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Foreign and Commonwealth Office

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Sir M Butler, GCMG  
UKREP BRUSSELS

2 September 1985

Dear Michael,

**EC ENLARGEMENT NEGOTIATIONS**

1. Many thanks for your despatch on the conclusion of the enlargement negotiations, which has been circulated for general distribution.
2. It was particularly useful to have so full an account of a major negotiation, whose outcome the Prime Minister described as "very satisfactory for the UK". If there is one omission, it is a failure to record the major role you played yourself in bringing about so satisfactory a conclusion, not least on the fisheries chapter. As one of your MAFF colleagues noted at a key stage in the fisheries negotiations, "the enlargement scene was dominated by Sir Michael Butler with the fish firmly between his teeth". The Spaniards themselves regard the agreement on fisheries as largely the doing of the UK for which, despite the hard bargains we struck, they were grateful. Their gratitude may well diminish as the practical effect works through to their fishermen. But it is a tribute to our negotiating efforts in various chapters that, while our essential interests were protected, good relations with the Spaniards also were preserved.
3. Looking back over the papers prepared at the outset of the negotiations, it is salutary to remember how much the budgetary implications of enlargement dominated our thinking then. While your despatch rightly brings out the pivotal role of the French, who arguably had more vital interests directly engaged than any other Member State and whose doubts set the negotiations back some years, for the UK it was the arrangement clinched at Fontainebleau limiting our contribution to the additional costs to the EC budget from enlargement that was the turning point. That is not to underestimate our very real interest in negotiating satisfactory terms over fisheries and British Sherry, in maximising the opportunities for our industrial and agricultural exporters on the Spanish market, and in minimising the impact of enlargement on our horticultural producers and textile manufacturers, and on the Gibraltar labour market. On all these fronts the outcome has been as good as we could have hoped for.

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4. There are considerable follow up battles ahead. For example, after the marathon engagements on olive oil - I recall that the Secretary of State spent a painful thirteen hours in restricted session on that subject - we shall have to do our utmost to ensure that the Commission do indeed bring forward proposals for the 1986 price fixing which call for the establishment of a guarantee threshold. We must also resist any revamped proposals for an oils and fats tax or for import levies in the forthcoming negotiations on adjustment of the oil regime. I agree that there may be problems over the Canaries. Unless Spain and Portugal can adapt rapidly to Community membership, the transitional financing arrangement may prove inadequate for them. (I note, however, that the Spaniards have been very quick off the mark to put in a comprehensive and well prepared bid for the ERDF). I am sure you are right to doubt that Spain and even less so Portugal yet realise how much adaptation will be necessary. Both economies could face difficulties, and Spanish industry is due for a major shakeup as it is forced for the first time in half a century to face up to international competition. But it is important to ensure that Spain and Portugal meet the challenge head on and that they fulfil the obligations they have assumed in joining the Community. The main responsibility for this lies with the Commission and I am sure that you and your staff will continue to keep them up to the mark.

5. With this chapter behind us, it is right that we should now be concentrating on how to make the enlarged Community work - and work to our advantage. Clearly there must be practical improvements in decision taking: without them the management of day to day business will become even more laborious and the achievement of key reforms more difficult than it already is. As was argued in our paper on "The Enlarged Community" circulated under copies of Colin Budd's letter of 9 May to Charles Powell, even with improved procedures "variable geometry" will quickly cease to be an academic concept and become a fairly routine fact of life. We will have to work hard to ensure that we form part of the core groupings that are likely to develop in areas of particular interest to us, such as completion of the internal market (which will not be made any easier by the presence of Spain and Portugal) and industrial collaboration.

6. Finally I should like to pass on my thanks and congratulations not only to you, but also to Rosemary Spencer, Mike Webb, Robert Cooper and Andrew Kuyk, as well as the earlier generation of Charles Powell, Stephen Knight and Peter Dun, for your collective labours over the last few years. Westendorp tells us that he wishes us to run a training course for his future EC team: well he might.

Yours ever,  
R Q Braithwaite

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cc: H M Ambassadors ECP Posts, Madrid and Lisbon  
Mr D Williamson, Cabinet Office  
Mr R Packer, MAPF  
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Mr A Edwards, HM Treasury

bcc Mr Powell No.10 ✓

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