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cc PC  
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Foreign and Commonwealth Office

London SW1A 2AH

24 June 1989

C D Powell Esq  
Private Secretary  
No. 10 Downing Street

Ria Minister

24/6.

Dear Powell,

THE EUROPEAN COUNCIL AND POLAND

1. Thank you for your letter of 21 June about the Prime Minister's meeting with Professor Geremek. You asked about the UK taking the lead at the European Council on further assistance to Poland.
2. The Prime Minister has already offered General Jaruzelski a package of measures and we are supporting in various ways the reforms now taking place in Poland. Unfortunately the Solidarity proposals for assistance - a 3 year IMF programme, linked to debt rescheduling, and \$10 billion in new money - are unrealistic. We would not wish to appear to be sponsoring them. If the issue is raised in Madrid, the Prime Minister may wish to say that Solidarity should focus more on what needs to be done in Poland and what external help might realistically be available.
3. Professor Geremek made two specific request for assistance from the European Community:
  - a) A fund to help cope with the social and economic consequences of closures in the coal and steel sectors;
  - b) The provision of surplus food (particularly meat) by the European Community as a temporary measure.
4. In neither case do we believe the UK should take a lead at the Council, but if partners raise one or other question, the Prime Minister might draw on the following:
  - A fund to deal with the social and economic consequences of coal and steel industry closures would be enormously expensive. While the Community has assisted industrial restructuring within its own boundaries, it has not provided structural funds for non-Community countries.
  - In effect Solidarity is asking for humanitarian aid. But Poland is not a developing country and should not

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therefore be regarded as eligible for European Community (or national) development aid.

- Similarly EC emergency food aid is mainly targetted at the least developed countries. Poland would not qualify. The supply of Community beef at cut price might be considered if it helped Poland through a period of food shortages associated with farming reform (Jaruzelski mentioned this possibility). But we would expect Poland to pay close attention to the going rate since such stocks have halved in the last year and, with continuing strong demand in the Community, as well as world-wide, intervention stock sale prices are generally increasing.

5. The Prime Minister might also point out that the EC/Poland trade and cooperation agreement currently under negotiation provides scope for assisting Poland in its reform efforts, for example through our commitment to liberalise the major part of our remaining discriminatory Quantitative Restrictions (thus paving the way for increased export earnings), and in the setting up of a Community-financed management training scheme to complement Member States' own bilateral efforts.

6. Professor Geremek also said that Solidarity would welcome assistance in the form of British expertise in dealing with redundancies in the coal and steel industries and finding alternative forms of work. We have considerable successful experience in this field, and the provision of advice on retraining services, rehousing etc, looks on appropriate activity for the new "Know-how Fund". We are already in touch with some of the relevant Departments and Agencies with a view to identifying the most effective forms of assistance the UK could provide in this field. We shall write again more fully when we can make specific proposals.

7. I am copying this letter to Alex Allan (HM Treasury), Neil Thornton (Department of Trade and Industry), Stephen Haddrill (Department of Energy), Shirley Stagg (Ministry of Agriculture, Fisheries and Food) and Trevor Woolley (Cabinet Office).

Yours ever  
Resident Clerk

pp Stephen Wall  
Private Secretary

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