

OFFICIAL TALKS: FIRST SESSION
(bilateral and EC matters)

Visit to
Portugal

BILATERAL:

Limite 1984

Excellent: hope Dr. Soares will pay
return visit - autumn?
But need progress on 3 remaining
expropriated farms. Inter-ministerial
arbitration committee?

Trade: want expansion. EC accession
and dismantling of tariff barriers will
help.

A British Trade Minister to visit later
in year?

Projects: System X - glad Dr. Junqueiro
is to visit us. HMG fully support
Plessey.

Lisbon Sewerage - UK consortium has
great expertise and experience.

VAT contract - HMG support ICL's bid.
ICL have done well on our own contracts.

Textiles: Since 1979 in UK 1 job in 3
lost, over 700 firms closed, production
down 25%. VRA levels agreed for 1984 and
1985 are maximum we can give (and are
criticised by industry).

Nuclear: Giles Shaw visited in March.
UK firms anxious to co-operate in
nuclear power programme. Please consider
any proposals they put forward, including
Anglo/Canadian proposals.

Frigates: Offer of £5 m. still stands.
If Lynx purchased can offer credit
facilities and training assistance.

EUROPEAN COMMUNITY

Describe British position on Stuttgart negotiations. Cannot yet assess how outcome will affect Portugal. Unthinkable Portugal should be net contributor.

Future of EC once settled(see speeches).

Portuguese accession

Will do utmost to end negotiations by September 1984.

EC preparing position on fisheries. Likely to be tough because of Spain. But support "biologically sensitive zone" concept.

Glad industrial matters nearly solved: but concerned you have raised 2 problems:-

- (a) Textiles: would be very difficult to re-open settlement now - already unpopular with industry.
- (b) Cars: extension of quotas on imports would benefit Renault. We can't accept.

Portugal and the Community

1. 7 year transition period
on 'social affairs'
i.e. movement of labour
persons funds etc.

2. Budget - payment acc. to
relative prosperity.

- Protection from net contribution
Talk to 'les petites richies'.

Sisi - error of market system
without us.

We are not going to spread that
error.

3. Fisheries - Portugal Spain
cannot be dealt with
separately.

Working hard to get them
protection in them 12 - 2000
Fishing box.

- to let states reproduce.

Can't offer hope of fishing in
our waters - even for
species not so far
covered.

4 Agriculture - 2 categories

A 84% - Prod. products

Dairy - fruit veg.

2-phase transition / 10-years

- (i) No intervention ⁶⁻⁴
- but lower duties
kept by Portugal
- (ii) Normal movement to CAP
towards intervention

B 16% - sugar & rice

2 year transition
- free. intro of CAP.

C Duties gradually phased
up & down to

Common Commercial Tariff

S EMS - ^{Pragmatic Community} - not needed.

Tax - V.A.T. zero reliefs
on foodstuffs.

b Treaties - we let 50%
of them exports to
EEC.

Can - not to upsize arrangements
- would favour Renault.

Philippis

- to translate
equipment