informal meeting of Employment Ministers in April with a view to holding the Joint Council by June. However there is clearly a risk that this timetable will slip and that the Commission (and the Dutch) will look to the UK to organise the Joint Council in the second half of this year. It seems unlikely that such a Council will produce any constructive conclusions and it could become the focus of pressures from the European TUC and others for relaxation of monetary discipline, work sharing, and for increased public expenditure. In these circumstances our aim is to avoid holding the Council during the UK Presidency, if possible by getting the Dutch to do so before July, and to give the Council as little public prominence as possible.

SEAT OF THE EUROPEAN <sup>Parliament</sup> ~~Council~~

15. At French instigation, a conference of Member States is considering the question of the seat of the institutions, primarily that of the Parliament. The conference met once in October last year and is due to meet again on 2 February. The French aim is to get agreement on Strasbourg as the seat of



**CONFIDENTIAL**

the Parliament. We would prefer it to be located in Brussels for reasons of efficiency, but we have no interest in making the running. The Dutch argue that the Parliament should be consulted before a final decision on its seat is taken. We agree. This will help to avoid an early decision in favour of Strasbourg which the Parliament are unlikely to favour.

REPORTING ON THE EUROPEAN COUNCIL

16. The report of the Three Wise Men on Community institutions proposed that the President in office of the European Council should be prepared to make a statement to the European Parliament after each European Council. The Prime Minister said she would be prepared to do this. The French argue that since President Giscard does not appear before the French National Assembly, it would not be appropriate for him to appear before the European Parliament; and that since he could not do it, other Presidents of the European Council should not do so either. (The President of the European Parliament has said that it would be quite acceptable to the Parliament for the French Prime Minister to do the job.) The Dutch are keen for their Prime Minister to report in the way the Wise Men suggested. But it remains to be seen what they will do. We have not yet taken a final decision.

STAFF PAY [BACKGROUND NOTE ONLY]

17. The Council recently decided to award Community staff a flat-rate pay increase, rather than a 3.3% rise recommended by the Commission. The staff have reacted with an irregular pattern of strikes and the Commission have said they will ask the Court of Justice to annul the Council decision. Our main

/objective

objectives is to keep the increase low and to secure a new and effective method for reviewing staff pay, to ensure it moves in harmony with that of national civil servants. Some Member States have been pressing for a freeze.

Brief by the Foreign and Commonwealth Office

30 January 1981

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

PMVG (81) 2 (IV)

COPY NO 43

29 January 1981

Prime Minister's Visit to the Hague

6 February 1981

FISHERIES

Brief by Ministry of Agriculture, Fisheries and Food

Points to Make

1. HMG continues to seek early agreement to a comprehensive revised Common Fisheries Policy; they hope this will be possible at the Fisheries Council on 9/10 February. Know Dutch Chairman (Mr Braks) shares the United Kingdom's view that a determined effort must be made on this occasion to solve all outstanding issues.

2. It was regrettable that the attitude of one delegation ruined the opportunity to reach agreement in the Fisheries Council on December 15-17. However the last meeting on 27 January has now set the course for a definitive meeting.

Background

3. The Council of Fisheries Ministers meeting on 15-17 December broke down when it became clear that the French delegation would

1.

maintain their inflexible stand on the question of access.

4. The last Fisheries Council on 27 January called before the new Greek Commissioner was in post was ill-prepared. In fact discussion concentrated on certain technical issues at the insistence of the Germans who wanted to secure access for their deep-sea fleet to Norwegian, Greenland and Canadian waters. A reasonable temporary arrangement was reached on that occasion. The Dutch, as usual in this forum, showed themselves especially sensitive to German needs.

5. If the question of confirmation of the Canada/EEC agreement is raised the Prime Minister may wish to emphasise that HMG is not prepared to consider the agreement in isolation from a settlement of the common fisheries policy as a whole.

6. Mr Walker will be meeting the French Minister on 5 February after which it should be easier to assess the prospects for the 9/10 February Council.

Ministry of Agriculture, Fisheries and Food

29 January 1981

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

PMVG(81)2(v) Revise

COPY NO. 43

5 February 1981

PRIME MINISTER'S VISIT TO THE HAGUE

6 FEBRUARY 1981

---

EUROPEAN COMMUNITY: EXTERNAL TRADE QUESTIONS

Brief by Foreign and Commonwealth Office

POINTS TO MAKE

EC/Japan

1. UK strongly supports Community approach based on declaration by November 1980 Foreign Affairs Council. We have made this plain to the Japanese.
2. Japanese must be brought to appreciate the seriousness of the trade imbalance and to take effective action to reduce it. Initial Japanese response inadequate. EC must react.
3. In the interests of both Ten and Japan to keep in line over political issues (eg Poland). But state of EC/Japan relations over sensitive trade matters inevitably effects climate of overall relationship. Appropriate for Presidency to make this point in contacts with the Japanese.
4. (If Nissan investment in the UK is raised). We want to develop a healthier economic relationship with Japan. Investment and industrial cooperation have an important contribution to make. Imports of US Textiles and Chemicals: US Energy Price Controls .  
(and Dutch Energy Price Subsidies)
5. UK had no doubt new and strong initiative by EC was needed. This was why we put proposal to December 1980 Foreign Affairs Council.

6. Reagan Administration's decision to speed up deregulation of price of oil very welcome. Important now to press for gas deregulation and solutions to other textile problems.

7. Important also to ensure that we are not vulnerable to counter-accusations of subsidising energy prices within Europe (eg Dutch energy subsidies for horticultural sector).

New Zealand Butter

8. Hope you will press hard for settlement at February Agriculture Council. We must have firm three year commitment on acceptable quantities, ie covering 1981, 1982 and 1983, with agreement on a review clause enabling continuing arrangements thereafter. French proposals completely unacceptable.

9. We would be prepared to facilitate a package deal on New Zealand butter, manufacturing beef and sugar as floated at the December Agriculture Council. Important to get all these issues out of the way before agricultural price fixing negotiations start.

10. If Agriculture Council cannot agree, it is essential to have a further roll-forward at the 1980 rate (95,000 tonnes); we must avoid a legal void.

Trade Policy: Protective Action (if raised)

11. British Government have resisted strong pressure for import restrictions in a number of sectors. Recognise dangers of unjustified protectionism. But recession is causing serious problems. Industry is entitled to expect EC to react as effectively as other developed countries to import surges and unfair trade.

Enlargement (if raised)

12. We support any Dutch initiatives to get this moving during your Presidency, and look forward to your support later in the year.

13. Timing is difficult, as Spaniards now accept delay until 1984 but Portuguese do not. Best not to tie ourselves to precise timetable.

Multi-Fibre Arrangement (MFA) (if raised)

14. We must have an effective successor to the present MFA.

UK industry is in a very difficult situation.

/BACKGROUND

BACKGROUND

EC/Japan

1. The November 1980 Foreign Affairs Council issued a declaration calling for a wide-ranging dialogue with Japan but stressing that in order to promote such a dialogue a number of developments were essential. These included effective moderation in Japanese exports and a clear commitment by the Japanese Government to a substantial and early increase in imports of EC products. The Commission put the EC view to Mr Ito, the Japanese Foreign Minister, when he visited Brussels during a European tour in December 1980. But the Japanese response at the most recent round of high level consultations in Tokyo on 26-28 January offered nothing new on imports from the EC; and on export restraint only vague references to moderation specifically on car exports to Germany and Benelux. The Commission's reaction has been to suggest that the EC should impose Community-wide surveillance licensing on cars, television sets and machine tools; that we should invite the Japanese to continue discussions on television sets and begin them on cars; that there should be a stocktaking by the Council in May and a high level meeting with the Japanese in June in good time before the Ottawa summit. The Germans and Danes are concerned this would be going too far; the French, Belgians and others think that it may not go far enough. It is important to avoid another wrangle in the Council. The Japanese would take great comfort from renewed dissension in the EC.

2. The Dutch are inclined to run away from trade problems. As Presidency they may need pressing to put the necessary effort into dialogue on Japan. They are however already under some pressure in Benelux from the Belgians who have recently begun to express

/anxiety



anxiety about a surge in imports of Japanese cars. They have not previously shown much concern because of their lack of large-scale car manufacturing capacity. But Citroen, like BL, have said they intend to close their assembly plant in Belgium. And Renault have threatened not to invest further in their Belgian operation unless action is taken on imports from Japan.

3. The Japanese share of the British market in 1980 was 11.9 per cent. This compares with a historic level of 9.5 - 11 per cent which we expect the Japanese manufacturers to keep to in accordance with their commitment to "market prudently". The SMMT are having a further meeting with JAMA in Lisbon on 3-4 February.

Imports of US Textiles and Chemicals: US Oil and Gas Price Controls

4. Acting on a proposal by the UK the December 1980 Foreign Affairs Council agreed that a new and stronger Community initiative was needed covering the whole range of problems and possible solutions. The Commission will be following this up in talks in Washington on 9/10 February. They intend to concentrate on three major points:

- (i) the need for rapid decontrol of natural gas prices (price controls on gasoline, propane and domestic crude oil, already scheduled to end in October, were in fact decontrolled by President Reagan on 28 January);
- (ii) the need for solution to the problems resulting from rising volumes of US textile exports;
- (iii) EC and US vulnerability in the context of negotiations on a successor to the Multi-Fibre Arrangement (MFA) to criticism from developing countries that their exports are tightly restrained while the Americans continue to increase sales.

5. The Dutch, like the UK, support the line the Commission propose to take. We think it important that at this early stage the EC should not rule out any of the possible remedies (e.g. reference to a GATT panel or even use of the MFA to try to negotiate restraints on US imports).
6. UK industry has protested about energy subsidies which Dutch still operate, mainly in horticultural sector. The Commission is pursuing the matter formally with the Dutch Government. This example shows that the Community's own record is not altogether spotless and can be used to illustrate point that EC needs to minimise opportunities for US to point to examples in Europe of artificially low energy prices.

New Zealand Butter

7. Agriculture Council on 18 December failed to agree, due to French intransigence, on satisfactory long term arrangements for access. Therefore agreed to roll-forward existing arrangements on pro-rata basis until next Agriculture Council (7,920 tonnes, i. e. one-twelfth of 1980 figure of 95,000 tonnes). Next meeting was to have been on 19/20 January but postponed until 9 February with further pro-rata roll-forward until then. Meeting now postponed again to 23-24 February with corresponding further extension of roll-forward.
8. UK position: Prepared to accept three year arrangement provided satisfactory provision for renewal, access for 95,000 tonnes in 1981 and firm figures of not less than 90,000 tonnes for next two years. This is essentially the current Commission proposal.

9. French position: Insist that cannot be settled before budget restructuring. Originally wanted agreement for one year only. Could reluctantly accept three years but with reduced quantities for 1982 and 1983 to be settled later, i.e. after Presidential elections.

10. Dutch position: Would like a settlement during their Presidency. Have proposed compromise of three-year arrangement with first year quantity of 95,000 tonnes to be carried over automatically into 1982 if no agreement on arrangements for 1982 and 1983. We could accept such a proposal only if the quantity for 1983 was no less than 90,000 tonnes or if the automaticity extended to two years. However, French have in any case rejected this compromise.

11. Further roll-forward essential until agreement reached on longer term arrangements. New Zealand has stocks for several months but we cannot accept a legal hiatus. French say previous roll-forward was without prejudice but refusal to agree to new roll-forward on same pro-rata basis would provoke major crisis in Community.

12. Possibility of a package deal was floated at the December Agriculture Council. This involves New Zealand butter, agricultural structures, sugar (on which we could accept settlement likely to be agreeable to French) and manufacturing beef (on which French and others are blocking agreement for a 60,000 tonne 1981 quota as proposed by the Commission). Dutch want to run the idea again at next Agriculture Council (16-17 February). This may be a way out of the present impasse. The manufacturing beef aspect is important to us, because failure to agree on suitable quotas will damage EC/Australian relationship, and Australians regard this as a test of the Community's good faith.

### Trade Policy: Protective Action

13. The Dutch tend to have qualms about protective action by the EC but do not oppose it in principle to the same extent as the FRG.

### Enlargement

14. Portuguese, who applied before Spain, still say they want to join by 1983. This is unrealistic. For practical reasons, it would be difficult for them to join before Spain. Mr Thorn said as much in reply to a European PQ on 20 January.

15. Like ourselves, the Dutch privately regard even 1984 as optimistic, but have no interest in saying so (nor do we). Obvious delay could have awkward political consequences in the applicant countries.

### Multi-Fibre Arrangement (MFA)

16. The rate of contraction of the UK textiles industry is accelerating. Some 100,000 jobs were lost in 1980 compared with 30,000 in 1979. The Prime Minister told an industry delegation in July 1980 that a tough successor to the present MFA would be needed.

17. There has been no discussion yet of the detailed negotiating position the EC will adopt. However the Community has already stated publicly its view that a successor arrangement will be needed. The majority of Member States are likely to favour a relatively restrictive line (though in the Benelux grouping the Dutch will probably leave it to the Belgians to take the lead). The Germans will be the main advocates of liberalisation with Danish support. Serious negotiations will probably get under way only in the autumn (i.e. during the UK Presidency).

/18.

18. The developing countries have attacked the present MFA as restrictive and discriminatory and have called for a gradual return to free trade. There is a prospect of a serious North/South confrontation.

Foreign and Commonwealth Office

5 February 1981

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

PMVG(81)(2)(vi)

COPY NO 43

30 January 1981

PRIME MINISTER'S VISIT TO THE HAGUE

6 FEBRUARY 1981

POLITICAL COOPERATION

Brief by Foreign and Commonwealth Office

Points to Make (if raised)

1. Wish to strengthen Europe's capacity for joint action in foreign affairs. Would like to see:
  - more genuine consultation - not merely advance warning of national policies already settled;
  - greater ability to react quickly in emergencies;
  - more thinking and planning ahead;
  - close consultations with friendly powers, especially the United States.
2. Development of Political Cooperation so far has been practical and cheap. This should continue: but further progress will require some underpinning, on Lord Carrington's suggestion of a small support staff for the Presidency composed of a handful of professional diplomats on loan from national governments. But this must not become another European bureaucracy.
3. (If raised) Welcome Genscher's emphasis on strengthening Political Cooperation, which will help Europe to make its proper influence felt in the world. Agree that Europe must be more than a series of internal arguments about an sheepmeat.

/Background

Background

1. Political Cooperation among the Member States of the European Community was established in 1970. It lies outside the framework of the Treaty of Rome and results from voluntary political commitments rather than treaty obligations. These commitments are set out in 2 documents known as the Luxembourg Report (1970) and the Copenhagen Report (1973), which were presented by Foreign Ministers to meetings of the European Heads of State and Government.
2. The machinery of Political Cooperation is separate from that of the Community. The Commission does not take part in Political Cooperation, except as an observer, and the Brussels machinery is not available to Political Cooperation. Instead Political Cooperation is administered by the country holding the Presidency, which hosts meetings, provides administrative back-up and acts as a secretariat for the Ten in drawing up agendas, drafting statements and answers for questions in the European Parliament, keeping other interested governments informed, etc.
3. This system has worked reasonably well so far, although it imposes a considerable burden on the country holding the Presidency. It is widely accepted, however, that cooperation among the Ten on foreign policy questions is approaching the limit of what is possible with the present administrative arrangements. At the same time both the demands and the opportunities are increasing. The activity of the European Parliament has grown markedly since direct elections. Enlargement will add to the difficulties both by making the task of achieving consensus harder, and by introducing countries who have no experience of the administrative work of the Presidency.

4. A second problem arising from the current arrangements is that a complete change in the staff administering Political Cooperation every 6 months can lead to inefficiency. A notable example of this was over the Soviet invasion of Afghanistan, when one of the reasons for the slow European reaction was that the invasion took place at the end of the Irish Presidency and before the Italians were properly organised.

5. (Not for use.) As European activity in foreign relations becomes more important, it is undesirable from the UK's point of view to leave the administration of foreign policy cooperation in the hands of a series of presidencies whose resources and experience of foreign affairs may be limited. The follow up to the Venice Declaration on the Middle East illustrates some of the problems.

6. If Van Aert raises Political Cooperation, it will probably be to seek the Prime Minister's reactions to Genscher's proposal (made in Stuttgart on 6 January) of a Treaty on European Union (text attached). Genscher's aim is to strengthen Political Cooperation and thus the common European approach to international affairs, and to give Europe a new political impetus. These objectives are welcome but a new Treaty is not necessary in order to achieve them.

7. An alternative approach is that put forward by Lord Carrington in Hamburg in November, when he suggested that it could be useful for the Presidency to have the assistance of a small staff (we have in mind 4 or 5) of experienced middle-rank diplomats seconded from national Foreign Ministries. (Not for use.) We have avoided commenting on where a secretariat might be located, or whether it would be peripatetic, moving around with the



Presidency. This, among other issues, will no doubt be covered in the report on ways of improving Political Cooperation which the 10 Political Directors have been asked to prepare.

8. Others in the Ten have reacted favourably. The UK's willingness to develop European foreign policy consultations is in notable contrast to the French Government's approach: Giscard's decision to meet Brezhnev in Warsaw last year and his recent proposal, announced on television, of a conference on Afghanistan were both made without consulting partners. In the same television interview Giscard said that if Political Cooperation were to be improved it should be to give greater weight to the "big four". (Not for use.) This may make sense, but it is tactless to say so in public and the Dutch, in particular, will be furious.

Foreign and Commonwealth Office

29 January 1981

CONFIDENTIAL

GRS 240

UNCLASSIFIED

FM BONN 071245Z JAN 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 14 OF 07 JANUARY

INFO IMMEDIATE RABAT (FOR PRIVATE SECRETARY) ROUTINE UKREP BRUSSELS  
EC POSTS AND WASHINGTON

GENSCHER'S SPEECH IN STUTTGART, 6 JANUARY: EUROPE.

1. GENSCHER SPOKE IN STUTTGART ON 6 JANUARY TO AN FDP MEETING.

FOLLOWING IS OUR TRANSLATION OF PASSAGE ON EUROPE.

BEGINS.

EUROPEANS SHOULD SEEK RESPONSES TO THE GREAT CHALLENGES OF OUR TIME NOT ONLY IN THE INCONTESTABLY IMPORTANT REFORM OF THE AGRICULTURAL MARKET, IN THE DISPUTE OVER MARKET REGULATIONS, OR IN THE CONFLICTS BETWEEN THE ORGANS OF THE COMMUNITY. A EUROPE WHICH SAW ITSELF ONLY IN THESE TERMS WOULD BE ON THE ROAD TO DECAY AND STAGNATION. IT WOULD BE ANNOUNCING ITS WITHDRAWAL FROM INTERNATIONAL POLITICS. EUROPE NEEDS A NEW POLITICAL IMPULSE. IT NEEDS A VISIBLE STEP IN THE DIRECTION OF EUROPEAN UNION. I ASK: IS IT NOT FINALLY TIME FOR A TREATY ON EUROPEAN UNION? IN ORDER TO DIRECT THE INTERWEAVING WHICH ALREADY EXISTS WITHIN THE EUROPEAN COMMUNITY AND BETWEEN THE 10 MEMBER STATES MORE FIRMLY TOWARDS THIS UNION: IN ORDER TO STRENGTHEN THE INTERNAL COHESION OF THE COMMUNITY SO THAT THE COMMUNITY IS PUT IN A POSITION, IN PSYCHOLOGICAL TERMS TOO, TO SOLVE THE DIFFICULT INTERNAL PROBLEMS ARISING IN 1981/82; IN ORDER TO STRENGTHEN THE BASES FOR COMMON FOREIGN POLICY ACTION AND THEREBY TO INCREASE THE WEIGHT OF THE COMMUNITY AS A PARTNER OF THE USA AND WITH THE USA IN INTERNATIONAL AFFAIRS. THE GOALS OF A EUROPEAN UNION MUST BE: THE DEVELOPMENT OF A COMMON EUROPEAN FOREIGN POLICY, THE EXTENSION OF THE COMMUNITY'S POLICIES IN ACCORDANCE WITH THE TREATIES OF PARIS AND ROME, COORDINATION (ABSTIMMUNG) IN THE FIELD OF SECURITY POLICY, CLOSER CO-OPERATION IN THE CULTURAL FIELD AND THE HARMONISATION OF LEGISLATION.

NONE OF THESE DEMANDS ARE NEW, THEY ARE TO BE FOUND IN MANY DOCUMENTS, BUT THE TIME IS RIPE TO TRANSFORM THEM INTO REALITY.

ENDS.

2. SEE MY 2 IFTS (NOT TO ALL).

WRIGHT

*FCO/WN/720922  
WED*

CONFIDENTIAL

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

PMVG(81)3

COPY NO 43

29 January 1981

PRIME MINISTER'S VISIT TO THE HAGUE  
6 FEBRUARY 1981

DEFENCE AND ARMS CONTROL

Brief by the Foreign and Commonwealth Office

POINTS TO MAKE

1. New US Administration offers opportunity to improve Alliance cohesion, but transatlantic relations will need careful handling.
2. Signs of less US emphasis on 3% increase in defence budget target. But illusion to suppose that less will be expected of Europeans. Vital that Europeans are regarded by US as serious partners if European views on defence/arms control not to be ignored.
3. Understand Dutch domestic difficulties on nuclear defence issues. Not alone in this. But convinced all Alliance Governments must give firm lead to public opinion. Hope Dutch Government can coordinate active and sustained public counter attack to bring home essential role of nuclear weapons in credible deterrence.
4. Such a campaign important in TNF context. Positive Dutch decision on TNF vital, to underline Alliance solidarity, to bring Russians to negotiate seriously, and to avoid major transatlantic friction on nuclear issues.

/BACKGROUND

BACKGROUND

5. The Netherlands defence budget is planned to rise by only 1.5% in 1981. The Government is also hampered by widespread pacifist (in particular anti-nuclear) attitudes across virtually the whole political spectrum.
6. The Dutch tend to focus attention on the difficulties which prevent improvements to their military effectiveness rather than find solutions to them. They thus risk reducing European credibility in the eyes of the new US Administration, thereby increasing the danger that the US will ignore European interests in the defence field.
7. The Dutch supported NATO's TNF modernisation/arms control decision of December 1979 but because of domestic problems deferred a decision on the basing of 48 GLCMs in the Netherlands until December 1981. The Embassy at The Hague have been reporting growing opposition not only to TNF basing in the Netherlands but also against the existing 6 Dutch nuclear tasks (the F104 aircraft, the NIKE surface to air missile, the nuclear depth charge, the Lance missile, the nuclear land mine, and the nuclear 8inch artillery gun).
8. Following the elections in May, a continuation of the existing Liberal-Christian Democrat coalition might be prepared to accept basing. But a Christian Democrat-Socialist Government (which is more likely) would almost certainly refuse. The personal positions of Van Agt and the Socialist leader, Den Uyl, are likely to be crucial.

/9.

9. The picture is not one of unrelieved gloom. There are signs of attempts, for example within the CDA, to counter the anti-nuclear lobby. However, this can only be done by an energetic and sustained Government-led campaign begun and carried through with Van Agt's sanction and support. The Dutch Foreign Minister told Lord Carrington in December that the time had come for a major public counter attack. However so far there has been little sign of a coherent Government campaign. The Embassy have recommended that the Prime Minister should touch on this with Van Agt, whilst showing understanding of the political problem which faces the Dutch Prime Minister with a divided party and strongly held anti-nuclear feelings amongst the electorate at large.

Foreign and Commonwealth Office

29 January 1981

PMVG(81)4

COPY NO 43

28 January 1981

PRIME MINISTER'S VISIT TO THE HAGUE

6 FEBRUARY 1981

EAST-WEST RELATIONS (INCLUDING  
AFGHANISTAN, POLAND, AND CHINA)

Brief by Foreign and Commonwealth Office

POINTS TO MAKE

1. Prospects for East-West relations uncertain (Polish crisis, Soviet Party Congress, new US Administration).  
Vital that alliance should appear united, and discourage any Soviet illusions about its cohesiveness.
2. Important to reassure Reagan Administration of Western Europe's willingness to play its full part, and pay its fair share, in the alliance. Reagan team more likely in consequence to listen to European point of view in management of East-West relations.
3. Russians still interested in detente because of its economic and political benefits (trade, credits, arms control agreements) but will not let this stand in way of more important national interests (eg Poland).
4. In Poland tension is increasing again. Neither Walesa nor Kania have assured control. Government has recently taken a harder line. Walesa and Church moderating forces, but more extreme voices seem to be gaining ground in

/Solidarity

Solidarity and Walesa obliged to approve a renewal of strike action.

5. Possible further sources of confrontation: censorship, new trade union law, rationing.

6. Party Congress (set for March/April) will be crucial test of leadership. Signs of a significant loss of central control would be very dangerous.

7. Russians retain capacity to intervene at short notice. No sign that invasion imminent, but Soviet patience must be wearing thin. We should continue to watch the situation closely while maintaining a restrained line. Considering list of contingency measures established by NATO Ministers in December. Look forward to further consultation on this soon.

8. Welcome Dutch participation in Polish bridging operation. Working to establish UK position on long term operation before next Paris meeting.

9. Recent developments indicate China is set on pragmatic course. Welcome this trend.

10. Sino-British relations excellent. Lord Carrington's visit this April will continue the dialogue.

(Defensive)

11. Dutch submarines for Taiwan: this question is one for China and the Netherlands.

(If pressed) It is our policy not to sell defence equipment to Taiwan.

[Afghanistan is covered in an addendum to this brief.]

/BACKGROUND

BACKGROUND

(Can be freely used except for paragraphs 9 and 10.)

1. Main current issues in Poland are the 5 day week and registration of rural Solidarity. Solidarity has imposed ban on Saturday working and engaged in programme of warning strikes. Walesa advised against strike action, but was overruled at national Solidarity meeting on 20 January. Subsequent talks with government have made little progress. Regime is stressing lack of room to compromise on issues affecting the economy.
2. New laws on censorship and trade unions still at draft stage and likely to prove controversial. Some evidence of a recent tightening up in censorship. Now three main groups of trade unions in Poland, and legislation to govern whole structure will be very difficult.
3. Party Congress threatens to highlight divisions in Party, and demands for purges, Party democracy and freer elections.
4. Soviet, GDR and Czechoslovak comment remains harsh, with attacks on Solidarity and dissidents by name.
5. Community food assistance under way, with British participation. A number of Community creditors have offered interim packages of credit and assistance with debt repayment to help tide Poles over first quarter of 1981. The next round of consultations in Paris on longer term assistance is due to begin in late February with a wider group of Western creditor governments.

/6.



6. Hua Guofeng has almost certainly fallen from power. Effective control of the Party, Army and Government has now passed to Vice Chairman Deng Xiaoping and his supporters. But the delay in confirming Hua's fall may indicate some continuing resistance to Deng. With the removal of Hua, Deng will have achieved a complete break with China's cultural revolutionary past and taken an important step towards assuring the continuation of his pragmatic policies after his death.

7. The Chinese leadership still face enormous problems: they must carry out a thorough purge of those in the Party whose loyalties to the present line are suspect; and they must resolve the country's serious economic difficulties through the implementation of tough (and potentially unpopular) policies.

8. Chairman Mao's widow, Jiang Qing, has been sentenced to death, with a two year stay of execution. One other member of the Gang received the same sentence while the other defendants received lesser sentences.

9. The Chinese have reacted very angrily to the Dutch decision to approve negotiations for the supply of submarines to Taiwan. They have introduced trade sanctions and asked for Sino-Dutch diplomatic relations to be down-graded to 'Chargé d'Affaires' level. Controversy still rages inside the Netherlands but it seems unlikely that the Dutch Government will reverse their decision.

/10.

10. The Chinese reaction to this is intended partly as a signal to the US. The Chinese have made it clear that any up-grading of the US/Taiwan relationship would have a serious effect on Sino-US relations.

11. The Madrid CSCE Conference resumed on 27 January. More than 80 new proposals have been tabled for discussion and negotiation before target closing date of 5 March. The most difficult area will be that of military security where, apart from the Alliance's CDE proposal and Warsaw Pact's CMDD, there are 3 other texts from neutral and non-aligned countries proposing different forms of conference.

12. Although it would be optimistic to expect real progress, the Community has agreed that it should work for a balanced outcome from the Madrid meeting which would involve agreement on Western proposals in the fields of human rights, contacts and information, as well as CDE. Also essential to have commitment to further Madrid type follow-up meeting. Realistically, Community accept that end result of Madrid may be on similar lines to that of Belgrade. [Afghanistan is covered in an addendum to this brief.]

Foreign and Commonwealth Office

28 January 1981

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

PMVG(81)4 ADDENDUM

COPY NO 43

30 January 1981

PRIME MINISTER'S VISIT TO THE HAGUE

6 February 1981

---

EAST-WEST RELATIONS (INCLUDING  
AFGHANISTAN, POLAND, AND CHINA)

Brief by Foreign and Commonwealth Office

POINTS TO MAKE (AFGHANISTAN)

1. West must stand firm on requirements for Soviet withdrawal and freedom for Afghans to decide on their own future.
2. We understand Pakistan's predicament. They are under considerable political and economic pressure, but appear to be standing firm on their refusal to reach any settlement which does not involve total withdrawal of Soviet troops.
3. They now have an endorsement from the Islamic Conference for their efforts to promote tripartite talks in the presence of a representative of the UN Secretary-General.
4. Likely Soviet response still uncertain.
5. The EC approach to Waldheim and the Islamic Conference via the Dutch permanent representative of the UN has been useful.
6. The French proposal. In view of the reactions so far, in particular from Pakistan, it seems doubtful whether the time is ripe for this particular approach.

BACKGROUND

1. The UNGA adopted on 20 November [111-22-12] a resolution on Afghanistan calling for the 'immediate withdrawal of foreign troops' and inviting the UN Secretary-General to appoint a Special Representative 'with a view to promoting a political solution'.
2. In early January the Pakistani Foreign Secretary, Agha Shahi, wrote to the Secretary-General proposing that he should appoint a Special Representative in order to promote tripartite discussions between Pakistan, Iran and the People's Democratic Party of Afghanistan. This followed a misleading indication by the Russians that talks on these terms would be acceptable to the Karmal regime. The Afghans have not responded, and it is uncertain whether the Pakistan initiative will now lead to any discussion.
3. The Netherlands have recently made a demarche to Waldheim and the Secretary-General of the Islamic Conference on behalf of the Ten, re-affirming the EC's position on Afghanistan, in particular the Community's insistence that Soviet withdrawal should be the starting point of any settlement.
4. The timing, and perhaps the substance of President Giscard's call on 27 January for a conference on Afghanistan appear to have been dictated by various political considerations. The Pakistanis regard the initiative as unhelpful. The Russian reaction seems unlikely to be favourable.

**CONFIDENTIAL**

5. Fighting is continuing in nearly every province of Afghanistan. Despite offensive operations by the 85,000 Soviet troops, the resistance continue to cause significant casualties to the Russians, and damage to helicopter gunships and other equipment.

Foreign and Commonwealth Office

30 January 1981

**CONFIDENTIAL**

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

PMVG(81) 5

COPY NO 43

30 January 1981

PRIME MINISTER'S VISIT TO THE HAGUE

6 FEBRUARY 1981

---

SOUTHERN AFRICA

Brief by Foreign and Commonwealth Office

POINTS TO MAKE

SOUTH AFRICA/REFORM

1. Pace of reform too slow but important to acknowledge changes as steps in right direction to bolster P W Botha against his right wing opposition.

NAMIBIA

2. Outcome of Geneva meeting very disappointing and caused by unwillingness of South Africa and internal parties to risk UN-supervised elections.

3. Uncertain whether or when negotiations will be resumed. Our goal still a peaceful solution in accordance with the UN plan. We hope to maintain co-operation with the Front Line States. Our first priority is to seek the support of the new US administration for continued efforts to reach settlement. Too early to say how they will respond.

SANCTIONS

4. All should consider before pressing for action whether either sanctions or a likely US veto would help over Namibia. Most likely sanctions would kill negotiations and a veto lose potential US influence. Sanctions very costly to the West if South Africa cut off raw material supplies. Would ruin South Africa's black neighbours.

5. [If raised] UK opposed to oil embargo against South Africa. UK companies sell North Sea Oil to traditional markets in European Community and International Energy Agency. They supply non-embargoed crude by swap arrangements to South Africa.

ZIMBABWE

6. Mugabe needs to show his people that pro-Western policies are producing tangible results. If Western aid is not forthcoming, he may turn elsewhere.

7. Welcome Dutch aid to Zimbabwe so far. Hope Dutch will attend Donors Conference in March and pledge more.

BACKGROUND

SOUTH AFRICA/REFORM

1. [May be drawn on freely] Nothing in current reform programme to include blacks in central government. Proposals to confirm residence rights for some urban blacks also tighten controls on movement into towns: bad reception from black community. Separate political development for homelands continues with view to confederation of states linked by economic policies and some common citizenship.
2. Still serious tensions within the National Party: these may well come to a head if, as seems likely, the President's Council recommends one parliament for all non-blacks, ie including coloureds. General Election called for 29 April: may resolve split and affect NAMIBIA [May be drawn on freely] Namibia/reform.
3. South Africa and the internal parties went to Geneva with no intention of negotiating to remove their professed concerns. They <sup>come near</sup> have / in effect but not yet in terms, withdrawn their agreement to negotiate a settlement.
4. General Haig accepts the need for an internationally recognised settlement and the Assistant Secretary for Africa, Mr Crocker, is aware that to follow the pro-South African line which some Republicans would like, would damage US interests and enhance Soviet influence. They will take some time to sort out policy; meanwhile, efforts by the Five are in abeyance. The US will consult widely.
5. Common position of the Ten in the Guidance for the Press agreed by Foreign Ministers on 20 January (see attached telegram).



SANCTIONS

6. Possible African timetable (not yet firm)

- 1) Preliminary meeting of Security Council early in February about Namibia.
- 2) Discussion of measures against South Africa at Non-Aligned Foreign Ministers Meeting, New Delhi, 9-12 February and OAU Council of Ministers, 23 February to 1 March.
- 3) Tabling of resolutions in the Security Council early March.

The Africans do not want to give the new US administration reason to veto simply on the grounds that they have not had enough time to consider Southern African policy.

7. The OAU Liberation Committee has called for sanctions but privately the African states which stand to lose most (Angola, Mozambique and Botswana) have all said that they would prefer to resume the negotiations in some form rather than adopt sanctions.

SANCTIONS: THE DUTCH ANGLE

8. Sanctions against South Africa (especially an oil embargo) are a hot political issue in the Netherlands. The Netherlands parliamentary opposition and pressure groups are pressing the Netherlands government to impose oil embargo against South Africa. The Government narrowly survived a no-confidence vote in June 1980 for failure to comply with a Parliamentary majority resolution to impose a unilateral oil embargo. The Nine and the Netherlands' Nordic Partners refused to join in an oil embargo and the Dutch

government will put to its parliament later this month a package of alternative measures. This is likely to include the imposition of visa requirements, a ban on new investment in South Africa and economic assistance to neighbouring states to reduce their dependence on South Africa.

9. The Netherlands is less exposed than the UK, in the event of economic sanctions against South Africa, both in terms of dependence on imported raw materials and economic interests. But the West has a common interest in avoiding sanctions.

**UK AND NETHERLANDS DEPENDENCE ON SOUTH AFRICA FOR RAW MATERIALS (1978)**

<u>Commodity</u>	<u>UK</u>	<u>Netherlands</u>
Antimony	76%	20%
Chromium	63%	63%
Manganese	46%	43%
Platinum Group	70%	69%
Vanadium	41%	94%

**INVESTMENTS IN SOUTH AFRICA (1978)**

		£ Million
<u>UK</u>	<u>Netherlands</u>	
4117	185	

**TRADE WITH SOUTH AFRICA (1979)**

	<u>EXPORTS</u>	<u>IMPORTS</u>
UK	713	533
Netherlands	99	116.

[Source OECD Statistics on Foreign Trade]

ZIMBABWE

10. The Dutch have so far offered £5 million for immediate reconstruction and refugees. Given their domestic and parliamentary interest in Southern Africa, there are fair prospects for persuading them to pledge more at the Aid Donors Conference in Salisbury in March.

Foreign and Commonwealth Office  
28 January 1981

GRS 300

RESTRICTED

DESKEY 201700Z

FM UKREP BRUSSELS 201555Z JAN 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 158 OF 20 JANUARY

INFO IMMEDIATE UKMIS NEW YORK PRETORIA ROUTINE BRUSSELS  
COPENHAAGEN THE HAGUE ROME DUBLIN PARIS BONN LUXEMBOURGEUROPEAN POLITICAL COOPERATION MINISTERIAL MEETING, BRUSSELS,  
20 JANUARY

NAMIBIA

1. THE FOLLOWING GUIDELINES FOR THE PRESS TO BE USED BY THE  
PRESIDENCY WERE AGREED.

QUOTE

THE TEN MEMBER COUNTRIES OF THE EUROPEAN COMMUNITY DEEPLY REGRET THAT, IN SPITE OF UNRELENTING AND SERIOUS EFFORTS TO REACH A PEACEFUL SOLUTION TO ONE OF THE MAJOR PROBLEMS IN SOUTHERN AFRICA, AND BECAUSE SOUTH AFRICA FAILED TO SEIZE THE OPPORTUNITY OFFERED BY THE RECENT MEETING IN GENEVA ON NAMIBIA, IT HAS NOT BEEN POSSIBLE TO AGREE ON A DATE FOR THE IMPLEMENTATION OF RESOLUTION 435 OF THE SECURITY COUNCIL.

THEY TOOK NOTE, HOWEVER, OF THE ENCOURAGING WORDS OF THE ACTING CHAIRMAN, UNDER-SECRETARY-GENERAL OF THE U.N. URQUHART, THAT DURING THE MEETING USEFUL DISCUSSIONS TOOK PLACE, VALUABLE CONTACTS WERE MADE AND THAT CONSEQUENTLY THE MEETING WAS ONLY ADJOURNED.

THEY THEREFORE THINK IT IS ESSENTIAL THAT UNDER THE PRESENT CIRCUMSTANCES NO ACTIONS WILL BE TAKEN WHICH MIGHT DETERIORATE THE PRESENT SITUATION OR PREJUDICE A SOLUTION IN CONFORMITY WITH RESOLUTION 435 ACCEPTED BY ALL PARTIES.

/THE

CONFIDENTIAL

THE TEN MEMBER COUNTRIES OF THE EUROPEAN COMMUNITY URGE THE PARTIES CONCERNED TO EXAMINE ALL POSSIBILITIES WHICH MAY BE CONDUCTIVE TO AN EARLY AGREEMENT. THEY CONTINUE TO SUPPORT THE SECRETARY-GENERAL OF THE U.N. IN HIS EFFORTS TO FIND AN INTERNATIONALLY ACCEPTABLE SOLUTION TO THE NAMIBIAN PROBLEM. THEY EXPRESS THEIR SATISFACTION AT THE EFFORTS MADE BY THE WESTERN FIVE IN THIS MATTER AND HOPE THAT THE COUNTRIES WHICH DID SO IN THE PAST, WILL CONTINUE TO OFFER THEIR GOOD OFFICES TO THE SECRETARY-GENERAL.

UNQUOTE

FCO ADVANCE TO:

FCO - PS PS/LPS PS/PUS HD SAFD HD UND COOPER ECDE NEWSDEPT

BUTLER

[COPIES SENT TO NO 10 DOWNING STREET]

NAMIBIA STANDARD  
S AF D  
OADS  
UND  
NAD  
ECD  
EED  
CABINET OFFICE

ADVANCED AS REQUESTED

2

CONFIDENTIAL

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

PMVG(81)6

COPY NO 43

27 January 1981

PRIME MINISTER'S VISIT TO THE HAGUE

6 FEBRUARY 1981

---

SOUTH-EAST ASIA

Brief by Foreign and Commonwealth Office

BACKGROUND

Cambodia

1. There are no signs of any break in the deadlock over Cambodia. Despite severe and increasing economic difficulties, Vietnam shows no willingness to withdraw her 200,000 troops from that country; nor do those troops seem likely, during the remaining 4 months of the dry season, to make much military progress in eliminating the Chinese backed and Thai tolerated Khmer Rouge, who may at last be showing some ability to exert significant pressure in some parts of the country. The ASEAN countries are exploring the formation of any alternative, and more acceptable resistance leadership, but the Khmer Rouge still remain by far the largest and most effective resistance group.

2. The Vietnamese have flatly refused to attend the international Conference on Cambodia called for in the UNGA resolution of 22 October 1980, on which Vietnam and the Soviet bloc were isolated (97-23-22). ASEAN are now pressing Mr Waldheim to call the Conference not later than May, in the hope at the least of demonstrating that it is Vietnamese intransigence that is preventing a settlement. They have asked their friends to reinforce their representations to the Secretary-General. The Japanese have already done so; the Ten are about to.

3. The 'humanitarian' situation in Cambodia has improved markedly as a result of international relief aid and the agencies are scaling down activities. Deliveries of food aid have ceased, and stocks should last until close to the next major harvest in November.

East Timor

4. Indonesia invaded East Timor in December 1975 after the withdrawal of the Portuguese colonial authorities had precipitated a civil war in which the left-wing FRETILIN party was soon dominant. Fighting continued until 1978, but FRETILIN resistance is now fragmentary. Although the Indonesians were slow to recognise the consequent humanitarian problems, the Red Cross has worked effectively in the territory since 1979.

5. An 'act of self-determination' was conducted by the Indonesians in 1976 before they incorporated East Timor. HMG do not accept its validity. In 1975 and 1976 Britain supported UN Security Council resolutions calling for self-determination and Indonesian withdrawal. With our EC partners we have abstained on subsequent General Assembly resolutions (to maintain our good relations with Indonesia), but there are now some signs that, with the help of the Dutch as intermediaries, the Portuguese are bracing themselves to tackle the problem bilaterally with the Indonesians.

Foreign and Commonwealth Office

27 January 1981



**CONFIDENTIAL**

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

PMVG(81)7

COPY NO. 43

28 January 1981

PRIME MINISTER'S VISIT TO THE HAGUE

6 FEBRUARY 1981

MIDDLE EAST (INCLUDING ARAB/ISRAEL AND IRAN/IRAQ)

Brief by Foreign and Commonwealth Office

Points to make

ARAB/ISRAEL

1. Pleased that Dutch in the chair. Importance of maintaining momentum of European efforts. 1981 a year of opportunity (new government in USA and probably also in Israel). Vital that efforts be directed at main parties, especially Palestinians. Need both to explore practical issues and to press for mutual acceptance of rights. Look forward to working closely together in lead up to UK Presidency.
2. US position no clearer. Must seize opportunities to encourage US understanding of European position and to promote complementarity of efforts.
3. Anxious to ensure Ten fully prepared to deal with implications of PLO Presidency at summer meeting of the Euro-Arab Dialogue. Occasion should be used to put political pressure on Arab side.

IRAN/IRAQ AND THE GULF

Iran/Iraq war

4. Little prospects for early end to war. Attempts at mediation by Islamic Conference and NAM so far unsuccessful - their credentials may be tainted. Olaf Palme's role as peacemaker

/stands

stands better chance of success. But early breakthrough unlikely while both sides maintain their present uncompromising position. Little scope at present for EC to play a role. We should continue to support Olaf Palme's efforts.

Straits of Hormuz

5. Both sides recognise freedom of navigation through the Straits of Hormuz. Reassuring. Danger of conflict spreading has receded. No immediate danger. Seems prudent to consider all eventualities. Intend to continue naval presence.

Gulf Co-operation

6. Kuwait is promoting co-operation among small Gulf states and Saudi Arabia (economic, information, internal security, etc). No overt military co-operation, in order not to provoke Iran. But Gulf ministers have confirmed to us that a common defence interest underlies all the discussions. Kuwait has skilfully managed to gain the Iraqis' approval while effectively keeping them out.

Brezhnev's Proposals

7. Gulf reaction not favourable. They realize that with Soviet forces in Afghanistan and Soviet presence in Aden, talk of keeping external powers away from the Gulf is hypocritical.

IRAN: BRITISH DETAINEES

Relations with Iran

8. Release of four Britons (three missionaries and a businessman) would open way to normal relations with Iran which we now want. We (and Swedes) continuing to work for speedy solution.

EC support

9. Grateful for forthright EC support over four detainees in Foreign Ministers' statement of 20 January on American hostages. Would welcome any other support EC states can give. Would be particularly helpful for Presidency to consider urgent joint EC demarche on our behalf with Iranian Prime Minister to urge speedy resolution of the problem.

Background

## ARAB/ISRAEL

1. Copies of the Venice Declaration and Luxembourg European Council statement are attached. Mr Van der Klaauw is due to start visiting the parties soon. His mandate, approved by Foreign Ministers on 20 January, involves visits to a wide range of Arab countries as well as Israel, the US, the PLO and the Palestinians in the occupied territories. His task is to try out some of the ideas contained in the Luxembourg report and urge mutual acceptance of rights as a preliminary to meaningful negotiations. The Dutch have promised an interim report for the European Council on 23-24 March.
2. The Dutch will carry out this task conscientiously, but we are not entirely happy with their plans. They look closer to the superficial Thorn mission than to the process of continuous and detailed discussion with the main parties which we would prefer. The Arabs will not understand if a lot of attention appears to be given to peripheral countries in the Gulf and North Africa. We hope Mr Van der Klaauw will use his time and energies on consulting the main parties on the important issues.
3. In any event, many of the Arabs seem to be expecting more from the British Presidency and to see recent visits by British ministers to the area as laying the groundwork for a major initiative. The Dutch may be sensitive about this. Israeli elections in July, when US policy may also be taking shape, make the UK Presidency look well-timed, but we are discouraging exaggerated expectations.
4. There is little new to say about US views so far. President Reagan and Mr Haig have (wisely) said very little, although the President has made clear his interest in Jordan and his distaste for the PLO. The new Administration are likely to take their time in order to educate themselves before launching off in any new direction. They will meanwhile continue with Camp David in low key.

/EURO-ARAB DIALOGUE

EURO-ARAB DIALOGUE

5. A meeting of an as yet unspecified number of Foreign Ministers of the Arab League and the European Community is planned for June or July this year. The Dutch are not keen to hold it in The Hague, and the Arabs prefer London. We hold the Presidency as from 1 July, and the PLO will be President of the League. We have a strong interest in the organisation of the meeting. We are determined it should be put to constructive use and have proposed to our EC partners that in exchange for the increased status the PLO will derive from the occasion, we should seek an Arab commitment to a statement on the lines of the Venice Declaration. The EC are currently considering the UK proposal.

IRAN/IRAQ

General

6. Now developed into war of attrition. Prospects for early end to fighting are bleak. Iraq, having achieved its objectives, may be ready to negotiate. But clergy in Iran not interested. They want complete withdrawal of Iraqi troops and downfall of Saddam Hussein. Bani Sadr may be prepared to be more pragmatic and realistic but he also wants to see Saddam Hussein topple. Situation within Iran further complicated by power struggle between clergy and Bani Sadr. No point of real authority. Saddam Hussein cannot back down without putting his own position in jeopardy.

Attempts at Mediation

7. Islamic Council and NAM unlikely to meet with success as mediator credentials now probably tainted. Olaf Palme made some progress on first visit to area. Differences between two at present too wide. Returned to area on 14 January for fresh round of talks. Does not believe early breakthrough likely, although he has laid the basis of what may emerge as framework for further talks leading to negotiations.

/Freedom of

Freedom of Navigation

8. The Royal Navy maintain a patrol in the area and will continue to do so so long as there remains a danger - currently considerably reduced - that Iran may seek to escalate the war by making threatening moves which would endanger free movement through the Straits. Two warships, HMS BIRMINGHAM and HMS AVENGER, and two support vessels are there at present. They will be rotated with other RN ships in the Indian Ocean.

Gulf Co-operation

9. The Kuwaiti Foreign Minister recently toured the Gulf with proposals for co-operation. Various Gulf Ministers have confirmed to Mr Hurd that military and political co-operation has been discussed, most recently in the margins of the Islamic Conference. As yet, we know no more than the outlines of the Kuwaiti proposals, but it seems likely that one motive of the Kuwaitis will be to demonstrate to the West that they would not welcome over-insistent offers of Western military help.

The Brezhnev Proposals

10. When in India in December, President Brezhnev proposed that all interested states should agree to have no foreign military bases in the Gulf area, no weapons of mass destruction, no threats to normal trade or Gulf sea lanes, no use or threat of forces against Gulf countries, respect for their non-alignment and non-interference in their internal affairs. The proposals deliberately mentioned only the Gulf itself, in view of the Russian presence elsewhere in the region. The Russians have made little attempt to follow up the proposals through diplomatic channels. In the Arabian Peninsula, they will be hampered by the absence of diplomatic relations with all states except Kuwait and by the strong hostility to their presence in Afghanistan. However, a Russian MFA official is reported recently to have visited Kuwait.

/IRAN:

## IRAN: BRITISH DETAINEES

EC Assistance

11. Statement of EC Foreign Ministers on release of US hostages, following Foreign Affairs Council on 20 January, called on Iran to accelerate release of four Britons still detained in Iran 'and against whom it is understood no charges are to be brought'. Apart from collective action over sanctions etc, EC Ambassadors in Tehran made a number of joint demarches during 1979-81 on the US hostages.

Foreign and Commonwealth Office  
28 January 1981

**EUROPEAN COUNCIL DECLARATION ON THE MIDDLE EAST**

1. The Heads of State and Government and the Ministers of Foreign Affairs held a comprehensive exchange of views on all aspects of the present situation in the Middle East, including the state of negotiations resulting from the agreements signed between Egypt and Israel in March 1979. They agreed that growing tensions affecting this region constitute a serious danger and render a comprehensive solution to the Israeli-Arab conflict more necessary and pressing than ever.
2. The Nine Member States of the European Community consider that the traditional ties and common interests which link Europe to the Middle East oblige them to play a special role and now require them to work in a more concrete way towards peace.
3. In this regard, the Nine countries of the Community base themselves on Security Council Resolutions 242 and 338 and the positions which they have expressed on several occasions, notably in their declarations of 29 June 1977, 19 September 1978, 26 March and 18 June 1979, as well as in the speech made on their behalf on 25 September 1979 by the Irish Minister of Foreign Affairs at the 34th United Nations General Assembly.
4. On the bases thus set out, the time has come to promote the recognition and implementation of the two principles universally accepted by the international community: the right to existence and to security of all the states in the region, including Israel, and justice for all the peoples, which implies the recognition of the legitimate rights of the Palestinian people.
5. All of the countries in the area are entitled to live in peace within secure, recognised and guaranteed borders. The necessary guarantees for a peace settlement should be provided by the UN by a decision of the Security Council and, if necessary, on the basis of other mutually agreed procedures. The Nine declare that they are prepared to participate within the framework of a comprehensive settlement in a system of concrete and binding international guarantees, including on the ground.
6. A just solution must finally be found to the Palestinian problem, which is not simply one of refugees. The Palestinian people, which is conscious of existing as such, must be placed in a position, by an appropriate process defined within the framework

of the comprehensive peace settlement, to exercise fully its right to self-determination.

7. The achievement of these objectives requires the involvement and support of all the parties concerned in the peace settlement which the Nine are endeavouring to promote in keeping with the principles formulated in the declaration referred to above. These principles must be respected by all the parties concerned, and thus by the Palestinian people, and by the PLO, which will have to be associated with negotiations.

8. The Nine recognise the special importance of the role played by the question of Jerusalem, for all the parties concerned. The Nine stress that they will not accept any unilateral initiative designed to change the status of Jerusalem and that any agreement on the city's status should guarantee freedom of access for everyone to the Holy Places.

9. The Nine stress the need for Israel to put an end to the territorial occupation which it has maintained since the conflict of 1967, as it has done for part of Sinai. They are deeply convinced that the Israeli settlements constitute a serious obstacle to the peace process in the Middle East. The Nine consider that these settlements, as well as modifications in population and property in the occupied Arab territories, are illegal under international law.

10. Concerned as they are to put an end to violence, the Nine consider that the renunciation of force or the threatened use of force by all the parties can create a climate of confidence in the area, and constitute a basic element for a comprehensive settlement of the conflict in the Middle East.

11. The Nine have decided to make the necessary contacts with all the parties concerned. The objective of these contacts would be to ascertain the position of the various parties with respect to the principles set out in this declaration and in the light of the results of this consultation process to determine the form which an initiative on their part could take.

VENICE, 13 JUNE 1980



EUROPEAN COUNCIL STATEMENT ON THE MIDDLE EAST, LUXEMBOURG 2 December 1980

The European Council reviewed the action taken by the Nine since the adoption of the Venice declaration on the Middle East.

The Council heard the report of M. Thorn on the mission which he carried out on behalf of the Nine in accordance with paragraph 11 of the Venice declaration. It noted that this mission had made clear the great interest aroused by the position taken up by Europe and that in this respect it had been a success.

The results of the mission confirm that the principles of the Venice declaration incorporate the essential elements for a comprehensive, just and lasting settlement to be negotiated by the parties concerned. They reinforce the Nine's determination to contribute to the search for such a settlement.

In this spirit the European Council approved the decision of the Ministers of Foreign Affairs to undertake consideration of the matter with the aim of clarifying and giving substance to the Venice Principles. This consideration has resulted in the drafting of a report on the principal problems relating to a comprehensive settlement under the following headings: withdrawal, self-determination, security in the Middle East, Jerusalem.

The report emphasises that the measures envisaged under these four headings should form a coherent whole and should therefore be coordinated carefully.

The European Council was in agreement on this approach.

It noted that different formulas were possible to give substance to some of the Venice principles, in particular on the duration of the transitional period leading up the electoral procedure for self-determination, the definition of the provisional authority for the vacated territories, the conditions and modalities for self-determination, the guarantees of security, and Jerusalem.

With a view to a more thorough exploration of these formulas and with the determination to encourage a climate more favourable to negotiations, the European Council considered it necessary that new contacts be established with the parties concerned in parallel

with continued internal consideration.

The European Council accordingly instructed the Presidency-in-office to undertake these contacts in consultation with the Ministers for Foreign Affairs.

The Council also asked the Ministers to continue their discussions with due regard for developments in the situation and to report back to the Council.

The European Council laid down this programme of action in order to provide a coherent base designed to bring the parties concerned closer together.

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

PMVG(81)8

COPY NO 42

30 January 1981

PRIME MINISTER'S VISIT TO THE HAGUE  
6 FEBRUARY 1981

---

CHAD

Brief by Foreign and Commonwealth Office

BACKGROUND

1. A transitional government (GUNT) under President Goukouni Weddeye was set up in Chad following the OAU Lagos Agreement of August 1979. Rebellion by ex-Defence Minister Hissein Habré (amongst others) in March 1980 led to the outbreak of civil war. French troops in Chad withdrew in May 1980 at Goukouni's request. In June 1980 Goukouni signed a 'Friendship' (ie Defence) Treaty with Libya.
2. From early December 1980, Goukouni's forces, with the aid of Libyan troops (3000-4000), aircraft and armour, stepped up the fighting in an attempt to cut off Habré's supply lines from the east of the country (Egyptian arms supplied overland through Sudan). Ndjamena fell on 15 December.
3. Following various unsuccessful OAU mediation attempts, a ceasefire agreement had been signed in Lomé on 28 November by Goukouni and the OAU mediating states but Habré refused to sign. However, he subsequently did so in Yaoundé following the fall of Ndjamena but vowed to continue the struggle against Goukouni.

4. A further OAU peace conference was held in Lagos on 23 December. Goukouni and Libyan representatives attended on condition that Habré was excluded. The communiqué, which was signed by a minority of participants, urged that no foreign troops be stationed in Chad except under the auspices of the OAU, but avoided any mention of the Libyan presence. There was no mention of an OAU peacekeeping force, which had previously been a central feature of OAU proposals on Chad. Elections by the end of January 1982 were proposed with an OAU monitoring force.

5. Goukouni visited Tripoli from 4-6 January and the friendship treaty of June 1980 was ratified. The communiqué of 6 January stated that Libya and Chad had decided to open their common frontier and would 'work for the realisation of complete unity between the two countries'. It also stated that the Libyans 'would' send troops to Chad to help maintain security and rebuild the Chadian army. (Libya had hitherto maintained that it had only 'advisers' in Chad.)

6. Most West, Central and North African countries had now become seriously concerned about Libyan activities in Chad. France reinforced its garrison in the Central African Republic and may be seeking to send troops to uranium-rich Niger. Lord Carrington issued a press statement on Chad on 11 January in Cairo condemning recent external intervention in Chad as a threat to the stability of the region.

7. The OAU called another meeting in Lomé on 13 and 14 January. The communiqué:

/(a)

**CONFIDENTIAL**

- (a) condemned the Tripoli communiqué as contrary to the 1979 Lagos Agreement, and therefore null and void;
  - (b) called on Libya to withdraw its troops (this was bracketed with 'other powers with troops and military advisers in Chad', presumably a veiled reference to France);
  - (c) called on OAU members to refuse the use of their territory to non-African powers as bases for attacks on Chad (presumably aimed at the Central African Republic (CAR), France and Sudan);
  - (d) decided to send an OAU peacekeeping force (drawn from Togo, Benin, Guinea and Congo) to Chad as soon as possible;
  - (e) gave the OAU a mandate to arrange free and fair elections by the end of April 1981 and warned that elections organised in any other way will not be valid.
8. A further OAU meeting in Freetown on 21 January attended by a UN representative to discuss implementation of the Lomé communiqué was postponed until early February.
9. Qadhafi condemned Lomé communiqué, threatened to cut off aid to OAU members, expose African Heads of State in Libyan pay, and called for withdrawal of French troops from Africa. Libyan Foreign Minister has said proposed union 'will' be implemented after a referendum in Chad.
10. France has made it clear that she is not intending to take military action; her troop movements are intended to reassure her friends in the area.

Foreign and Commonwealth Office

30 January 1981

**CONFIDENTIAL**

3 February 1981

PRIME MINISTER'S VISIT TO THE HAGUE  
6 FEBRUARY 1981

## RELATIONS BETWEEN DEVELOPED AND DEVELOPING COUNTRIES

Foreign and Commonwealth Office

## POINTS TO MAKE

1. We recognise that the Community has a political, and economic, interest in co-operating with the Third World.
2. Preparations for the Global Negotiations are in suspense. If they are resumed, we shall want them to lead to the right procedures and the right agenda. We see no advantage in the Community pressing for the resumption of preparations until the attitude of the new US Administration towards the Global Negotiations is known.
3. If they restart we want measures which would be of benefit to all participating groups of countries. Anything which the OPEC countries could offer about the price and supply of oil would be useful.
4. We favour early work by the Community and OECD on the substance of the issues.
5. (If necessary) We are as determined as ever to protect the integrity of the Specialised Agencies (especially the IMF). It would be constitutionally wrong for a United Nations Conference to legislate for the Specialised Agencies. It would also be damaging to their efficiency and credibility (eg with the private banking system).

6. (If necessary) We are not prepared to rely entirely on consensus to protect vital interests. Hence our insistence that the procedures for the Global Negotiations should be right from the start.
7. Attitude of new US Administration will be crucial. They face same budgetary problems as UK did two years ago. Understandable if they have to cut back aid expenditure. Don't wish to pressurise them (though UK joined in Community approach to US over IDA). Other countries cannot be expected to fill the gap.
8. We are not sure that the proposed Summit meeting in Mexico City will lead to anything useful. We do not yet know whether President Reagan will agree to participate. We expect to be invited and will accept our invitation. We do not belong to the group of co-sponsors and will not press to join it. We do not favour a close link between the Summit and the Global Negotiations.
9. (If asked whether we would go if President Reagan refused an invitation). That would create a new situation, which I should have to discuss with other Western leaders concerned.
10. (If necessary). We are certainly not against Dutch participation in the Summit. Mr de Koning asked us to press the French to keep an open mind on this issue when he visited London in December. We have done this. The Dutch have no doubt been in direct contact with the French and the Germans among the co-sponsors.

BACKGROUND

11. Pro-Third World sentiment is very strong in the Netherlands and the Dutch government has consistently sought to show itself responsive to developing country demands. This occasionally brings the Dutch into conflict with others within the Community, notably the Germans and ourselves. They will hope to use their Presidency to push the Community in the direction of 'progressive' policies towards the Third World. They are likely to press the Prime Minister to work for their inclusion in the North/South Summit.

12. At its resumed session in January 1981 the 35th General Assembly mandated its President, Ambassador von Wechmar of West Germany, to continue informal consultations with a view to achieving a generally acceptable basis for launching the Global Negotiations. There is, however, general agreement that little progress will be possible until the new US Administration has taken a view. It is possible that President Reagan will take a harder line than his predecessor, in which case the Global Negotiations might well never take place. This outcome, although not acceptable in itself, could damage British interests if we appeared to be associated with the failure. The Dutch would regard such an outcome as a very serious setback and will do their best to prevent it.

13. The reported US cutback on aid has apparently not yet been agreed. It would involve big reductions in contributions to international organisations. McNamara asked US and /to make representations to the others the US authorities to avoid a cutback. HMG declined to do so; but did not stand out against a Community message (sent in the name of the Dutch Presidency). We did so to avoid a split in the Community position, but without enthusiasm. Japan, Canada and the Scandinavians have also made representations.

14. The limited North/South Summit in Mexico in June will be influenced by the outcome of the preparations for the Global Negotiations. We are anxious that Algerian pressure for the establishment of a close link between the Global Negotiations and the Summit should be resisted (a view which has some support amongst even the developing country co-sponsors of the Summit). Our preference is for an informal and relatively unstructured meeting.

15. A meeting of co-sponsors in Vienna on 13 March will decide on participation and arrangements for the Summit meeting. (The provisional invitation list is at Annex A.) The Japanese are pressing for admission



to the co-sponsors group. We have decided not to emulate them.

16. (Not for use) The Netherlands, Malaysia, Indonesia, Jamaica, Australia and Italy are lobbying hard for invitations. We understand (from the Canadians) that Italy and Australia might be invited, but that prospects for the Netherlands are slim.

17. (Not for use) The questions involved in participation have not yet been formally discussed in the Community. When they are, the Commission may also press for inclusion. Our real preference is to limit Community participation to Germany, France and the US (and possibly Italy). But it is tactically desirable to stress that we can accept any Community consensus, leaving the French and Germans as co-sponsors to pursue the matter.

18. Mr de Koning, The Dutch Minister for Development Co-operation invited Mr Hurd in December to support Dutch attendance. He said that Germany was pressing for Dutch inclusion, but that France had apparently failed to honour an undertaking to apply similar pressure. Mr Hurd replied that we would urge the French to be open-minded, and we have subsequently done this.

Foreign and Commonwealth Office  
29 January 1981

NORTH/SOUTH SUMMIT: PARTICIPANTSA. Basic ListDeveloped Countries

United States

Japan

West Germany\*

France\*

UK

Canada\*

Sweden\*

Austria\*

Developing CountriesLatin America:

Mexico\*

Brazil

Venezuela

Guyana

Africa:

Algeria\*

Nigeria\*

Ivory Coast

Tanzania\*

Saudi Arabia

India\*

Bangladesh

Philippines

Yugoslavia\*

Asia:

\* Co-sponsors

B. Possibles

USSR

Romania

China

Australia

A Portugese-speaking African,  
eg. Angola

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT.

PMVG (81)10

COPY NO: 43

28 January 1981

PRIME MINISTER'S VISIT TO THE HAGUE  
6 FEBRUARY 1981  
-----

NEW US ADMINISTRATION

Brief by Foreign and Commonwealth Office

POINTS TO MAKE

- Look forward to my visit to the United States at the end of this month and to renewing acquaintance with President Reagan.
2. Senior appointments now confirmed welcome - in particular General Haig as Secretary of State.
  3. General Haig most experienced appointee. Expect Reagan will rely heavily on him initially for foreign policy.
  4. White House appointments look sensible. Interesting to see in particular how relationships between State Department and the National Security Council develop.
  5. Senate Committees dealing with foreign relations will all have Republican Chairmen. This should speed decision-making. Relations between White House and Congress may generally be better than in previous regimes.
  6. Relationship with Soviet Union almost certain to be central preoccupation of US foreign policy. Other problems likely to be viewed in this context.

7. President Reagan's undertaking in his inaugural speech to strengthen ties with friends and allies a good sign.
8. Release of hostages on Inauguration Day a fortunate break for Reagan.

BACKGROUND NOTES.

The Prime Minister's visit to the United States from 25-28 February will be the first official visit of a western Head of Government since the Reagan inauguration.

2. With President's lack of experience in foreign affairs, it is expected that General Haig with his background as adviser to Kissinger, Chief of Staff to former President Nixon, and Military Commander in Europe will have a strong influence on Reagan's foreign policy thinking.

3. The newly appointed National Security Adviser, Mr Richard Allen, has been relatively quiet since the Reagan inauguration. He has said he sees his office as that of co-ordinator rather than initiator of policy. There is therefore a reasonable chance that the difficulties under former President Carter between the NSC and State Department will not be repeated.

4. Now that the Senate has a Republican majority, relations between White House and Senate may improve. Senate Committees dealing with foreign affairs will all have Republican Chairmen. Initial honeymoon period likely, but no reason to suppose that the Senate will become any kind of rubber stamp for presidential proposals.

5. On the other hand, some concern because the Reagan administration is getting off to a slow start. Reagan ran a month behind schedule on forming his Cabinet. Subsequent delay in sub-Cabinet appointments. Some time before Administration can be expected to formulate considered policies over a broad range of issues.

6. The Reagan administration have made it clear that they want to continue the SALT process. How they will do this remains unclear, but will depend on their assessment of their own strategic force requirements, their policy towards the Soviet Union generally (linkage), their perception of Soviet attitudes towards SALT negotiations, and indeed Congressional views.

7. Reagan's seeming determination to consult fully with the Western Allies should prove a welcome change from the Carter period. In his inaugural speech he said : " To those neighbours and allies who share our ideal of freedom, we will strengthen our historic ties and assure them of our support and firm commitment." On the other hand, there is the possibility that the new administration's expectation of a greater defence contribution by the Allies will give rise to problems.

8. There is little indication yet of allied views of the Reagan administration, but German views are now seen as being markedly cautious.

9. The timing of the release of the hostages, while looking like a snub to Carter, leaves President Reagan with the opportunity to look afresh at Iran in due course.

Foreign and Commonwealth Office

28 January 1981

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

PMVG(81) 11

COPY NO 43

30 January 1981

## PRIME MINISTER'S VISIT TO THE HAGUE

6 FEBRUARY 1981

## THE NETHERLANDS: INTERNAL POLITICAL SCENE

Brief by Foreign and Commonwealth Office

## BACKGROUND

1. The present Christian Democrat/Liberal coalition government has a majority of only four seats in the Second Chamber. It has therefore been vulnerable to the tactics of a small group of (Christian Democrat) dissidents within its own ranks. Its survival has been due more than anything else to the conciliatory skills of the Prime Minister, Mr van Agt, who has defied sceptics and steered his government through a number of crises. With only another four months to go before the next general election the government is now unlikely to be toppled, though it could be seriously embarrassed on two issues - the possibility of an oil boycott of South Africa, and the supply of submarines to Taiwan.

2. As the general election approaches, the wish of the government parties to avoid controversies which could damage their chances at the hustings will increase. At present it is generally assumed that the Christian Democrats will do slightly better at the elections, and the Socialists and Liberals rather worse (with Democrats '66 benefiting at their expense). Whatever the outcome of the elections, the process of forming a new Cabinet is likely to be protracted (six months would not be unusual). The present government will remain in a caretaker capacity, and all that this implies in terms of side-stepping

difficult decisions.

3. Despite the government's declared intention to reduce inflation and public sector spending, the latter will in 1981 grow faster than GNP. Manufacturing output is on a downward curve, a trend which is expected to continue for some months, and unemployment has been increasing rapidly. Following failure to arrive at a voluntary pay agreement in tripartite talks with unions and employers, the government have introduced partial wage controls for 1981. Natural gas continues to supply a very large proportion of Dutch energy requirements and so to cushion considerably the Netherlands economy from external pressures eg increasing oil prices.

4. There is much popular questioning of the need for nuclear energy, and emphasis on its dangers. The Socialists may well fight the next election on a manifesto commitment to close down the existing two nuclear plants and the Urenco establishment at Almelo. The Christian Democrats generally also have strong reservations, but on the positive side there are signs of the pro-nuclear lobby organising themselves to launch a counter campaign. Any expansion of the nuclear energy programme seems out of the question. No formal decision will be taken until after the current two year "national debate" on the issue of nuclear power and future energy generation in general has ended - ie in the second half of 1981. The nuclear debate extends also to nuclear weapons where the Dutch Government's support for NATO's Theatre Nuclear Forces modernisation and arms control decision is hampered by increasing anti-nuclear attitudes (see Brief No 3).

5. The major shipbuilding company RSV contracted to supply to Taiwan two submarines. The Chinese reaction was swift and

/sharp



sharp, but the Netherlands Cabinet, motivated by the employment potential of the order, agreed to allow the negotiations to continue and to grant export licences for the submarines in due course. The Foreign Minister was isolated in Cabinet in his opposition to the deal. The subject will be debated and voted on in Parliament on 29 January, when the Government will be lucky to escape defeat. There may be prolonged and acrimonious argument about the extent to which van Agt or van der Klaauw hinted at Dutch intentions when they were in Peking. Van Agt has implied that the Chinese were warned but this has been publicly contradicted by van der Klaauw, according to whom the Chinese were only asked to what categories of exports to Taiwan they would not object.

6. Led by a Christian Democrat dissident, the Second Chamber adopted, by a narrow margin in June 1980, a motion calling on the Government to impose an oil boycott on South Africa - unilaterally, if no support could be found among the rest of the Nine. The Government did not implement the embargo but, in concert with the Nordic countries, is now considering an 'action plan' to assist the developing countries of southern Africa to reduce their dependence on the Republic. They hope, by so doing, to deflect criticism in the Second Chamber of their failure to implement the oil boycott. It is possible that action will be taken against South Africa, however, in the form of a ban on new investment. The Foreign Minister is currently studying the report of an inter-ministerial working group established to examine the effects of such a ban.

7. Discussion of the abortion issue, postponed from 1979, must be concluded before the end of the present session

of Parliament. Two bills have been presented to the Second Chamber - one Government and one Opposition. Abortion is a major question in a country where the churches maintain a strong influence over public and parliamentary attitudes and where deep religious convictions are still held by a majority of the people.

Foreign and Commonwealth Office  
29 January 1981

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

PMVG (81)12  
30 January 1981

COPY NO 43

PRIME MINISTER'S VISIT TO THE HAGUE

6 FEBRUARY 1981

THE NETHERLANDS: INTERNAL ECONOMIC SCENE

Brief by HM Treasury

POINTS TO MAKE

1. (i) Many problems in common. Effects of oil/gas on manufacturing sector, growth of public sector, heavy tax burden, rising unemployment.
- (ii) HMG determined to continue the fight against inflation. Not an easy path. But economy will come back to better balance. Know that Dutch Government worried about Dutch economy. What are the prospects?

BACKGROUND (All information useable)

2. The Dutch authorities have been forthright in recent statements on their economy. The short-term outlook is seen as serious. The medium-term prospect, if present trends continue, as virtually untenable.

Recent developments

3. Growth of 1 per cent in 1980 (after an average of 3 per cent

between 1976 and 1979). Fall of 1 per cent likely in 1981. Unemployment now over 7 per cent. Despite large scale gas exports the current account has been in growing deficit since 1978. In 1980 the deficit probably reached \$3 billion (some 2 per cent of GNP, well above EC average). Inflation quite moderate but seems stuck at around 6½ per cent. Average wages growing roughly in line with prices. But overall labour costs in absolute terms are among the highest in the OECD

#### Structural questions

4. The Dutch economy has some problems like those of the UK but shows increasing weakness and the outlook is very poor. Exports have lost market share, profitability has declined, investment has stagnated. Some attribute this to a loss of manufacturing competitiveness stemming from the impact of gas production on the exchange rate: the so-called Dutch disease. But Dutch themselves would put more blame on huge growth of the public sector which was facilitated by gas revenue and is now difficult to reverse. The tax burden is the third highest in the OECD. Freedom of manoeuvre is hampered by widespread indexation.

5. Dutch governments have been "egalitarian" since the mid 1960's. Over 60 per cent of national income is now directly spent or redistributed by the public sector (35 per cent in 1965). Public sector employees or those living on social security outnumber those who work in the private sector.

6. Wages in the private sector have been indexed to prices since

1972. Public sector wages and social security benefits are tied to private wages. Increased social security contributions have hit companies hard. The Dutch economy is very open - over 50 per cent of GNP comes from exports - so higher costs have not been fully reflected in higher prices. Company profits have been steadily declining as a share of national income. So has investment since private savings have had to finance the public sector deficit.

#### Policies

7. In 1978 the Government adopted a medium-term strategy known as Blueprint 81. It aimed to contain the increase in wages, stabilize the tax burden and reduce public sector borrowing. Achievement has fallen well short of objectives. Public expenditure has not been cut as intended. The public sector deficit may reach 7 per cent of national income in 1980 compared with 5 per cent in 1978. Attempts at voluntary wage control broke down after much labour unrest last year. Statutory controls were introduced, overriding indexation.

6. Further public expenditure cuts and higher social security contributions were announced in the 1981 Budget. Wage controls were extended after failure to 'buy' a voluntary incomes policy with public spending concessions. But there is a widespread feeling that the Government has not been tough enough. The Netherlands Central Bank President, Dr Zijlstra, recently said in a published letter to the Dutch Government: "a significantly harder budgetary effort will be needed to halt the decline of the Dutch economy".

7. As junior members of the EMS the Dutch cannot really operate an independent monetary policy. Short-term interest rates, tied to

CONFIDENTIAL

those in Germany, are around  $9\frac{1}{2}$  per cent, high in real terms. But the Guilder has not shared the recent weakness of the Deutschmark. Domestic monetary control is based on ceilings for the expansion of bank credit. The financing of the public sector deficit is crowding out the private sector.

HM Treasury  
30 January 1981

c/l  
PMVG(81)13

COPY NO 43

30 JANUARY 1981

PRIME MINISTER'S VISIT TO THE HAGUE

6 FEBRUARY 1981

NUCLEAR ENERGY PROBLEMS (BACKGROUND)

Brief by Department of Energy

POINTS TO MAKE (DEFENSIVE)

Reprocessing contracts with the Netherlands:

We are aware that the Netherlands Parliament has pressed to see all or part of the contract between BNFL and GKN. However the contract is commercially confidential and we respect the wishes of BNFL that it should not be released. We have not made the contract available to our own MPs. We are quite willing to ask BNFL to answer questions about it, but it will be for BNFL to say whether answering these would prejudice their legal obligations or commercial interests. We have conveyed BNFL's answers to a number of such questions already.

Urenco:

We think it important that the Urenco Governments should make a commitment not to withdraw from the Urenco collaboration for at least another 10 years. We recognise however that it may take some time to obtain the necessary parliamentary sanction.

BACKGROUNDGeneral

1. Dutch Ministers have decided to take a low profile on nuclear matters, including Ureenco questions, in the run up to the election in May. Dutch public opinion increasingly questions the need for nuclear power, and for the Netherlands to remain in the Ureenco collaboration. The present Government supports nuclear power and the participation of the Netherlands in Ureenco.

2. The expansion of the present nuclear generating capacity of 0.50W depends on the results of a public enquiry which will not be completed before the end of 1982. The Government issued a White Paper on nuclear energy last year which proposed the building of 3X 1GW nuclear stations. Parliamentary approval will be needed for any decision.

Reprocessing Contracts

3. The Dutch have made three separate, formal approaches to the Energy Secretary to ask that a copy of BNFL's reprocessing contract with a Dutch utility (GKN) should be made available to the Dutch Parliament. Primarily the Dutch MPs are interested in what the contract says about the return of reprocessing wastes to the Netherlands. We have refused these requests because the contract is commercially confidential. But we have told the Dutch we are willing to answer specific questions where they do not prejudice BNFL's obligations and interests and have answered a number of questions already on BNFL's behalf. The French, whose reprocessing Company (COGEMA) has a similar contract with a Dutch utility (PZEM), have taken a similar line with the Dutch Government. Approval of the Dutch Parliament is required before reprocessing contracts can operate.



UNCLASSIFIED

Urenco

4. The Urenco collaboration on centrifuge enrichment technology, involving the UK, FRG, and the Netherlands, was set up in 1970 by the Treaty of Almelo. In July 1981, the stage will be reached where the parties can give one year's notice of withdrawal. The three parties are considering making simultaneous statements that they will not exercise this right for another 10 years. Dutch Ministers will not want to put this matter to their Second Chamber before the election, so an early resolution of this issue is unlikely.

5. In mid 1980 Mr Blaker delivered to the Australian Prime Minister a personal message from the Prime Minister supporting the possibility of a collaboration between Urenco and an Australian enrichment enterprise. A team of officials from the Urenco Governments visited Australia in December 1980 to take the subject further. The Australian Government is unlikely to make any decision before May/June 1981. Collaboration with the Australians could open new markets to Urenco; and it will be important to ensure that Urenco does not lose this opportunity to its competitors.

Department of Energy

30 JANUARY 1981

UNCLASSIFIED

CONFIDENTIAL

PRIME MINISTER'S VISIT TO THE HAGUE  
6 FEBRUARY 1981

LIST OF BRIEFS ISSUED IN THE PMVG(81) SERIES

1. STEERING BRIEF  
Brief by Foreign and Commonwealth Office
2. EUROPEAN COMMUNITY QUESTIONS:
  - i. COMMUNITY STEERING BRIEF  
Brief by Foreign and Commonwealth Office
  - ii. RESTRUCTURING (INCLUDING CAP REFORM AND 1981 AGRICULTURAL PRICES)  
Brief by Foreign and Commonwealth Office
  - iii. 1981 BUDGET AND OTHER CURRENT ISSUES  
Brief by Foreign and Commonwealth Office
  - iv. FISHERIES  
Brief by Ministry of Agriculture, Fisheries and Food
  - v. EXTERNAL TRADE QUESTIONS  
Brief by Foreign and Commonwealth Office
  - vi. POLITICAL CO-OPERATION  
Brief by Foreign and Commonwealth Office
3. DEFENCE AND ARMS CONTROL  
Brief by Foreign and Commonwealth Office
4. EAST-WEST RELATIONS (INCLUDING AFGHANISTAN, POLAND AND CHINA)  
Brief by Foreign and Commonwealth Office
5. SOUTHERN AFRICA  
Brief by Foreign and Commonwealth Office
6. SOUTH-EAST ASIA  
Brief by Foreign and Commonwealth Office

**CONFIDENTIAL**

7. MIDDLE EAST (INCLUDING IRAN/IRAQ AND ARAB/ISRAEL)  
Brief by Foreign and Commonwealth Office
8. CHAD  
Brief by Foreign and Commonwealth Office
9. NORTH/SOUTH DIALOGUE AND SUMMIT  
Brief by Foreign and Commonwealth Office
10. NEW UNITED STATES ADMINISTRATION  
Brief by Foreign and Commonwealth Office
11. THE NETHERLANDS: INTERNAL POLITICAL SCENE  
Brief by Foreign and Commonwealth Office
12. THE NETHERLANDS: INTERNAL ECONOMIC SCENE  
Brief by HM Treasury
13. NUCLEAR ENERGY PROBLEMS (BACKGROUND)  
Brief by Department of Energy

Cabinet Office  
2 February 1981

**CONFIDENTIAL**