

PREM 19/1586

796

PART ONE.

Confidential Filing

Possible visit to the UK by the Netherlands
Prime Minister, Mr Van Agt.

Visit by Mr Lubbers.

NETHERLANDS

PART ONE:

November 1979

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
22.11.79							
7.12.79							
4.6.81							
10.11.81							
16.12.82							
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20.11.84							
30.11.84							
18.1.85							
25.1.85							
26.1.85							
15.7.84							
15.2.85							
ENDS							

PREM 19/1586

● PART 1 ends:-

British Embassy to CDP. 15.2.85

PART 2 begins:-

FCO to CDP 11.9.86.

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RESTRICTED

BRITISH EMBASSY
LANGE VOORHOUT 10
THE HAGUE

15 February 1985

C D Powell Esq
Private Secretary to the Prime Minister
10 Downing Street
London

Mr Powell
OH
o/v

Dear Charles,

I found myself sitting next to the wife of the Minister of Home Affairs at a small private dinner party the other night. The subject of the recent Chequers meeting between the Prime Minister and Mr. Lubbers came up and my neighbour said "you should know that Mr. Lubbers really admires and likes Mrs. Thatcher". She added that if this had been said to me by, for example, Mr. Posthumus Meyjes of the MFA, I should naturally take it with a grain of salt as being in some measure diplomatic politesse. But coming from her, Mrs. Rietker, who knew Mrs. Lubbers well, it was the truth.

2. I thought you might like to have this little snippet. It certainly gives great satisfaction to me.

Yours

J W D Margetson

cc: Dr. M.J. Newellyn-Smith,
WED, FCO.

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BRITISH EMERALD
CHANCE LOOKHOLE ID



Mr Poole (10 Downing St)



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NBPM

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NOTE OF A MEETING BETWEEN THE FOREIGN AND COMMONWEALTH
SECRETARY AND MR VAN DEN BROEK AT CHEQUERS ON 26 JANUARY

Also present: Mr Huydecoper (Ambassador of the Netherlands)
Mr Posthumus Meyjes (Economic Director,
Netherlands Ministry of Foreign Affairs)
Mr Margetson (United Kingdom Ambassador
to the Netherlands)
Mr D F Williamson

Enlargement of the Community

1. Mr van den Broek said that he was concerned that the Italian Presidency was not showing sufficient enthusiasm to bring the negotiations with Spain and Portugal to an early conclusion. If the Community did not conclude the outstanding points by the beginning of March, there was a risk that the date of accession would slip beyond 1 January 1986, with serious repercussions on the introduction of new finance (Own Resources) within the Community. He thought that the Community should now be prepared to modify its negotiating position on fisheries. The Netherlands could agree to a transitional period for fish which did not exceed ten years. In his view the present proposal made it quite certain that the transitional period for fish would be fifteen years, because Spain and Portugal would have little or no leverage to prevent the transitional period being rolled forward after ten years. The Foreign and Commonwealth Secretary said that he did not share this analysis and did not agree that a change in the Community's position on the transitional period for fish was needed. It would be open to Spain to join other member states in working out adequate controls: in that case the transition could end after eight years. Furthermore, we had to ensure that, if negotiations broke down in the enlarged Community, the balance of the common fisheries policy was safeguarded until the date for revision was in sight. The



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United Kingdom was, however, examining certain changes - largely of a cosmetic character - in the presentation of the Community's position on fisheries and hoped to discuss these shortly with the Commission. Mr Posthumus Meyjes said that in his view a better presentation of the Community's offer in this way could be a useful element in the negotiation.

Polish Church agricultural scheme

2. The Foreign and Commonwealth Secretary said that the United Kingdom Government had taken a firm decision against participation in Community aid for this scheme. He recognised, of course, its value as a symbol but, taking into account that either the expenditure would grow substantially or the Polish Church would be disappointed, the United Kingdom did not think it right to start on this course. The competing demands for funds, for example for the Sahel, were great. Mr van den Broek said that the Netherlands had defined a number of conditions for its participation, in particular an assurance that the Polish Church would wholeheartedly support it (of which he was not absolutely sure), that the Foundation would be free to act without Polish Government intervention and that other countries and church/charitable institutions would also make significant contributions. He would like to be in touch with the Foreign and Commonwealth Secretary again after the discussion among Foreign Ministers next week and when the views of the Polish Church leaders were more clearly known.

Management of Community aid projects

3. The Foreign and Commonwealth Secretary said that some of the Community's aid projects might not now be conducive to the sort of development we wanted to encourage. He had the impression that, particularly in Africa, there was now a much greater recognition of the need for more action at the grassroots rather than for more grandiose schemes. Mr van den Broek said that the Netherlands had recently reevaluated the effectiveness

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of its own aid programme on these lines. In practice, the member states had little contact with the execution of programmes under the European Development Fund. He would consider whether there were ways in which monitoring could be improved.

Southern Africa

4. The Foreign and Commonwealth Secretary said that on Namibia there was mounting impatience in some Southern African countries that events were not moving forward. Whatever the public position, it was quite clear that Mr Kaunda and Mr Mugabe wanted the United States' initiative to continue and to make progress. It was important to maintain some pressure on South Africa. More generally, the United Kingdom was opposed to mandatory sanctions on South Africa, which it considered would be bad for the prospect of change. We must keep open the economic links but show that there were limits on what we considered acceptable. Mr van den Broek said that he had seen Bishop Tutu yesterday. Bishop Tutu considered that the Western democracies should step up political and economic pressure on South Africa and did not believe that sufficient change would come without the prospect of economic sanctions. The Netherlands recognised the strong feeling among their Community partners against economic sanctions and he had told Bishop Tutu that he did not think such sanctions were feasible. Nonetheless, it was important to find ways of convincing the South Africans to give a perspective of change. He was not convinced by the argument that sanctions would harm the black population of South Africa. The Netherlands had never advocated a complete cutting of economic links but he himself thought that there was a case for announcing some selective action in advance as a means of achieving some progress within South Africa. As this did not seem feasible he was considering in the meantime requiring Dutch companies operating in South Africa not only to comply with the code of conduct but also to report regularly on that compliance.



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UNESCO

5. The Foreign and Commonwealth Secretary said that we should continue the pressure for reforms. Mr van den Broek said that it was not going well.

Middle East

6. The Foreign and Commonwealth Secretary said that the first stage of Israel's withdrawal from Southern Lebanon could give rise to serious security problems. Some kind of United Nations presence needed to be in place. This required a request from the Lebanese Government. Mr van den Broek said that he had received the same message from Mr Perez de Cuellar. The Netherlands agreed about a United Nations presence and would try to add to pressure on the Lebanese Government to make the request. The Netherlands would be helpful, while maintaining the principle on the deployment of its own forces within the United Nations presence that their role must be peace-keeping, not peace-enforcing. In any event Mr Perez de Cuellar was not asking the Netherlands for more. He understood that the Italians would probably be willing to increase their contribution.

D F WILLIAMSON

26 January 1985

Distribution: Mr Powell (10 Downing Street)
Sir Robert Armstrong
Mr Budd (FCO)
Mr Llewelyn (MAFF)
Mr Margetson (H M Ambassador, The Hague)



28 JAN 1985

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SUBJECT.

cc MASTER bc PC



10 DOWNING STREET

From the Private Secretary

26 January 1985

Dear Colin,

PRIME MINISTER'S MEETING WITH THE NETHERLANDS
PRIME MINISTER AT CHEQUERS ON 26 JANUARY

The Prime Minister held talks with the Netherlands Prime Minister at Chequers on 26 January. Mr Lubbers was accompanied by the Netherlands Foreign Minister, the Netherlands Ambassador, Dr Posthumus Meyjes and Dr Merckelbach. The Foreign Secretary and Mr Williamson were also present.

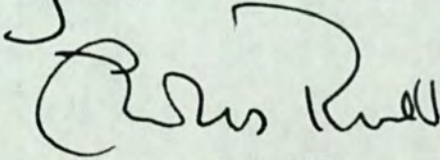
The Prime Minister had a tête-à-tête discussion with Mr Lubbers before lunch, while the Foreign Secretary held a separate meeting with Mr van den Broek. This was followed by a lunch and a plenary session. This letter records the Prime Minister's tête-à-tête and encloses a record of the plenary session. Mr Williamson will be recording the meeting between the Foreign Ministers.

The Prime Minister and Mr Lubbers had a brief discussion of East/West relations. The Prime Minister described her meeting with Mr Gorbachev and her subsequent discussions with President Reagan about the Strategic Defence Initiative. This led on to a discussion of INF during which the Prime Minister told Mr Lubbers of our concern at the possibility that the Belgian Government would postpone deployment of cruise missiles. Mr Lubbers said that the issue had been badly mishandled in Belgium. A decision on the timing of elections had been taken without anyone considering how the government's prospects might be affected by the Cruise issue. It would now be difficult for the Belgian Government to stick to the planned timetable for cruise deployment. He had some qualms as to how a decision by Belgium to delay deployment might affect the final decision by the Netherlands due at the end of the year, but appeared to believe that this could be contained.

Mr Lubbers raised the question of Sleipner gas, saying that he understood that Britain would not now be signing an agreement with Sleipner. He was astounded by how inflexible the Norwegians had been. The Netherlands were currently engaged in concluding contracts with a number of other countries, but additional quantities for the United Kingdom would be available if required. We would find the Netherlands more flexible than Norway though there would need to be agreement on minimum volume to justify a pipeline to the UK.

A number of Community issues were discussed briefly. Mr Lubbers asked about the line Chancellor Kohl had taken on the CAP price fixing when the Prime Minister had met him on 18 January. He and the Prime Minister agreed on the need for a restrictive price policy. They also agreed on the need to stand firm on IMPS though Mr Lubbers was exercised about the risk that Greece would carry though its threat to block enlargement. There was a brief discussion of the Dooge Committee, pursued more fully in the later plenary session. Mr Lubbers urged that the United Kingdom should join the EMS and argued that sterling would have been under less pressure in recent weeks had it been within the snake. He argued that logically there ought to be a parallel between the effect of oil prices on sterling and gas prices on the guilder but that in practice the guilder was protected from the worst of these pressures by Dutch membership of the EMS. The Prime Minister said that she remained ready to consider Britain joining the EMS at the right moment but this was not it.

I am sending copies of this letter and enclosure to Rachel Lomax (HM Treasury), Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food), Richard Mottram (Ministry of Defence), Michael Reidy (Department of Energy: letter only) and David Williamson (Cabinet Office).

Yours sincerely,


(Charles Powell)

Colin Budd, Esq.,
Foreign and Commonwealth Office.

RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND THE
NETHERLANDS PRIME MINISTER AT CHEQUERS ON 26 JANUARY AT 1445

Present:

Prime Minister	Mr Lubbers
Foreign Secretary	Mr van den Broek
Mr J W D Margetson	Netherlands Ambassador
Mr D Williamson	Dr Posthumus Meyjes
Mr C D Powell	Dr Merckelbach

The Prime Minister proposed a thorough discussion of European Community issues. The Foreign Secretary reported that he and Mr van den Broek had already covered enlargement.

Common Agricultural Policy

The Prime Minister said that Britain was not collecting the milk super levy because the French had made it plain that they would not do so. It now seemed likely that the levy would not be collected at all before the end of March. But if it were not collected then, it would be a grave set back to the efforts undertaken to reform the CAP and restrain surplus production. The Community simply could not afford the costs of failure. It would be up to the Commission to take action, going to the European Court if necessary.

The Prime Minister continued that she was fearful about the prospects for the CAP price fixing following her talks with Chancellor Kohl. It was essential that prices should reflect not only the Community's decisions on budget discipline but also the enormous surpluses in certain products. In particular it was vital to abide by the guarantee threshold arrangements for cereals, which would mean a price reduction of 5%. The Foreign Secretary added that he had seen press reports that Andriessen had put forward proposals within the Commission which went in the right

direction. But the German Agriculture Minister was seeking price increases for cereals and other products and it was uncertain how far Chancellor Kohl would wish or be able to rein him in. The Prime Minister asked how Mr Lubbers thought we ought to tackle this issue. It was essential to honour the agreements reached last year.

Mr Lubbers said that it was first necessary to wait and see what the Commission proposed. He agreed that there was likely to be a particular problem with Germany. He had little confidence that Chancellor Kohl or even Herr Stoltenberg would be on the side of restraint when it came to the crunch. On an earlier occasion he had sent the Netherlands Finance Minister to seek support from Herr Stoltenberg but to no effect. There were likely to be very difficult discussions in the Community. If it was true, as had been suggested, that the French were prepared to take a tough line on cereals prices this would help. The Prime Minister thought it more likely that the French and Germans would come to an arrangement to support price increases in products in which each had an interest. It would be necessary to take a very firm line with the Germans, pointing out that it was no good their saying one thing and doing another. They might also have to be warned privately that they were building up antagonism against Germany in the Community by the way in which they bull-dozed through their own special interests as had been the case on wine and MCAs. Mr Lubbers said that Chancellor Kohl tended to argue that since he was a good European in so many fields, the Community owed him concessions on matters of importance to Germany. The message to Germany must be that there should be zero price increases with no exceptions. He would be in touch with Chancellor Kohl and would let the Prime Minister know the outcome.

Future of the Community

Mr Lubbers asked the Prime Minister's views on progress in the Dooge Committee. The Prime Minister said that the

United Kingdom was not interested in general assertions but in practical results. Our priority was to see completion of the internal market. She was glad to see that Monsieur Delors shared this aim. We were ready to see some formalisation of the arrangements for political cooperation including if absolutely necessary a small secretariat. She had already declared her readiness to support a reduction in the number of Commissioners and of European Councils. It was essential to preserve the Luxembourg compromise. But we were ready to see a requirement to explain the reasons for invoking it. We did not want an extension of majority voting although there was scope for the voting provisions of the Treaty to be implemented more fully. For instance, she had taken up at the Dublin European Council Mr Lubbers' own suggestion that we should not insist on unanimity for the adoption of standards in new technology. Talk of a new Treaty was pointless since the Community had not yet implemented the existing one. The Foreign Secretary added that there was a better chance of making progress by changing the conventions rather than the rules. He had been much impressed by the ability of the French Presidency to generate consensus on priorities and to drive Community business forward, calling for votes where appropriate.

Mr Lubbers said that a basic problem was the ability of individual Ministers to block proposals in particular Councils almost endlessly, even where the European Council appeared to have agreed on something. This had happened, for instance, with the proposals on transport. The longer Ministers dragged their feet the more important they felt. The aim ought to be to make the Community function like a national Cabinet with an obligation to reach decisions. As it was, every meeting of the Council turned into an international negotiating session.

The Prime Minister recalled that individual Ministers were answerable to their national Parliaments. This could often pose a considerable constraint. For instance the British Government had faced problems in getting the British contribution to supplementary finance for the Community for 1984 through Parliament. The Foreign Secretary said that we

hoped that the Dooge Committee would focus on practical issues. He returned to his point that changes in the formal rules of the Community would be more difficult to achieve than changes in conventions. Discussion should focus on how the Community took its decisions in certain areas. It might be agreed that abstentions would be used in limited areas such as new technology. This would require ad hoc agreements not treaty revisions. Enlargement of the Community would make matters worse. The prospect of this ought to compel the existing Community to put its house in order.

Mr van den Broek said that this was a familiar discussion. He could agree easily enough on the need to set priorities and to complete the internal market. The problem was that decisions were just not being taken in the Community. The French Presidency had used voting to good effect but subsequently things had slipped back to normal. Good intentions would not succeed unless there was agreement on new decision-making procedures. The Netherlands had never accepted the Luxembourg compromise. But he could say that they would now be prepared to accept it if it was also accepted that the voting provisions of the Treaty would be applied fully. At the moment it was possible to block discussion in the Community without even invoking a vital national interest. The Commission should be entitled to demand decisions from the Council. The European Parliament might also have a role.

The Prime Minister said that the European Assembly was a deeply unpopular body in Britain which tried to interfere in our internal affairs such as Northern Ireland and the policing of the miners' strike. She was constantly being questioned in Parliament about its more ludicrous proposals such as tattooing of pets. She was not prepared to see the Assembly given greater powers. The Prime Minister continued that she thought that the European Council had an important role in improving decision-taking. It was difficult for a member state to go against its interest in a single subject Council because there was not enough scope for trade-offs. The

Foreign Affairs Council ought to be the place where such trade-offs were made but seemed incapable of playing this role. It thus fell to the European Council. Mr van den Broek returned to his view that there was no need to change the Treaty to secure improved decision-taking: it simply needed to be interpreted in the right way. Where the voting provisions of the Treaty applied they should be used. Vital national interest could be invoked to prevent a vote but there must be some sort of test to justify it. He acknowledged the Prime Minister's point about trade-offs in the European Council. The problem was that even decisions taken there were often subsequently blocked in specialist councils.

Mr van den Broek asked whether the Prime Minister thought that the European Council in June would agree to set up an Inter-Governmental Conference. The Prime Minister was not certain that this would be necessary if the European Council were to reach agreement on practical matters which did not require Treaty amendment. Mr van den Broek said that an Inter-Governmental Conference would be required if it was agreed to make additions to the Treaty, for instance on political cooperation or decision-taking. The Prime Minister said that she had made her view quite clear: there was no need to add to the Treaty only to make use of its existing provisions. Mr van den Broek said that the question went wider and concerned the future stability of Europe. Germany needed a new belief in European cooperation to offset the temptations of neutralism and reunification. A means had to be found to anchor West Germany more firmly in Europe. Mr Lubbers said that the same argument could be used for considering new areas of Community activity such as defence and security. The Prime Minister said that the existing Community served German interests well and she could not accept the argument that a new Treaty was a price that had to be paid to keep Germany anchored in Europe.

Integrated Mediterranean Programmes

The Prime Minister said that she and Mr Lubbers had already discussed this and agreed on the need to try to settle on a figure of 600 m ecu at the March European Council. Mr van den Broek was sceptical whether a settlement could be achieved without a much more substantial sum and thought that Greece would carry through its threat to block enlargement. The Prime Minister doubted this. Mr Lubbers said that there were reports that M. Delors would bring forward new and more reasonable proposals.

European Space Agency

Mr Lubbers asked whether there were specific problems in this field which ought to be discussed. The Prime Minister said that we had not yet taken a decision on the scale of our participation in the Columbus project. The Prime Minister commented that she was concerned by a tendency in the Community to come forward with ideas for cooperation on a European basis simply to satisfy a particular country's wish for an institution. ISPRA was the worst example.

International Economic Questions

In reply to Mr Lubbers' question, the Prime Minister said that the broad macro-economic strategy which had been confirmed by the London Economic Summit should continue to be pursued. But there was a case for focussing more closely on micro-economic issues, for instance deregulation. Overcoming such problems could have a significant impact on prosperity. It was also necessary to face up to the economic consequences of the uncontrolled growth of social security expenditure. The Prime Minister continued that the Commission had produced a good economic report for the Dublin Summit though unfortunately there had been little time to discuss it. Mr Lubbers agreed with the Prime Minister's analysis.

Bilateral Matters

The Prime Minister urged Mr Lubbers to give serious consideration to the purchase of Vertical Launch Sea Wolf. Dutch purchase of Sea Wolf and further UK orders of Goalkeeper could be made into an attractive package. Mr Lubbers took note.

The meeting ended at 1620.

C.D.P.

26 January 1985



Foreign and Commonwealth Office

London SW1A 2AH

25 January 1985

Did not arise

CDP
26/1

Dear Charles,

Prime Minister's Talks with Lubbers: Environment

Following yesterday's meeting of the High Level Group on vehicle emissions it may be useful (we have not been able to consult the Foreign Secretary) for the Prime Minister to raise the subject with Dr Lubbers. I attach a short, self-explanatory speaking note.

We have also heard from the Dutch that Dr Lubbers may raise acid rain and discharges into the sea.

On acid rain, the UK has made significant progress in reducing SO₂ emissions, which are down nearly 40% from 1970 and over 20% from 1980. Our aim of 30% reduction from 1980 levels for both SO₂ and NO_x by the end of the century is evidence of our continued determination. We may do better, but find it difficult to accept the unnecessarily rigid measures proposed in the EC Large Plants Directive. Neither the EC nor the ECE ("30% Club" of which the Netherlands are a member) proposals take account of the substantial progress already made by the UK.

On discharges into the sea, the UK approach is to set standards for individual discharges by reference to an objective for the quality of the water. Other countries use fixed limits of discharge irrespective of the quality of the water. A meeting of experts on the Council of Europe Convention on the Protection of International Water Courses, held at Strasbourg on 24 January, has produced alternative language which is acceptable to us and also, we hope, to the Dutch.

I am copying this letter and enclosure to the Private Secretary to Norman Tebbit and to David Williamson (Cabinet Office).

Yours ever,
Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street



EUROPEAN COMMUNITY: VEHICLE EMISSIONS

Introduction

In this week's meeting of the High Level Group on Vehicle Emissions, the Dutch revealed that their Parliament had demanded a report by 1 April on how their Government planned to fall in line with the proposed German measures. This has undoubtedly given the Germans encouragement and has further complicated the negotiations.

Points to Make

1. This is an immediate problem. Dutch and UK have been working together to reconcile:
 - German political needs
 - preservation of the internal market
 - interests of the hard pressed European car industry
2. Early adoption of US standards would require use of expensive and inefficient technology.
3. Recognise that Dutch Parliament's determination to follow the German example leaves you in a difficult position. But important to allow time for Community to agree a set of sensible and cost-effective European standards.
4. Therefore urge you to:
 - persuade Parliament to allow time for Community wide agreement to emerge
 - continue to work with us to persuade the Germans that a Community solution is essential.



25 JAN 1985

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PRIME MINISTERMEETING WITH NETHERLANDS PRIME MINISTER

The Dutch Party are:

Mr. Lubbers
Mr. van den Broek - Foreign Ministers
Mr. Meyjes - Economic Direct -
Ambassador
Mr. Merckelback - Lubbers' Private Secretary

Our side will be:

Geoffrey Howe
David Williamson
John Margetson (our Ambassador)
Myself

They will arrive at 1200. You will want a photocall.
Thereafter you agreed to a private discussion with Lubbers
from 1215-1245 (Private Secretaries only), followed by a
working lunch and a plenary session in the afternoon.
The visit would end at 3.30/4.00 pm.

I suggest that you use your tete-a-tete with Lubbers to cover
INF deployment, your meeting with Gorbachev, the SDI and
economic policies. Bilateral questions might be taken over
lunch, when you might also start on the Community, making
that the main theme of the after-lunch plenary.

I attach briefs and cards.

25 January 1985

CCPC



Foreign and Commonwealth Office

London SW1A 2AH

24 January 1985

Dear Charles,

Visit by Netherlands Prime Minister: 26 January

Thank you for your letter of 18 January. I enclose briefing in the form of an extended checklist of points to make. We have added the essential minimum of background briefing on certain bilateral issues with which the Prime Minister may not be familiar.

We know that Lubbers wants to raise the economic problems facing Western European Governments. That could perhaps be fitted into the half hour tete-a-tete.

Discussion could then move on to INF deployment and East/West relations, and, in the wider group over lunch, Community matters.

A short time will be needed (over lunch or after) for bilateral issues: defence procurement collaboration, gas supplies (if raised by Lubbers) and the Tercentenary of William and Mary. (On the latter, the Royal Visits Committee at its meeting on 11 January noted that The Queen would probably wish to visit the Netherlands in 1988 for the Tercentenary celebrations. This should not be mentioned to the Dutch at this stage.)

The Dutch have confirmed that Mr Lubbers will not be bringing a Private Secretary. The full party will therefore consist of Mr Lubbers, Mr van den Broek, Dr Posthumus Meyjes (Economic Director) and Mr Huydecoper (Ambassador): on our side Prime Minister and Foreign Secretary plus yourself, Mr Margetson and Mr Williamson. Personality notes on the Dutch party are attached, with Mr Margetson's scene setting telegram and Annual Review for 1984.

Mr Margetson and the Foreign Secretary's special representative will meet the party at Northolt. They will arrive at Chequers at 12 noon.

Two points are worth adding to Mr Margetson's assessment. First, the latest opinion polls (December 1984) put support for the Dutch Labour Party at 39.6% (30.4% at the last election), compared with 27.2% and 18.7% respectively for the

/coalition



coalition partners CDA and VVD (29.3% and 23.1% at the last election). With all the uncertainties about polls, this is still disturbing news for Mr Lubbers: the coalition appears at present to have the support of rather less than half the electorate.

Second, the Prime Minister may also be interested to know that on 11 January the Netherlands Cabinet reached agreement on a White Paper proposing the construction of two new nuclear power stations before the end of the century. This is the first major victory for the Dutch pro-nuclear energy lobby for a number of years.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

PS I recommend

Herman Posthumus Meyjes.

Quirky, but he has a sharp intelligence, a real sense of humour, and a delightfully unorthodox streak.

C D Powell Esq
10 Downing Street



TALKS WITH NETHERLANDS' PRIME MINISTER: 26 JANUARY

Points to Make

INF/Nuclear Arms Control

1. Alliance cohesion essential now talks resumed. In absence of agreement, should stick to agreed INF deployment timetable. Have strongly urged Belgians not to postpone March deployments. Glad your policy clear and resolute - important implications for East-West relations. (Final decision on Dutch deployment, to be taken in December 1985, depends on automatic formula: to go ahead and accept full share of 48 missiles if the number of SS20s has increased by November, to take a proportionately reduced share if an arms control agreement affecting SS20s has been reached by then.)

East/West

2. Geneva could pave way for more active US/Soviet relations, with positive impact on East-West relations in general. Signs of greater realism from Russians encouraging.

3. Productive arms control talks need right practical framework. Intend to continue policy of contacts at different levels. Gromyko visiting London this year but also number of contacts at official level. Gromyko to The Hague? (invited for 1985).

4. Gorbachev visit opportunity to show senior Russian how liberal democracy works. His confidence and authority: improvement in style on other Soviet leaders, but no change on substance. EC



Development of economic policies

1. Modest recovery in Europe looks set to continue.
2. Firm consensus on counter-inflationary macro policies and growing emphasis on structural issues. Need for disinflationary monetary and fiscal policies and greater efforts to free markets.
3. Key to better long term jobs prospects is slower growth in pay and improved labour market flexibility.
4. Tax cuts better for jobs than extra public expenditure.
5. No right/target level of public investment. Infrastructure spending only benefits our economies when justified on rate of return criteria.
6. [If raised] Intend to join EMS when time is right - not now. Doubt if exchange market conditions or their management would have been easier if sterling had been a member.

↑
[He is quite likely to raise this]



Defence Procurement (for background see separate brief)

1. Attach importance to strengthening European defence cooperation. Successful relaunch of WEU. First ever Ministerial meeting of Independent European Programme Group (IEPG) in The Hague last November charted way ahead in procurement collaboration. Major contribution of Dutch as chairmen. Glad that Defence Ministers will meet again in June in London.

2. [If better support for IEPG is raised] Appreciate that IEPG machinery may require strengthening. But better to see how workload develops before deciding how to strengthen. Would not favour using existing WEU international secretariat.

3. Hope Dutch will give serious consideration to our proposals for supply of Vertical Launch Sea Wolf for new generation frigates. Dutch purchase of Sea Wolf and further UK orders of Goalkeeper (close in weapon system) obvious and attractive second package following last year's Spey/Goalkeeper package. Sea Wolf and Goalkeeper should be compelling combination for NATO frigate for the 1990's. Good example of European defence cooperation. The question of further purchases of Goalkeeper Close-in Weapon Systems is currently under consideration and we hope to announce our decision shortly.

[Mr. Tattie advises there are good chances of selling Sea Wolf if you promote it with Lubbers]



BILATERAL QUESTIONS

Tercentenary of William and Mary (for background see separate brief)

1. British Executive Committee now set up: first meeting on 15 January. Looks forward to close cooperation with Dutch Committee. Interesting suggestion for commemorative events put forward. Look forward to enjoyable programme in 1988 highlighting mutual heritage.

Gas Supplies (for background see separate brief)

2. Decision on Sleipner as soon as possible. If UK does not purchase Sleipner gas, will have to look at other options, including Netherlands.
- _____
- _____

VISIT BY NETHERLANDS' PRIME MINISTER AND FOREIGN MINISTER:
26 JANUARY

Defence Procurement Collaboration

Essential Facts

Better Support for IEPG

1. IEPG has considered and rejected idea of permanent Secretariat on number of occasions, the last being in early 1984 before the Dutch Chairmanship had begun to bite and before Mr Heseltine's initiative.
2. Arguments against have been desire to avoid inflexible and inefficient bureaucracy. Also recognised that the momentum of the IEPG depends upon enthusiasm and commitment of the Chairholder and the individual panel Chairmen. Main extra workload will fall on the three panels and at present UK is not persuaded that creation of a permanent Secretariat would ease situation.
3. We find the suggestions from some quarters that WEU International Secretariat could be used to fill the role unattractive for a number of reasons - dubious qualifications of people involved; sensitivities of the smaller nations and those non-members of WEU; might also be seen as a "take over" of IEPG activities.
4. This subject features on agenda for forthcoming meeting of IEPG National Armament Directors to be held in Brussels on 18 February.

Vertical Launch Sea Wolf

5. VLSW is a Point Defence Missile System (PDMS) for ships, produced by British Aerospace (BAe). It is derived from the conventionally launched Seawolf which is fitted to some of our existing frigates and which performed well in the Falklands, but the novel feature of vertical launch provides greater all round defensive coverage against attacking missiles. It has been selected

for the Royal Navy for the Type 23 frigates, but although several overseas countries have expressed an interest in the system, none is yet committed to acquiring it. A choice of VLSW by the Dutch Navy as the PDMS for their next generation frigates (the M-Class) would provide a springboard for further overseas sales.

6. The competition to VLSW to meet this Dutch requirement comes from the Vertical Launch Sea Sparrow (VLSS), a system of US origin. The Dutch Navy have a strong preference for this system, largely because it is a variant of the conventionally launched Sea Sparrow which they and a number of other NATO Navies already have in service. A Dutch decision between VLSW and VLSS is believed to be imminent. A package as for RR Spey/Goalkeeper could be constructed around VLSW for the Dutch navy and for the Royal Navy orders for Goalkeeper.

Goalkeeper/RR Spey engines

7. Letter of Intent signed April 1984 by Mr Pattie (Minister of Defence Procurement) and Dutch counterpart: agreement on reciprocal purchase of RR Spey engines by Netherlands' Navy and HSA's Goalkeeper CIWS by Royal Navy. LOI contain no provisions for cooperation on research, development and procurement. Decision on buying more Goalkeepers depends on allocation in defence budget.

As regards the defence procurement brief, in plain language the various weapons/engine systems referred to can best be described as follows: Goalkeeper is a ship-based modern version of a Gatling gun, which fires a large number of rounds per minute and is designed to destroy Exocets and the like; Spey is the Rolls-Royce engine; Seawolf and Seasparrow are ship-to-air missiles.



TERCENTENARY OF WILLIAM AND MARY

Essential Facts

1. 1988 will see the 300th anniversary of the arrival in England of William of Orange, at the invitation of a group of powerful Whig peers, in order jointly with his consort to succeed her father James II on the English throne.

2. The British-Netherlands Mixed Commission meeting in Edinburgh in November 1982 proposed that commemorative events should be jointly organised by the two countries. The Dutch have set up a national committee under the chairmanship of Professor Bachrach of Leiden University. Sir Charles Troughton, lately Chairman and now President of the British Council, agreed to become Chairman of the British Executive Committee. The first meeting of the British Committee took place on 15 January.

3. The two Committees will now explore in detail suggested activities. There will be a major exhibition in 1988 at the Victoria and Albert Museum, linked to the Tercentenary celebrations. They will concentrate on our common cultural heritage with the Netherlands in the framework of 'The World of William and Mary'. The British Committee's remit is essentially on the cultural side; 'The Glorious Revolution' has political and emotional overtones in Ireland and Scotland, as well as meaning little to the Dutch.



VISIT BY NETHERLANDS' PRIME MINISTER AND FOREIGN MINISTER:
26 JANUARY

GAS SUPPLIES (DEFENSIVE)

Essential Facts

1. In late 1983 the Dutch expressed willingness to allow Gasunie, their gas utility, to consider fresh export contracts. Talks took place in February 1984 between the Secretary of State for Energy and Mr van Aardenne, the Dutch Minister for Economic Affairs. An offer made by Gasunie to BGC in March was uncompetitive with Sleipner on price.
2. The Dutch have retained an interest in selling gas to the UK. On 14 June 1984 Mr van Aardenne wrote to Mr Walker making a new offer in vague terms. Mr Walker's reply expressed guarded interest and Department of Energy officials later visited The Hague. BGC has declined to open negotiations with the Dutch while the draft agreement between BGC and Statoil still stands.
3. We await a decision on Sleipner.

Energy, Science and Space Department
22 January 1985



VISIT BY NETHERLANDS PRIME MINISTER AND FOREIGN MINISTER:
26 JANUARY 1985: EC ISSUES

OBJECTIVES

1. To explain our positive ideas on the future development of the Community, which include making a reality of the common market (a goal which the Dutch share) but which go further than that.
2. To emphasise our commitment to enlargement by 1 January 1986 and to seek Dutch support for sticking to agreed Community positions on fisheries and olive oil.
3. To establish a common position with the Dutch on Integrated Mediterranean Programmes.
4. To remind the Dutch of the Fontainebleau commitment to the UK's 1000 mecu abatement on the revenue side in 1985.
5. To get agreement that we shall work together in the CAP price-fixing.



POINTS TO MAKE

1. FUTURE OF THE COMMUNITY

- We recognise the problems which enlargement will pose, and want to see the Community move forward.

- But this work should not be carried forward in a way which, far from strengthening unity, would create new divisions.

- We hope that van Eekelen will concentrate his efforts in the Dooge Committee, as Malcolm Rifkind will be doing, on achieving the widest possible area of agreement. That is the Committee's mandate from the European Council.

- We want the existing Treaty provisions to be fulfilled: that means completion of the common market (a goal which you share).

- We could agree to formalising the arrangements for political cooperation, where our record is second to none.

- We are also prepared to look at ways of guarding against abuse of the claim that very important national interests



are at stake.

- This could be done by requiring the Member State concerned formally to justify its position in a special procedure of the Council.

- But the cohesion of the Community itself requires that no Member State should be voted down on a matter which really is of great importance to it.

- We are open to practical ideas of increased cooperation in areas like science, education, health and internal security, though a great deal of practical cooperation is going on already.

- Our attitude to this work will depend on whether we see a genuine commitment to make a reality within an agreed time-scale of the key provisions in relation to completion of the common market (eg liberalisation of transport, insurance, banking, etc).

- We want this not just because Britain is strong in the services sector, but because creation of a genuine common market is a way to create jobs and keep Europe competitive.



[As necessary]

- Do not see how majority voting could be extended to such areas as the seat of the institutions (Article 216), coordination of economic policy (Article 103(2)), harmonisation of taxes (Articles 99/100), own resources (Article 201), etc

- Need to find best practical means of achieving better decision-making. This was why I suggested at Dublin modification of your idea, ie that we should agree to consider not insisting on unanimity for the adoption of standards in new technologies.

- Do not believe others really prepared to give European Parliament powers in relation to revenue. The French seem to have in mind permitting Parliament to make proposals in one or two other areas. Those proposals might then be processed by the Commission. It would then be for the Council to decide.



2. INTERNAL MARKET

- UK working to:

- (a) identify detailed priorities for common action;
- (b) establish realistic timetable (perhaps in two or three stages).

- Delors has suggested (speech to European Parliament) completion of Common Market by 1992, the lifetime of two Commissions. We should like to see specific targets for completion of common market for goods and services.

- Grateful for any ideas you may have. Must work closely together to achieve this. Need to go beyond dealing with the issues one by one: Must get agreement on a comprehensive, coordinated approach to break the log jam.

- Heads of Government need (probably at June European Council when future of Europe discussed in depth) to commit themselves collectively to a firm timetable.

- This the way to make reality of your idea of declaring 1985 "internal market year".



3. HIGH TECHNOLOGY

- Generally support Dr Lubbers' approach.

- Agree Community should strive to create "technological Community" enabling Europe to compete effectively with the United States and Japan.

- But driving force must come from industry. The Community will not help by spending large amounts of public money.

- It can help by creating the right conditions ie completion of Internal Market.

- Selective joint research projects may also have a role. ESPRIT is a good example with its 50% industrial involvement. However we should not aim for more than a gradual increase in Community R&D expenditure.



4. ENLARGEMENT

- Enlargement will make the Community more cumbersome. But we have to honour the commitments to Spain and Portugal;

- The prospect of accession had led to our agreement with Spain over the opening of the border with Gibraltar and the Spanish Prime Minister's declaration of support for NATO membership at his recent Party conference;

- If Spain enters the Community on schedule on 1 January 1986, the prospects will be good for a positive vote in the referendum on NATO membership;

- Following the agreements in Dublin, the outstanding issues in the negotiations should be resolved by the time of the European Council in March;

- Enlargement must take place as planned, on 1 January 1986.



Outstanding Issues

a) Fisheries

- EC agreed position with great difficulty. Must stick to it; concessions of substance would run real risk of destroying CFP and reopening full EC debate on fisheries.

- At best, may be able to make concessions on presentational value to help Spaniards finally agree. Will be in touch with Dutch on our ideas on this.

(If Dutch argue for shortening duration of transition)

- Cannot agree. Existing EC position already offers Spaniards opportunity to end transition before 1995 by joining other Member States to work out adequate control measures; if they do, transition would end after only 8 years;

- Must ensure that even if negotiations break down in enlarged Community, balance of CFP safeguarded until date for revision in sight (2002).



b) Olive Oil

- Latest Italian 1983/84 production figures 900,000 tonnes (25% higher than previous record) show Community already in surplus;

- Strengthens case for Commission to propose guarantee threshold now. Italians must cut back on fraud drastically or system will fall into disrepute.

- Spanish production very large (640,000 tonnes). Would produce 20% surplus for whole Community if automatic alignment of prices. Must stick to Community position.

c) Euratom [If Dutch Raise]

- Agree Spanish non-ratification of NPT cause for concern. But they have accepted full-scope safeguards which is all that is required of Euratom accords. In Community context, this does present technical problem with supplier (Australia). Commission have in hand.



5. INTEGRATED MEDITERRANEAN PROGRAMMES

- UK/Netherlands positions very similar. We agree
 - basis for IMPs must be Brussels European Council conclusions;
 - IMPs expenditure must be kept to a minimum and channelled through Structural Funds;
 - emphasis should be on responding to Greek Memorandum as Enlargement terms now ensure almost no effect on French and Italian farmers, at least for many years.

- IMPs should start for Greece alone in 1985;

- aim must be to end up with Greece having larger share of smaller total.

- Total cost of IMPs. Chancellor Kohl agreed we should try to settle on a sum of 600 mecu at March European Council.



6. BUDGET

- Best solution still to bring forward Own Resources Decision with interim VAT rate to cover 1985 overrun and UK abatement.
- Could reluctantly contemplate second IGA to cover overrun, though very difficult to secure agreement of our Parliament.
- However overrun is financed, must implement Fontainebleau conclusions ie UK abatement on revenue side in 1985.
- Must have 1000 mecu abatement in Own Resources Decision in a way that ensures we get it automatically once Decision enters into force.
- Decisions on ORD/supplementary finance must be taken simultaneously. UK could not ask House of Commons to contribute to further IGA until we had got our abatement.
In everybody's interest to ensure new Own Resources Decision in force by end of this year.

[If necessary]

- Proposal to finance our 1000 mecu abatement also through



inter-governmental agreement would not provide legal basis to vary the VAT rate and is not likely to be agreed in the Council.

- Very difficult to contemplate doing this through Article 235. Germans strongly opposed.



7. CAP

- Positions close on price-fixing. Decisions must be in accordance with financial guideline. Need for restrictive price policy (zero norm increase for milk, cereals, wine etc).

- Effective application of guarantee thresholds (milk quotas, must be implement as agree at 1984 price fixing; maximum 5% abatement of cereal prices (ie 5% net) and Dublin agreement on wine implemented, if last not settled beforehand).

- Vital to do something about cereals. 45 million tonnes exportable surplus this year. Stocks in intervention already 13 million tonnes. Must apply the price reduction agreed under the guarantee threshold arrangements.

- No further preferential treatment for Mediterranean products (expenditure up 254% 1979 compared with 76% in total FEOGA).

- Final Commission price proposals (due early February) should not only accord with financial guideline in practice but should also include figures to show that Commission has met its commitments on budget discipline as already agreed.



8. EC/US AND MULTILATERAL TRADE RELATIONS

- Not the moment for trade frictions to sour EC/US relations.

- Congressional discussion of Block's Farm Bill will put spotlight on EC subsidised farm exports.

- EC must:
 - (a) demonstrate to US serious nature of CAP reform, while;
 - (b) continuing to counter firmly US protectionism.

- Keep reminding Americans that it is the root of the problem that needs addressing - the strong dollar - trade deficit (with the budget deficit to a large extent responsible for both).

FOREIGN AND COMMONWEALTH OFFICE

24 JANUARY 1985

LUBBERS, DR RUUD F M (CDA)

Prime Minister since November 1982.

Born 1939. Studied economics at Rotterdam University, and became managing director, jointly with his brothers of the family engineering firm in 1965.

Was Chairman of the Catholic organisation of employers in the engineering industry and member of the Rijnmond Regional Council 1970-3 for the Catholic Party (KVP). Appointed Minister of Economic Affairs in the den Uyl Government 1973 but declined a ministry in the van Aft Government in 1977. He served as Deputy floor leader of the CDA until the resignation of Aantjes in November 1978. CDA floorleader, Second Chamber 1978-82.

Belonged to the radical wing of the KVP and is regarded as progressive in Labour Party circles. One of the youngest members of the den Uyl Cabinet and widely regarded as one of the most successful Ministers of that government. Decided not to join van Agt government, possibly because he disagreed with the decision to form a coalition with the Liberals (VVD). Charges that he continued to benefit financially from the family engineering firm during his time as Minister did not prevent his election as floor leader.

A man of ability and charm, though his quickfire style of talking makes him hard to follow in either Dutch or English (which he nevertheless speaks well). He is widely considered to have made a most competent start as Prime Minister. His ingenuity and capacity for hard work are unquestioned. The extent to which he has it in him to halt, let alone reverse the CDA's decline remains as yet unclear.

Married with two sons and a daughter. His wife Ria is more ordinary.

CONFIDENTIAL

BROEK, HANS VAN DEN GCMG

Minister of Foreign Affairs since November 1982.

Born 1936.

Studied law, Utrecht. 1965-68 solicitor in Rotterdam; 1969-76 company secretary and accountants manager with ENKA in Arnhem; 1970-74 Rheden town councillor; 1976 elected to Second Chamber where he was a member of the Foreign Affairs Committee and reserve member of the Defence Committee. Played an active role in the debate within the CDA on nuclear weapons (he then supported TNF stationing). State Secretary for Foreign Affairs 1981-1982.

Charming and friendly. On most international issues his objectives are close to our own. He is on the right of his party and, being somewhat impatient with party politics, is resented by more radical CDA backbenchers. Known to be on good terms with Lubbers.

Married to a charming wife who speaks good English. Two children. He speaks excellent English and is generally anglophile: he spent some time at school in the UK.

CONFIDENTIAL



HUYDECOPER VAN NIGTEVECHT, JHR JAN LOUIS REINIER, GCVO

Netherlands Ambassador to Britain since 1982.

Born 1922 in Utrecht. Studied law at Leiden. Rotterdam Bank 1942-44; Ministry of Finance 1945-46; joined Foreign Service 1946; Ottawa 1947-48; Berlin and Bonn 1949-52; London 1952-56; Jakarta 1956-59; Washington 1959-62; Rome 1962-66; Ministry 1966-70; Minister in London 1970-73; Geneva 1973-74; Ambassador to USSR 1974-77; Ambassador to Portugal 1978-80.

Competent and widely respected. A man of strong views, which he does not hesitate to express.

Married. He and his wife speak excellent English.



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.

Divorced (twice). Speaks excellent English. *NOW MARRIED AGAIN.*



MERCKELBACH, Mr J P M H

Chief Foreign Affairs Adviser to the Netherlands Prime Minister since 1975.

Born 1935.

Doctor of Law (Meester).

Joined Ministry of General Affairs (roughly = Cabinet Office) in 1963.

Cabinet Secretariat 1967.

As his record suggests, he has great depth of experience in the service of successive Dutch Prime Ministers. His nickname in The Hague is 'The Sphinx', and indeed he does not give much away. But he is a friendly enough interlocutor.

M. Panell

REVISED LIST OF GUESTS ATTENDING THE LUNCHEON TO BE GIVEN BY THE
PRIME MINISTER IN HONOUR OF HIS EXCELLENCY DR. R.F.M. LUBBERS,
PRIME MINISTER OF THE NETHERLANDS ON SATURDAY, 26 JANUARY 1985 AT
1.00 PM FOR 1.15 PM

The Prime Minister

His Excellency Dr. R.F.M. Lubbers Prime Minister of the Netherlands

His Excellency Mr. Hans van den Broek Foreign Minister

His Excellency the Ambassador of the Netherlands

Dr. Posthumus Meyjes

Mr. J.P.M.H. Merckelbach Chief Foreign Affairs Adviser
to the Prime Minister of the
Netherlands

Rt. Hon. Sir Geoffrey Howe, MP

Mr. J.W.D. Margetson HM Ambassador, The Hague

Mr. David Williamson

Mr. Charles Powell

DRAFT SEATING PLAN FOR LUNCHEON ON SATURDAY, 26 JANUARY 1985

Mr. Charles Powell

Mr. J.W.D. Margetson

Dr. Posthumus Meyjes

His Excellency Dr. R.F.M. Lubbers

Rt. Hon. Sir Geoffrey Howe

THE PRIME MINISTER

His Excellency Mr. Hans van den
Broek

His Excellency the Ambassador of the
Netherlands

Mr. David Williamson

Mr. J.P.M.H. Merckelbach

ENTRANCE

CONFIDENTIAL

FM THE HAGUE 231545Z JAN 85

TO DESKBY IMMEDIATE (231700Z) FCO

TELEGRAM NUMBER 18 OF 23 JANUARY

PRIORITY INFO UKDEL NATO, BRUSSELS.

AND TO SAVING WASHINGTON, BONN, PARIS, LUXEMBOURG, UKREP BRUSSELS,
MOSCOW, ROME.

VISIT OF NETHERLANDS PRIME MINISTER TO CHEQUERS, 26 JANUARY.

1. THIS WILL BE MR LUBBERS THIRD BILATERAL MEETING WITH THE PRIME MINISTER. YOU AND MRS THATCHER KNOW HIM AND HIS STYLE WELL. HE IS NOT FROM THE STABLE OF PONDEROUS AND ELDERLY DUTCHMEN : BUT LIVELY, THOUGHTFUL AND STILL AT 45 A YOUTHFUL MAN WITH MUCH MINISTERIAL EXPERIENCE BEHIND HIM.
2. HIS STATURE HAS GROWN GREATLY DURING THE LAST YEAR. THE DUTCH CONSTITUTION CONFINES THE PRIME MINISTER TO BEING A CHAIRMAN, OR MINISTERIAL PRIMUS INTER PARES (LAST THREE WORDS UNDERLINED). BUT LUBBERS BY FORCE OF PERSONALITY AND CIRCUMSTANCE NOW OCCUPIES A POSITION WHICH HAS NOT BEEN SEEN SINCE THE DAYS OF PRIME MINISTER DREES IN THE 50S. THIS IS PARTLY BECAUSE THE ECONOMIC CRISIS WHEN HE CAME TO POWER REQUIRED A LEADER : AND PARTLY BECAUSE COMMUNITY AFFAIRS AND THE EUROPEAN COUNCIL IN PARTICULAR HAVE FORCED HIM TO DEAL WITH EXTERNAL MATTERS IN A WAY THE CONSTITUTION NEVER PROVIDED FOR. MORE PARTICULARLY, HIS HANDLING OF THE CRUISE MISSILE PROBLEM LAST YEAR WAS A PERSONAL (NEXT THREE WORDS UNDERLINED) TOUR DE FORCE WHICH BROUGHT HOME TO THE DUTCH PUBLIC HIS QUALITIES OF COURAGE AND DETERMINATION. HE HAS TWICE TOLD ME THAT HE HAS BEEN IN POLITICS A LONG TIME AND LOOKS FORWARD TO AN EARLY RETIREMENT - I DON'T BELIEVE A WORD OF IT EXCLAMATION MARK.
3. HIS IMMEDIATE CONCERNS FOR THE DUTCH POLITICAL SCENE IN THE YEAR AHEAD ARE INF AND THE ECONOMY. DURING A LONG TALK WITH HIM TODAY HE PUT THE SUBJECTS IN THAT ORDER. ON INF ALL IS QUIET AT PRESENT HERE, DESPITE THE BELGIAN PROBLEM. BUT LUBBERS LOOKS AHEAD TO THE DEPLOYMENT DECISION OF 1 NOVEMBER VERY CONSCIOUS OF THE POLITICAL DANGERS WHICH COULD BE IN STORE. IN PUBLIC, MINISTERS EMPHASISE THE FIRMNESS OF THE DECISION OF LAST JUNE, AND LUBBERS HAS TOLD ME THAT HE CONSIDERS THAT THAT DECISION HAD THE BACKING OF A LARGE MAJORITY OF THE COUNTRY. THERE IS THEREFORE A STRONG DISPOSITION TO STICK TO IT.
T.

NEVERTHELESS, PRIVATELY LUBBERS HAS SPOKEN TO ME OF THE DANGERS WHICH MAY ARISE IF ON 1 NOVEMBER THE SOVIET-US ARMS CONTROL TALKS ARE STILL IN PROGRESS BUT HAVE REACHED NO CONCLUSIONS. DUTCH PUBLIC OPINION, WHICH IN THE PAST LOOKED WITH CYNICISM ON SUPERPOWER ARMS CONTROL TALKS, NOW SEES A POSSIBILITY OF US/SOVIET CONSTRUCTIVE NEGOTIATION. LUBBERS MUST ALSO FACE AN OPPOSITION (LABOUR PARTY) WHO WANT AT LEAST TO ENSURE THAT ANY US-NETHERLANDS TREATY COVERING CRUISE MISSILES CAN BE RENEGOTIATED AFTER THE 1986 ELECTION. A FURTHER COMPLICATING FACTOR IS THE POSSIBILITY OF A GROMYKO VISIT TO THE NETHERLANDS SEMI-COLON BUT LUBBERS THINKS GROMYKO MAY LOSE INTEREST IN THIS AS US/SOVIET TALKS PROCEED.

4. ON THE DUTCH ECONOMIC SCENE, LUBBERS TAKES A CAUTIOUS BUT OPTIMISTIC LINE. HE FINDS PRESENT INDICATORS ENCOURAGING : THE VERY HIGH RATE OF UNEMPLOYMENT IS JUST BEGINNING TO DECLINE : INVESTMENT IS INCREASING AND THE MAJOR COMPANIES ARE IN AN OPTIMISTIC MOOD. UNEMPLOYMENT IS A KEY PROBLEM FOR ALL PARTIES. IN CASTING ABOUT FOR CONSTRUCTIVE POLICIES IN THAT FIELD , THE DUTCH EMPHASIS IS ON WORK SHARING . THE TALK IS OF BRINGING THE WORKING WEEK DOWN FROM 40 TO 36 HOURS OVER A PERIOD OF YEARS. LUBBERS HIMSELF TAKES A FIRM LINE THAT SUCH MEASURES MUST NOT BE ALLOWED TO INCREASE LABOUR COSTS.

5. THE GENERAL ELECTION OF 1986 IS NOW FIRMLY IN HIS POLITICAL SIGHTS. THE LUBBERS YEARS OF AUSTERITY MUST BE SEEN TO BEGIN TO PAY OFF IF HIS CENTRE/RIGHT COALITION IS TO CONTINUE IN OFFICE. OF COURSE MUCH DEPENDS ON THE WORLD ECONOMY, AND THE AMERICAN AND GERMAN ONES IN PARTICULAR. BUT NEVERTHELESS HE MUST NOW BE GIVING CAREFUL THOUGHT TO THE ECONOMIC MEASURES HE HOPES WILL LEAD TO SUCCESS IN THE ELECTION AND THE OPPORTUNITY THEREAFTER TO LEAD HIS COUNTRY OUT OF THE RECESSION OF RECENT YEARS. CRUISE MISSILES COULD UPSET HIS BEST LAID PLANS. 1984 SHOWED HOW BRITTLE THE COALITION COULD BE ON THAT SUBJECT. THIS YEAR MAY PROVE TO BE AS SEVERE A TEST OF HIS POWERS OF POLITICAL LEADERSHIP AS 1984, BUT HE APPROACHES IT WITH ZEST AND IN GOOD SPIRITS . I AM SURE THAT YOU AND THE PRIME MINISTER WILL CONTINUE TO FIND HIM A VERY OPEN AND STIMULATING INTERLOCUTOR. MR VAN DEN BROEK, WHO IS ACCOMPANYING HIM WILL ONLY JUST HAVE ARRIVED BACK FROM CHINA AND PAKISTAN. I DOUBT WHETHER HIS LIVELY PERSONALITY WILL BE MUCH AFFECTED BY JET-LAG.

FCO PLEASE PASS SAVING COPIES.

MARGETSON



FILE

cc: DE

27

10 DOWNING STREET

From the Private Secretary

18 January, 1985

VISIT OF NETHERLANDS PRIME MINISTER AND FOREIGN MINISTER

Thank you for your letter of 16 January.

The Prime Minister agrees that Mr. Lubbers should be accompanied by his Foreign Minister, by Mr. Meyjes, the Netherlands Ambassador in London and a Private Secretary. The Prime Minister has invited Mr. Williamson to attend on our side.

I should be grateful for briefs covering the points we proposed to the Netherlands side together with those set out in telegram no.14 from the Hague by the evening of 24 January. You will wish to bear in mind that the Prime Minister has been heavily briefed on most of these matters recently. Briefs should, therefore, be as taut and to the point as possible.

(C.D. Powell)

C. Budd, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL



10 DOWNING STREET

MR. POWELL

Visit of the Netherlands PM
Saturday, 26 January

Just to let you know that
Ie have been in touch with
Mr. Williamson's office
regarding 26 January.

Sue Goodchild

18 January 1985

CF to file ?

80 18/1

Mrs Goodchild ✓ 59 18/11

Please invite.

PRIME MINISTER

DMS
18/11

VISIT OF NETHERLANDS PRIME MINISTER

You are having a working lunch and talks with Mr. Lubbers at Chequers on 26 January. He will have his Foreign Minister and Ambassador. He wants to talk primarily about European Community affairs and wants to add his Economic Director Mr. Meyjes, to the party.

Agree to add Mr. Meyjes?

Yes

Agree to add Mr. Williamson on our side?

Yes

(This would make a total of ten).

C.D.P.

mt

17 January, 1985

ADVANCE COPY



IMMEDIATE

HAGFO 001

00 FCO

GRS 340

CONFIDENTIAL

FM THE HAGUE 161230Z JAN 85

TO IMMEDIATE FCO

TELEGRAM NUMBER 014 OF 16 JANUARY

PS (2)
P/Lady Young
P/M. Duffin
P/Pu
Mr Derek Turner
Mr Jenkins
Mr Demich

Hd/WED
Hd/ECD(1)
Hd/ECD/E
Hd/Protocol

VISIT TO CHEQUERS OF THE NETHERLANDS PRIME MINISTER AND MINISTER OF FOREIGN AFFAIRS (26 JANUARY)

1. WHEN I CALLED TODAY ON MERCKELBACH (POLITICAL ADVISER TO MR LUBBERS) HE GAVE ME THE FOLLOWING REACTIONS TO THE PROPOSALS FOR THE PROGRAMME AND AGENDA IN YOUR TELNO 001 OF 4 JANUARY.

EUROPEAN COMMUNITY

2. LUBBERS CONSIDERS THE EC TO BE THE MOST IMPORTANT AGENDA ITEM FOR HIM. HE WILL THEREFORE BE BRINGING POSTHUMUS MEYJES WITH HIM FOR THE TALKS. HE WOULD LIKE TO RANGE OVER THE ISSUES WHICH THE COMMUNITY MUST DECIDE IN THE NEXT FEW MONTHS AND HOPES THAT THE DISCUSSIONS CAN BE AS CONCRETE AS POSSIBLE. HE HAS IN MIND IN PARTICULAR THE SPANISH AND PORTUGUESE ACCESSION, THE GREEK POSITION ON INTEGRATED MEDITERRANEAN PROGRAMMES AND AGRICULTURAL PRICE FIXING. UNDER THE HEADING 'FUTURE OF THE COMMUNITY', HE ASSUMES WE MEAN THE WORK OF THE DOOGIE COMMITTEE, THE POSSIBLE INTER-GOVERNMENTAL CONFERENCE AND THE COMPLETION OF THE INTERNAL MARKET. LUBBERS WOULD ALSO LIKE TO RAISE HIS IDEAS ON A TECHNOLOGICAL COMMUNITY WHICH HE FLOATED AT THE DUBLIN EUROPEAN COUNCIL. (AT DINNER LAST NIGHT, IN THE COURSE OF A DISCUSSION ON THE CURRENT STRENGTH OF THE DOLLAR LUBBERS SAID IN JOKING FASHION THAT HE MIGHT USE THE OPPORTUNITY OF HIS TALKS AT CHEQUERS TO SUGGEST THAT UK MEMBERSHIP OF THE EMS MIGHT BE OF HELP TO THE POUND.)

3. ALTHOUGH NOT STRICTLY A COMMUNITY MATTER , LUBBERS WOULD ALSO LIKE TO DISCUSS UNDER THIS HEADING ECONOMIC POLICY: HOW WESTERN EUROPEAN ECONOMIES CAN BE STIMULATED, UNEMPLOYMENT AND TAX CUTS. EAST-WEST RELATIONS

4. I SAID THAT MRS THATCHER WOULD BE INTERESTED TO HEAR LUBBERS' COMMENTS ON THE BELGIAN POSITION ON INF. MERCKELBACH AGREED. LUBBERS IN TURN WOULD BE INTERESTED IN AN ACCOUNT OF THE GORBACHEV VISIT. GIVEN THE CLOSENESS OF OUR CONSULTATIONS WITHIN THE ALLIANCE AND IN POCO, MERCKELBACH AND I AGREED THAT OTHER EAST-WEST MATTERS COULD PROBABLY BE COVERED RELATIVELY QUICKLY.

BILATERAL MATTERS

5. WE AGREED THAT THERE WOULD PROBABLY BE ONLY A NEED TO TOUCH ON THE WILLIAM AND MARY TERCENTENARY. ON AIR SERVICES, THERE HAD BEEN NO REACTION YET FROM THE MINISTRY CONCERNED. ON DEFENCE, VAN HOUWELINGEN, STATE SECRETARY FOR DEFENCE, HAD AGREED THAT IT WOULD USEFUL TO HAVE SOME DISCUSSION ON THE FOLLOW-UP TO THE IEPG MEETING IN THE HAGUE.

MARGETSON

16 JAN 1985

10 11 12 1
9 8 7 6 5 4
3 2 1

CEPC



Foreign and Commonwealth Office

London SW1A 2AH

16 January, 1985

*Dear Charles,*Visit of Netherlands Prime Minister and Foreign Minister:26 January

Thank you for your letter of 2 January about the programme and agenda for this visit.

The Dutch are well content with the arrangements and agenda we have proposed. I enclose a telegram (Hague 014) from our Ambassador at the Hague, which records their reaction.

We believe it would be useful for the Prime Minister to raise defence procurement. We are keen to persuade the Dutch to buy our Sea Wolf anti-air warfare missile system instead of the American Sea Sparrow system. The Dutch are due to make a decision on this around the end of January, and they are expecting us to raise it.

Lubbers would like to bring with him Dr Posthumus Meyjes, Economic Director at the Ministry of Foreign Affairs, to attend the lunch and subsequent talks (instead of a Private Secretary). On that basis participation would be limited to Prime Ministers, Foreign Ministers, Ambassadors, Posthumus Meyjes and yourself. Posthumus Meyjes will have met Rodric Braithwaite, his counterpart on our side, on 21 January, partly to prepare some of the ground for the Prime Minister's talks. Mr Braithwaite would also be available to attend the talks should the Prime Minister so wish.

*Yours ever,**Colin Budd*

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street



With the compliments of

PROTOCOL DEPARTMENT

Miss B J Connolly

273 3526

**FOREIGN AND COMMONWEALTH OFFICE
LONDON, SW1A 2AH**

TV Police in fm 16.1.55 (Sgt Baker)

From: Security Section, Protocol Department
Foreign and Commonwealth Office

To : Chief Supt A Greenslade
or
Supt J Russell

REQUEST FOR PROTECTION

1. Date of Request 16 January 1985
2. Name and Appointment of Visitor
Mr LUBBERS Prime Minister } The Netherlands
Mr VAN DEN BROEK Foreign Minister }
3. Arrival Details (flight and date)
Private flight - Northolt - 11.15 hrs 26 January
4. Departure Details (flight and date)
Mr Lubbers Private flight 26 January etd 1700hrs (approx)
Mr van der Broek 27 January - BR 818 (Gatwick)
5. Arrival and Departure Airport
Northolt (Mr Lubbers)
Gatwick (Mr van der Broek)
6. VIP Suite (if known) - North Suite Gatwick (Mr van der Broek)
7. Accommodation Details
Mr van der Broek overnight 26/27 January
stays at Chevening
8. Outline of Programme (attach if possible)

Attached

9. Special Factors (if any)

Cons to be provided by The Netherlands Embassy
Registration numbers will be provided in due course

Date 16 January 1985

Signed

J Russell

Mr Mumford
→ Miss Connolly
Protocol Dept

VISIT BY NETHERLANDS PRIME MINISTER AND FOREIGN MINISTER :
26/27 JANUARY

1. We have now received the following information about Lubbers' and van den Broek's travel arrangements:

Saturday 26 January

11.15 Arrive at RAF Northolt by private flight
Cessna Citation II PH-MBX

By road to Chequers

Late pm PM Lubbers departs by same plane (with
Dr Posthumus Meyjes, MFA Director General
for European Cooperation)

FM van den Broek by road to Chesham.

Sunday 27 January

11.15 FM van den Broek departs from Gatwick by
flight BR 818.

2. I should therefore be grateful if Mr Mumford would make the necessary greeting arrangements and if Miss Connolly would ensure security liaison. As this is a working visit, the Netherlands Embassy will be responsible for transport for the Dutch party.

CONFIDENTIAL

2260 - 1

①

OO THE HAGUE

GRS 220

CONFIDENTIAL

FM FCO 031700Z JAN 85

TO IMMEDIATE THE HAGUE

TELEGRAM NUMBER 001 OF 4 JANUARY

INFO SAVING UKDEL NATO

VISIT BY MR LUBBERS AND MR VAN DEN BROEK : 26 JANUARY

1. NO 10 HAVE NOW PROPOSED THE FOLLOWING PROGRAMME:

1200

ARRIVAL AT CHEQUERS

- TETE-A-TETE BETWEEN PRIME MINISTERS FOR ABOUT HALF AN HOUR (SEPARATE MEETING BETWEEN MYSELF AND VAN DEN BROEK)
- LUNCH, FOLLOWED BY POSSIBLE FURTHER SESSION INCLUDING FOREIGN MINISTERS, THE TWO AMBASSADORS AND ONE PRIVATE SECRETARY FROM EACH SIDE.

1530/1600

DEPARTURE

Buzell
DR

E/Inward Visitation from Holland
DR 7/11

MPSB alerted
DR 8/11



RJ 2/6

With the compliments of

PROTOCOL DEPARTMENT

Miss B J Connolly

273 3526

**FOREIGN AND COMMONWEALTH OFFICE
LONDON, SW1A 2AH**

①

OO THE HAGUE
GRS 220
CONFIDENTIAL
FM FCO 031700Z JAN 85
TO IMMEDIATE THE HAGUE
TELEGRAM NUMBER 001 OF 4 JANUARY
INFO SAVING UKDEL NATO
VISIT BY MR LUBBERS AND MR VAN DEN BROEK : 26 JANUARY

Inward Visitation from Holland
JK 7/11

MPSB alerted
JK 8/11

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- TETE-A-TETE BETWEEN PRIME MINISTERS FOR ABOUT HALF AN HOUR (SEPARATE MEETING BETWEEN MYSELF AND VAN DEN BROEK)
- LUNCH, FOLLOWED BY POSSIBLE FURTHER SESSION INCLUDING FOREIGN MINISTERS, THE TWO AMBASSADORS AND ONE PRIVATE SECRETARY FROM EACH SIDE.

1530/1600 DEPARTURE

2. THE PROPOSED AGENDA IS AS FOLLOWS:

- EC (PRICE FIXING/FUTURE OF THE COMMUNITY/ POSSIBLY BUDGET ISSUES)
- EAST/WEST (INF DEPLOYMENT/PROSPECTS AFTER GORBACHEV VISIT AND GROMYKO/SHULTZ MEETING)

THE PRIME MINISTER WOULD ALSO BE PREPARED TO DISCUSS BILATERAL MATTERS INCLUDING THE TERCENTENARY OF WILLIAM AND MARY, AIR SERVICES, DEFENCE PROCUREMENT, IF MR LUBBERS WISHES.

3. GRATEFUL IF YOU WOULD NOW PUT THE PROPOSED PROGRAMME AND AGENDA TO THE DUTCH.

// 4. VAN DEN BROEK WILL NOW BE STAYING AT CHEVENING UNTIL MID-MORNING ON 27 JANUARY. HIS OFFICE HAVE BEEN IN DIRECT CONTACT WITH MY PRIVATE OFFICE.

Mailstone Police alerted
JK 8/11

5. AS WILL BE APPARENT FROM THE ABOVE THE PRIME MINISTER HAS AGREED THAT AMBASSADORS SHOULD ATTEND THE TALKS.

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PLANNING STAFF

PROTOCOL D

PS

PS/LADY YOUNG

PS/MR RIFKIND

PS/PUS

MR DEREK THOMAS

MR JENKINS

MR GOODALL

MR WESTON

MR BRAITHWAITE

MR RENWICK

TXS 027/3401

RECEIVED IN OFFICE No. 18	
- 7 -	
DEPT. SECRETARY	SECRETARY
PA	Admin Taken



10 DOWNING STREET

From the Private Secretary

2 January 1985

Thank you for your letter of 28 December about the Prime Minister's invitation to Mr. Lubbers to visit Chequers on 26 January.

I suggest that the Netherlands guests should be asked to arrive at Chequers at 1200. Once photographs and formalities are dealt with, the Prime Minister would like a private talk with Mr. Lubbers lasting, say, half-an-hour. During this time, the Foreign Secretary might have a separate word with Mr. van den Broek. Discussions could continue over lunch and there could be a further session including all participants, ie the two Foreign Ministers, the two Ambassadors and a Private Secretary from each side. I should be grateful if these proposals could be put to the Dutch.

The Prime Minister agrees to the agenda proposed in your letter.

C.D. POWELL

Mr. Kicketts, Room
Foreign and Commonwealth Office.

KW

etc



Mr Powell o/v
Foreign and Commonwealth Office
London SW1A 2AH

28 December 1984

Re Murks;

agree to these
arrangements?

Dear Charles,

I think the Dutch
prefer no-one else
present for part of
the talks - i.e. no one
not

Visit of Netherlands' Prime Minister, 26 January

Mr Lubbers has accepted the Prime Minister's invitation to visit Chequers for talks and a working lunch on 26 January. We need to let the Dutch know our thoughts both on attendance and the agenda. D 28/12

Mr Lubbers will be accompanied by Mr van der Broek, his Foreign Minister. The Foreign Secretary would like to attend, and has invited van den Broek to stay at Chevening for the night of 26 January. We suggest that the team on each side should be made up by one Private Secretary (as note taker) and the respective Ambassadors. (It would be a particularly valuable opportunity for John Margetson our new Ambassador in The Hague.)

health
or
Plenary
only -

On the agenda we expect Community and East/West relations and arms control to be the main subjects for discussion. The main points on the Community will be the price fixing, and the future of the Community. Budget issues, including new own resources, may also arise depending on the state of discussions in the Council. East/West issues might include the Gorbachev visit and INF deployment in the Netherlands. Mr Lubbers is also likely to wish to discuss briefly the Tercentenary of William and Mary, which is due to be celebrated in 1988, and one or two other bilateral matters, including air services.

I should be grateful to know whether these arrangements are acceptable to the Prime Minister.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

Foreign and Commonwealth Office

NETHERLANDS: visit by Mr Lubbers: NOV 79



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3 DEC 1984

No 10 Downing St

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GRS 55
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FM THE HAGUE 301650Z NOV 84
TO IMMEDIATE FCO
TELEGRAM NUMBER 396 OF 30 NOVEMBER
INFO SAVING UKREP BRUSSELS BRUSSELS UKDEL NATO

CR [unclear] [unclear]
Mr Powell 4/12

YOUR TELNO 156; VISIT BY MR LUBBERS

1. MR LUBBERS HAS ACCEPTED THE PRIME MINISTER'S INVITATION FOR TALKS AT CHEQUERS ON 26 JANUARY. HE IS HAPPY WITH THE FORMAT PROPOSED FOR THE MEETING. AS FORESHADOWED IN OUR TELNO 346, LUBBERS WILL BE ACCOMPANIED BY VAN DEN BROEK.

Br

FCO PASS SAVING TO UKREP BRUSSELS BRUSSELS UKDEL NATO

CHAPMAN

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DEF D
ESD
MAED
PLANNING STAFF
PROTOCOL D
PS
PS/LADY YOUNG

PS/ MR RIFKIND
PS/ PUS
MR DEREK THOMAS
MR JENKINS
MR RENWICK

REPEATED AS REQUESTED

3 COPIES SENT TO
No. 10 DOWNING STREET

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bc. Sir P. Cradock
Mrs. Goodchild

SUBJECT FILED ON:

BELGIUM: Visit of Belgian PM
June 79

10 DOWNING STREET

From the Private Secretary

20 November, 1984.

Possible invitations to the Belgian and Netherlands
Prime Ministers

Thank you for your letter of 12 November suggesting that the Prime Minister should invite Mr. Martens, the Belgian Prime Minister, and Mr. Lubbers, the Netherlands Prime Minister, for bilateral talks.

The Prime Minister agrees to invite both of them for talks in the early part of next year. In both cases she would like the occasions to be very informal. She does not want large delegations or lengthy meetings. The idea would be for each of them to fly in to the UK in the morning, come to Chequers for an hour's discussion before lunch, followed by a working lunch.

The two dates which the Prime Minister could manage are Saturday, 26 January and Saturday, 2 March. I should be grateful if invitations could be extended for these dates. I assume from your letter that Mr. Lubbers would prefer the earlier one. There is no possibility, I am afraid, of the Prime Minister seeing Mr. Lubbers before 21 January.

Please ensure that the nature of the invitation is clearly understood at the time that it is issued.

Charles Powell

Colin Budd, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

for Jan: 26
for March 2d

MRS. RYDER

SUBJECT FIXED ON:

BELGIUM: Visit of Belgian PM
June 79

MEETING WITH THE BELGIAN AND DUTCH PRIME MINISTERS

You will see from the attached that the Prime Minister has agreed to invite both Mr. Martens, the Belgian Prime Minister, and Mr. Lubbers, the Dutch Prime Minister, separately to working lunches at Chequers in late January or February (or at a pinch in March). What is envisaged in each case is a small working occasion: about an hour of talks before a working lunch and then off. It could be either a Saturday or a Sunday (or, if you can fix it, a Friday or a Monday). Would it be possible to let me have some dates which I could put to the Foreign Office please?

CJP

Charles Powell

18 November 1984

SUBJECT FILED ON:

BELGIUM: Visit of Belgian PM
June 79

PRIME MINISTER

Meetings with Belgian and Dutch Prime Ministers

You earlier agreed in principle to invite M. Martens for lunch and a talk, possibly at Chequers, but wanted to defer a decision on timing.

Mr. Lubbers has now entered the lists and wants to invite you to the Hague for talks and a meal. Alternatively he would come here.

In both cases, the timing would be January or February.

The Foreign Secretary recommends that you agree to both, but thinks it would be wounding to Martens if you were to agree to Lubbers but not to him.

There is scope for seeking alliances with the smaller Community member states on a number of important issues coming up. Some contact with Martens is really overdue.

Agree:

to invite Martens to a working lunch at Chequers in late January/early February? *Yes not*

to go to the Hague to see Lubbers? - *Make him to Chequers 65*

or to invite him also for a working lunch early in the New Year?

CDP

not

14 November, 1984.

cc PE



Foreign and Commonwealth Office

London SW1A 2AH

SUBJECT FILED ON:

BELGIUM: Visit of Belgian PM

12 November 1984

June 79

Dear Charles.

Possible Invitations to Belgian and Netherlands Prime Ministers

In your letter of 17 October you said that the Prime Minister was ready in principle to invite Mr Martens, the Belgian Prime Minister, but preferred to wait a while before issuing an invitation. We have now heard that, while the likely date of the next Belgian general election is towards the end of 1985, it might be brought forward as early as May. It would therefore be preferable if a visit could take place early in the New Year.

There is also reason to consider a further meeting with Mr Lubbers, the Netherlands Prime Minister. In two recent meetings with the retiring UK Ambassador, Sir Philip Mansfield, Mr Lubbers has expressed his wish to have further talks with the Prime Minister. (He was last over here for a working breakfast on 2 March, in the run-up to the Brussels European Council.) We and the Dutch continue to work closely together on budget discipline, and on our approach to Integrated Mediterranean Programmes. We shall wish to impress on them the need for stringent price controls at next March's annual agricultural price fixing, and to persuade Mr Lubbers that our ideas for the future of the Community reflect a real interest in increasing and strengthening cooperation. There is also scope for discussion of other international issues.

Mr Lubbers has suggested the first half of January. (The Dutch Parliament is in recess from about 21 December to 21 January.) He has said that he would be happy to invite the Prime Minister to The Hague for a session of talks plus a working meal, or to come to London. The Foreign Secretary thinks that this, like a visit by Mr Martens, would be useful; and that it is really immaterial which meeting takes place first, provided that an invitation to Mr Martens is extended before or at the same time as a meeting is arranged with Mr Lubbers. It would very much please the Dutch if the Prime

/Minister

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Minister were able on this occasion to take up the invitation to go to The Hague, since it is their turn to be hosts.

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL



ROYAL NETHERLANDS EMBASSY
LONDON

9th March, 1984

Prime Minister.

mt

A.S.C. 2/3.

Dear Prime Minister,

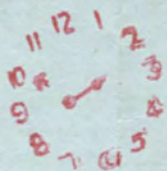
I apologise for being so late in expressing to you my sincere thanks for the delicious breakfast I had at your house on 2nd March. Although belatedly I would like to thank you most sincerely for your hospitality.

Yours sincerely

J.L.R. Huydecoper

The Right Honourable
Margaret Thatcher, M.P.
10 Downing Street
London SW1.

-9- 1984





file

JSG

10 DOWNING STREET

From the Private Secretary

2 March 1984

Dear Roger,

VISIT OF THE NETHERLANDS PRIME MINISTER

Mr. Lubbers had a working breakfast with the Prime Minister today. I enclose the record of the conversation.

I am sending copies of this letter and its enclosure to John Kerr (HM Treasury), Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food) and Richard Hatfield (Cabinet Office).

Yours ever

JL Cols.

Roger Bone, Esq.,
Foreign and Commonwealth Office.

SUBJECT
cc New

RECORD OF A CONVERSATION AT A WORKING BREAKFAST GIVEN BY THE
PRIME MINISTER FOR THE PRIME MINISTER OF THE NETHERLANDS AT 0815
ON FRIDAY, 2 MARCH 1984 AT 10 DOWNING STREET

Present:

- | | |
|-------------------------------------|------------------------------------|
| Prime Minister | H.E. Mr. R.F.M. Lubbers |
| Foreign & Commonwealth
Secretary | H.E. Mr. Hans van den
Broek |
| Sir Crispin Tickell | H.E. The Netherlands
Ambassador |
| Mr. D.F. Williamson | Dr. Posthumus Meyjes |
| Mr. A.J. Coles | |

* * * * *

The Prime Minister said that there was clearly a great deal of work to be done before the 19 March European Council. President Mitterrand would be visiting her on 5 March. Chancellor Kohl had come to London earlier in the week. He said that he and President Mitterrand were agreed that the target for EC milk production should be 97 m. tonnes and that this should be reached in two years.

He had also described the German proposal on MCAs - namely that Germany should move from +3 to -3 this year and that there should then be a further five point reduction matched by a national subsidy of 2,000 million Deutschmarks. The Chancellor had denied that at any rate the latter part of this scheme would have inflationary effects.

He had agreed with us that an increase of the VAT contribution to 1.4% was the maximum acceptable. We had stressed that even this was not acceptable unless our conditions were met. An equitable solution to the problem of budgetary contributions was for us an absolute sticking point. He had enquired whether we would accept an arrangement lasting for a period of years.

/ She

She had stated that this was not acceptable. There could be no permanent increase in own resources if the budget solution were merely temporary.

Chancellor Kohl and we were united in opposing an oil and fats tax. We were both prepared to work with the United States for a voluntary arrangement on corn gluten.

The Foreign and Commonwealth Secretary added that, just like the Dutch, we took the view that it was necessary to put the Community's house in order before formal negotiations with the United States could begin.

Mr. van den Broek asked whether President Mitterrand intended to send a letter to all Member States stating the conclusions he had drawn from his bilateral contacts.

Mr. Williamson said that we understood that he would do nothing until his meeting with the Prime Minister next Monday.

Mr. Lubbers said that he noted that Chancellor Kohl and President Mitterrand wished to stabilise milk production at 97 m. tonnes in two years' time. But some Member States would seek exemptions. The Foreign and Commonwealth Secretary pointed out that the idea of moving to 97 m. tonnes in two phases caused difficulty since the production of each 1 million tonnes over the limit cost the Community about 235 million ecus. If we waited for two years, a sum of nearly 500 million ecus would have to be found. Mr. Lubbers said that he could possibly contemplate a two year adjustment provided there were no exemptions. But if there were exemptions it would be very difficult.

The Prime Minister said that Chancellor Kohl had also been very concerned about the potential surpluses of Mediterranean products. Mr. Lubbers said that he was also worried about beef. The guaranteed price was certainly too high at present. Mr. van den Broek commented that the situation would become worse if milk consumption was cut because cattle would then be slaughtered.

/ The

The Foreign and Commonwealth Secretary said that the Community needed a regime which applied to all products which were either in surplus or were likely to be in surplus or where the expense of sustaining production was rising. The Prime Minister commented that it was not clear that Chancellor Kohl or President Mitterrand had worked out precise methods of achieving their aims. Surpluses would have to be dealt with either by price adjustments or, in the case of milk, a super-levy. Mr. Lubbers suggested that a co-responsibility levy was another device which could be used. The Foreign and Commonwealth Secretary explained that this device was more akin to a tax. We did not favour it. Mr. Lubbers said that the Netherlands priority was to work through price reductions but they were prepared to accept a super-levy for milk. The Prime Minister said that we, too, could accept this for want of a better solution. But there must be no exceptions. The Foreign and Commonwealth Secretary observed that the Irish had won wide support for their position because the arrangements relating to milk were the only point in the Stuttgart package to which they attached major importance. The trouble was that if Ireland secured special treatment, Greece and others would demand it as well.

Reverting to the co-responsibility levy, Mr. Lubbers said that he regarded this as a form of price reduction rather than a tax. Sir Crispin Tickell said that the co-responsibility levy operated in a discriminatory fashion. Mr. Williamson pointed out that Greece and large parts of Italy and other areas were totally exempt from it. The Prime Minister said that we could not persuade British farmers to accept both a super-levy and a co-responsibility levy. Mr. Lubbers said that this was true of Dutch farmers as well. He was worried about the effect of the super-levy on productivity, but he would not block it.

The Prime Minister said that she could envisage some kind of subsidy to Ireland. But the means of solving the Irish problem must not distort the whole system. Mr. van den Broek

/ said

said that it might be necessary to think in terms of a mix of instruments. The Foreign and Commonwealth Secretary asked whether the Dutch had precise views on how the Irish problem should be solved. Mr. van den Broek replied in the negative. He feared that Ireland would block all agreement if it did not get satisfaction.

Mr. Lubbers agreed that an oil and fats tax was unacceptable. With regard to corn gluten, the problem seemed to be the level at which stabilisation was set. Mr. Williamson said that the Commission proposed a reduction from present levels. We were inclined to prefer stabilisation at current levels.

Mr. Lubbers then reverted to Chancellor Kohl's ideas on MCAs. He asked whether we would prefer the three point reduction to be proportional or absolute. Mr. Williamson said that we had not taken a position, but he believed that we would prefer it to be proportional. Mr. Lubbers suggested that the risk of inflationary consequences could be offset by a low price settlement in the agricultural price fixing. The Prime Minister said that that would depend about agreement on the rate at which Member States could alter their green currencies. Mr. Williamson pointed out that the second phase of the German proposal - by which five points would be removed from German MCAs over a period of years as yet unspecified - would not be inflationary since Germany proposed to compensate its farmers by national aids. Dr. Meyjes said that he believed that France would in the end accept the German scheme.

Mr. Lubbers then asked whether there was an understanding between Germany and the United Kingdom about overall financial control. The Foreign and Commonwealth Secretary said that there was growing recognition, shared by France, of the need for overall control and specific control of agricultural expenditure. But when it came to specific proposals, that advanced by the Commission was not strong enough. We believed that any solution must be embodied in the Community's procedures in such a way as to bind the Council, the Commission and the European Parliament.

/ Essentially,

Essentially, it would be necessary to lay down cash limits which all three institutions would respect - though it would probably be necessary to reserve for the Parliament some room for manoeuvre. It might be that this should be achieved by amendment of the Treaty, though we did not insist on this.

Mr. van den Broek said that President Mitterrand had told the Dutch that he did not exclude Treaty amendment, but it would be premature to talk about this before the European elections. Since any Treaty amendment would affect the powers of the Parliament, the subject was very delicate.

Mr. Lubbers asked whether, in addition to the institutional point, it was necessary to establish precise figures at the March European Council. The Foreign and Commonwealth Secretary replied that with regard to overall budgetary control, no-one envisaged setting precise figures at that stage. On controlling agricultural expenditure, some argued that this should expand at the same rate as own resources (we could not accept that), or at a lower rate or at a markedly lower rate. In response to a question from Mr. Lubbers, the Prime Minister said that the Council would have to fix a cash limit each year.

The Foreign and Commonwealth Secretary distinguished between three points. First, the Council would decide whether the own resources ceiling should be increased. Then, since no-one envisaged that the Community should immediately begin to spend up to the ceiling, there would have to be a budgetary procedure by which the Council decided on a cash limit each year. The third question was the relationship of the rate of growth of agricultural expenditure to the rate of growth in own resources. Mr. van den Broek said that the London formula which had used the words "lower than" was probably as much as could be achieved. The Prime Minister pointed out that "lower" included the concept of "markedly lower".

Reverting to the point made earlier by Mr. van den Broek, the Foreign and Commonwealth Secretary said that if it was not wise to envisage agreeing on a specific Treaty amendment at Brussels,

it was important that any solution agreed there did not exclude a Treaty change later. Mr. van den Broek pointed out that various Member States rejected any idea of budgetary disciplines. It was politically impossible to get them to agree to a provision which besides imposing a discipline also affected the existing budgetary powers of the Parliament. It was necessary to move step by step. Mr. Williamson pointed out that obligatory expenditure could be controlled by regulation. But this was not true of non-obligatory expenditure. The Foreign and Commonwealth Secretary observed that if it were agreed at the Council that budgetary control must apply to all three institutions, this would pave the way to securing effective control of both types of expenditure. Mr. van den Broek said that it was not clear to him what we would be offering the European Parliament to persuade them to accept tighter control. The Foreign and Commonwealth Secretary said that we would be offering an increase in own resources.

Mr. Lubbers asked whether the Prime Minister had discussed with Chancellor Kohl the "British problem". The Prime Minister said that the description was inaccurate. The problem was how the European budget/^{burden} should be fairly shared. Mr. Lubbers had told her earlier that no-one in the Community had talked about equity until she had arrived on the scene. The Foreign and Commonwealth Secretary said that the Community needed a system which produced a fair distribution of the burden after enlargement. There was wide agreement that that system should be based on relative GDP, should operate on the receipt/revenue side and should be durable. The Prime Minister said that the new system must be part and parcel of the decision increasing own resources. She could not agree to any increase unless a fair and equitable system was produced. The Foreign and Commonwealth Secretary said that there was increasing agreement on the nature of the system but it was also important to ensure that the results produced by the system were equitable.

Following discussion of various ways of measuring the gap between contributions and receipts, the Prime Minister said that

/ in

in political terms the only gap that mattered was between what one contributed and what one received. Mr. van den Broek said that he could not disagree more. The Prime Minister rejoined that he only disagreed because he did not have to pay the bill.

The Foreign and Commonwealth Secretary said that there was wide acceptance that it was necessary to take account of total expenditure. On the revenue side, we believed it essential to take account not just of VAT contributions but also of customs and levies. The political imperative was that the British Parliament should be persuaded to accept the result. Since 1978 the Commission had been producing figures which measured the whole gap. Parliament would therefore only be interested in the size of Britain's total contributions to the Community. The German proposal, based on the VAT gap, under-estimated our burden by an average of 300 million ecus a year.

We wished to be modest net contributors - though Parliament criticised even this position. We believed that in the first year of an enlarged Community, Britain should pay from 450 to 500 million ecus. The French idea that we should contribute 1200 million ecus (which Mr. van den Broek apparently supported) was unacceptable. This was based on the idea that we had settled for 750 million ecus at Stuttgart. But that came at the end of a period in respect of which we acknowledged that we had received more than we had expected to. France could pay about the same amount as Britain in the first year. And our system would produce a reasonable result for Portugal as well.

Mr. van den Broek said that he accepted that the resulting figures had to be acceptable to all parties including the United Kingdom. Mr. Lubbers suggested that the essential political point was that Britain and Germany should agree. For if the Germans stipulated that they were ready to pay a certain amount, the French and others would have to settle too. The Prime Minister commented that she was still concerned that people treated this as a problem between Britain, France and Germany. It was more fundamental than that. The present system was wrong and it would

/ crack.

crack. It was insane for the Community to give more money to Denmark than to Bangladesh. Mr. Lubbers replied that he agreed that if a number of Member States thought the system unfair, it would crack. But the benefits of Community membership could not be calculated simply by measuring expenditure against revenue. The Prime Minister said that even if one took into account such matters as defence and the balance of trade in manufactures, Britain paid. The Foreign and Commonwealth Secretary said that every Member State could talk in terms of industrial deficits, food costs, defence costs, etc. But the inescapable fact was that our net transfer over the exchanges to the European Community was about 1.25 billion ecus which was considerably higher than our overseas aid programme. This was absurd.

Mr. Lubbers then said that he was considering the possibility of writing to his EC colleagues about transport policy. Perhaps there should be a joint British/Dutch letter. The Foreign and Commonwealth Secretary said that we agreed on the substance, but were not sure that a joint letter was the best technique.

Summing up this part of the discussion, the Prime Minister said that there was a long way to go before agreement. But she hoped she had made it clear what our sticking points were. Mr. Lubbers said that we had to make the best out of Brussels. There had to be a balance between putting pressure on people and increasing that pressure to the point where the Community was broken. The Prime Minister said that if we reached that point, the fault would not be hers. The treatment of Britain was totally unfair. Mr. van den Broek said that he accepted the need for a political solution. But what was fair in British eyes was not fair to the other Member States. If all stuck to their positions, there would be no agreement. The philosophical differences between us could not be bridged. We should look for a political solution. Mr. Lubbers said that the Netherlands could not accept a Community in which the yardstick of co-operation was the balance between money paid in and money received.

/ He

He wanted a set of policies which produced equitable benefits. The Foreign and Commonwealth Secretary said that we also wanted this, as was clear from our attitude on liberalisation of services, on Esprit and on the Airbus.

Following a brief exchange on the situation in the Persian Gulf and the Lebanon, the discussion ended at 1015 hours.

A. J. C.

2 March 1984



Foreign and Commonwealth Office

London SW1A 2AH

1 March, 1984

John Lee,

Visit of the Netherlands Prime Minister: European Monetary
System (EMS)

/ I enclose a copy of The Hague telegram number 72 which reports that Mr Lubbers wishes to raise with the Prime Minister the longer term possibility of full British adherence to the EMS. Mr Lubbers regards this as psychologically important to the future development of the Community.

/ I enclose a brief, cleared with Treasury, for the Prime Minister's use.

Sir G Howe has not been able to see these papers this evening. I shall be showing him copies in tonight's box.

John Lee
R B Bone

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

CONFIDENTIAL

GRS 100

CONFIDENTIAL

FM THE HAGUE 291230Z FEB 84

TO IMMEDIATE FCO

TELEGRAM NUMBER 072 OF 29 FEBRUARY

INFO SAVING PARIS BONN ROME AND UKREP BRUSSELS

MY TELNO 56: VISIT OF MR LUBBERS: AGENDA

1. IN VIEW OF THE LATEST DEVELOPMENTS ON INF DEPLOYMENT IN THE NETHERLANDS (MY TELS NOS 65 AND 71) LUBBERS WOULD LIKE TO DISCUSS THIS SUBJECT EITHER A DEUX OR, IF THE ^{PRIME} MI NISTER ^{PRE} FERS, NOT AT ALL. THERE IS NO DOUBT THAT THE MINISTRY OF FOREIGN AFFAIRS AND, I BELIEVE, VAN DEN BROEK HOPE THAT THE PRIME MINISTER WILL EMPHASISE TO LUBBERS HOW IMPORTANT A POSITIVE DUTCH DECISION WILL BE FOR THE ALLIANCE.

2. LUBBERS ALSO WANTS TO RAISE THE LONGER TERM POSSIBILITY OF FULL BRITISH ADHERENCE TO EMS. HE REGARDS THIS AS PSYCHOLOGICALLY IMPORTANT FOR THE FUTURE DEVELOPMENT OF THE COMMUNITY.

FCO PLEASE PASS SAVING COPIES

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MINIMAL
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VISIT OF THE DUTCH PRIME MINISTER, MR LUBBERS: 2 MARCH
EUROPEAN COMMUNITY
EUROPEAN MONETARY SYSTEM (EMS)

POINTS TO MAKE

1. UK is of course a member of the EMS. We have played an important role at realignment meetings (eg, Sir Geoffrey Howe chaired two when he was Chancellor).

2. UK recognises the importance which other Member States attach to our joining the Exchange Rate Mechanism. We have made clear that we would be prepared to join when the time is right. In saying this, we are not just paying lip-service to the idea: the issue is kept actively under review. Considerations we particularly have in mind are as follows:

(a) Sterling tends to rise and fall with oil prices, whereas other continental currencies do the opposite.

(b) Like the Deutschmark, Sterling is widely used in international financing transactions and both currencies could therefore be vulnerable to large speculative flows between them. A reversal of the recent strength of the Dollar may now be under way. Were this to happen, the DM might well strengthen against Sterling, since it could be the major refuge for funds coming out of the Dollar. If the UK were to join the ERM while Dollar movements were imposing strains on the system, this might aggravate these strains considerably.

These two arguments together make up a powerful case for caution.

3. There should be no question about our commitment to the future development of the Community (viz à our agreement to ESPRIT and our participation in the A320). Would not wish to jeopardise this by taking a premature step of joining the ERM which could give rise to more problems than it solves.



Foreign and Commonwealth Office

London SW1A 2AH

1 March, 1984

MS

John John

Call by Mr Lubbers, The Netherlands Prime Minister: 2 March

As you will know from the briefing submitted for the call by Mr Lubbers tomorrow morning, the Netherlands, like the UK, attach great importance to the liberalisation of road haulage in the European Community. We have heard that the Dutch Prime Minister may well be briefed to raise, at the Brussels European Council on 19/20 March, the issue of free lorry movement, with particular emphasis on the abolition of all road haulage quotas in the Community in a fixed period. We entirely endorse this objective.

HM Embassy in the Hague have reported today that Mr Lubbers is now considering proposing at tomorrow's meeting that the Prime Minister and he should send a joint letter to their Community colleagues urging the need for progress on European Community transport policy.

I attach a speaking note and background for use if Mr Lubbers raises the issues.

The Secretary of State for Transport has been consulted, and agrees. Sir G Howe has not been able to see these papers this afternoon: I shall show him copies in tonight's box.

Copies of this letter go to Dinah Nichols (Department of Transport) and Richard Hatfield (Cabinet Office).

Yours
R B Bone

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

EUROPEAN COMMUNITY ROAD TRANSPORT LIBERALISATION
JOINT LETTER FROM MR LUBBERS AND THE PRIME MINISTER
PROMOTING LIBERALISATION (if raised)

1. Important that transport liberalisation should figure prominently in the new policies chapter of the Brussels European Council agenda.
2. Entirely agree that we now need to give careful thought to tactics in pursuit of our shared objective as we approach the Brussels European Council. Welcome the Netherlands intention to raise the issue of road haulage liberalisation at the summit. Happy to support. As to a joint letter to other Heads of Government, suggest officials should discuss tactics. We can then decide whether joint action or individual approaches to sympathetic governments will be the more effective.

BACKGROUND

1. European Community brief (e) on European Transport policy indicates that UK and Netherlands transport policy objectives are very close. The abolition of all roadhaulage quotas in the Community preferably within a 5 year period, is one of the UK's key new policy objectives. The Secretary of State for Transport has argued strongly in favour of liberalisation at successive Transport Councils last December. There should be another opportunity to do so, at an emergency Transport Council which the French presidency now proposes to hold on 22 March - no doubt for tactical reasons, the French prefer to delay discussion until after the European Council. The Department of Transport are considering whether we should put up a marker on road haulage liberalisation at the Internal Market Council now fixed for 8 March.

2. The Netherlands occasionally antagonise other Member States by their approach on transport. Several other Member States - notably the other Benelux partners and Ireland, also favour the abolition of road haulage quotas. We will wish to consider whether we should ask them to join in a pre-summit initiative on free lorry movement.



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Prime Minister.

Qz.03613

MR COLES *AC 1/3*

PRIME MINISTER'S MEETING WITH MR LUBBERS, 2 MARCH: THE
POST-STUTTGART NEGOTIATIONS

The Prime Minister will be aware that the French are making considerable efforts to persuade the Germans that Germany should satisfy itself with more effective control of Community spending and not therefore insist on a limit on its own net contribution. On the other hand, we have always had understanding for the German position, and at his meeting with the Prime Minister on 28 February Chancellor Kohl repeated that he needed a limit. In view of the fact that the Dutch are particularly resistant to financing any relief for Germany, however, I would recommend that, if Mr Lubbers raises this point, the Prime Minister should recognise the Dutch concern and say only that -

(1) she understands that Germany has not gone back on its request that the revised financing system should include some limit on the German contribution;

(2) it is quite feasible to construct the budget correcting system in such a way as to limit the United Kingdom's contribution to about 450-500 million ecu (net contribution after adjustment, on the basis of 1982 figures and using the relative prosperity of a Community of 12) and to leave a high limit for Germany with little or no operational effect.

2. I am sending copies to Roger Bone (FCO), John Kerr (Treasury) and to Sir Robert Armstrong.

D F WILLIAMSON

1 March 1984

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Foreign and Commonwealth Office

London SW1A 2AH

29 February, 1984

Jon Teh...

Visit of the Dutch Prime Minister, Mr Lubbers, on 2 March

/ I enclose briefing for the Prime Minister's working breakfast with Mr Lubbers as follows:

Steering brief

European Community topics, with separate EC General Brief

Defence and Arms Control

East/West Relations

London Economic Summit (2-9 June)

Lebanon

Iran/Iraq

Falkland Islands/Argentina

IEA Executive Director (Defensive brief)

The Netherlands Internal Scene

Personality Notes on Mr Lubbers and Mr van den Broek

Mr Lubbers will be accompanied by the Netherlands Foreign Minister, Mr van den Broek; the Director-General for European Cooperation, Dr Posthumus Meyjes; and the Netherlands Ambassador in London, Mr Huydecoper. We have been told that Mr Lubbers will not be accompanied by a Private Secretary. As agreed, Sir Crispin Tickell will accompany the Foreign and Commonwealth Secretary. I understand that Mr Williamson is also attending.

The Foreign and Commonwealth Secretary's Special Representative will meet Mr Lubbers at Heathrow at 0700. The working breakfast is due to begin at 0815. When the talks end at 1000, Mr Lubbers plans to call at the Netherlands Embassy. He will fly home from Heathrow at about 1145. Mr van den Broek will have further talks with Sir Geoffrey Howe after breakfast on Community matters.

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We have been informed by our Ambassador in The Hague that in view of developments on INF deployment in the Netherlands Mr Lubbers has made clear that if the subject is raised he would prefer to discuss it tete-a-tete with the Prime Minister. It is important that the subject should be covered. You may therefore wish to consider whether the Prime Minister might take Mr Lubbers aside before (or after) the breakfast for a few minutes.

I suggest
after.

Two on
R B Bone

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

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VISIT OF THE DUTCH PRIME MINISTER, MR LUBBERS, ON 2 MARCH

LIST OF BRIEFS

- A Steering Brief
- B European Community topics
- C Defence and Arms Control
- D East/West Relations
- E London Economic Summit (7-9 June)
- F Lebanon
- G Iran/Iraq
- H Falkland Islands/Argentina
- I IEA Executive Director (Defensive brief)
- J The Netherlands Internal Scene
- K Biographical notes on Mr Lubbers and Mr van den Broek.



VISIT OF THE DUTCH PRIME MINISTER, MR LUBBERS: 2 MARCH

STEERING BRIEF

1. Apart from the European Council in Athens, the Prime Minister last saw Mr Lubbers for private talks in The Hague on 18 September. This time Mr Lubbers will be accompanied by the Dutch Foreign Minister, Mr van den Broek.

2. The Prime Minister will wish to focus on Community affairs in the run-up to the March European Council. A separate steering brief is provided for this. (A short brief will follow on the EMS which Mr Lubbers has said he will raise.) But the Prime Minister might like to begin the meeting by discussing one or two issues of mutual interest. It is important that the question of INF basing in the Netherlands is raised at some point. Our Ambassador at the Hague reports that Mr Lubbers would like to discuss this alone with the Prime Minister.

THE TALKS

3. When speaking alone with Mr Lubbers the Prime Minister could say that she was following the Dutch debate on Cruise missiles closely and could ask Mr Lubbers for his assessment of the likelihood of the required Dutch Parliamentary decision being taken in May on INF basing. The Prime Minister could say that the rest of NATO, and particularly the other INF basing countries, were looking to the Dutch for a positive decision. We understood Dutch domestic difficulties and were aware of the Dutch wish to relinquish some short-range nuclear systems. If the Dutch government could demonstrate firm determination over long-range deployment and a willingness to go ahead with the preparations required for it, we would be prepared to consider sympathetically Dutch concerns with nuclear defence as a whole, and encourage our allies to do likewise.



4. Mr Lubbers would be interested in hearing the Prime Minister's views on East West relations and particularly on her visit to Hungary.
5. On the Lebanon, the Prime Minister could say that we agree with the Dutch that a UN force, with agreement from all parties, would be useful. Would the Dutch contribute?
6. Mr Lubbers may be interested in plans for the London Economic Summit. The Prime Minister could assure him that, as hosts, we are fully aware of the need to keep non-participants informed of the proceedings. We have already begun to do so through the OECD.
7. If Mr Lubbers raises Falklands/Argentina the Prime Minister could say that the Argentines' reply to our proposals for bilateral talks was certainly positive in tone. But the Argentine Government still see the resumption of a dialogue as a means to negotiating sovereignty in the framework of UN resolutions which we do not accept. We will be replying privately. It would be helpful if our partners could encourage the Argentines to recognise the obvious constraints.
8. There has been considerable recent interest in the role of the WEU as a forum for discussing European security concerns; the French are actively promoting a 'revival' of WEU. If Mr Lubbers raises the issue the Prime Minister could say that we are willing to look at French ideas but nothing should be done which might undermine NATO or weaken transatlantic links.
9. If Mr Lubbers mentions the Dutch candidate (Mr de Brauw) for Executive Director of the IEA the Prime Minister could say that we think the US candidate (Bosworth) is the right man for the job, though we would not rule out de Brauw.

VISIT OF THE DUTCH PRIME MINISTER, MR LUBBERS: 2 MARCH
EUROPEAN COMMUNITY

(a) GENERAL BRIEF

Introduction

With the exception of budget imbalances, the Dutch have been a stalwart ally during the negotiations particularly on the issues of budget discipline, on control of CAP expenditure, on many aspects of CAP reform, on Transport liberalisation and insurance and on relations with the Community's external trading partners. On budget imbalances they have reluctantly accepted the need for a lasting solution to the problem but reject the idea of a system based on net contributions, partly because they genuinely see it as contrary to the spirit of the Community as they conceive it, partly because they wish to reduce the scale of the UK's relief which would mean that their own position as net recipients (to the tune of 304 mecus in 1982) would become less favourable. The Dutch made no secret last year of the fact that they supported the Danish proposal on budget imbalances which would have left the UK with an unacceptably high net contribution on 1982 figures of approximately 1200 mecus, because the results were less favourable to us than those given by our safety net scheme. There is no reason to suppose that the Dutch will quarrel with any particular system for budget imbalances other than one based on net contributions. They will ultimately judge it by the figures that it delivers, ie its cost to them. They are particularly resistent to giving any relief to the Germans.

Objectives

(i) To consolidate the many areas of agreement between ourselves and the Dutch in the Post-Stuttgart negotiations.

(ii) To establish as much common ground as possible on

/budget

budget imbalances while making clear that we will have to judge any scheme by the size of the adjusted net contribution which we will be left with after reliefs and that this must be modest.

(iii) To leave Mr Lubbers in no doubt that we are committed to the development of Europe, and are working for decisive progress at the March European Council but that our essential requirements must be met if an overall settlement is to be reached.

(iv) To express concern at the position adopted by the Community (at French instigation) on the negotiations on Spanish agriculture (brief f), and to persuade Mr Lubbers that the northern states should stick together to make sure that any Franco-Spanish bilateral deal is not at the expense of their interests.

Points to Make

1. Progress has been made since Athens. It was reflected in President Mitterrand's speech in the Hague on 7 February. Endorse his view that Europe must respond to challenges of the 80's. Our commitment to Esprit and A320 Airbus both symbols of our determination to develop European collaboration in practical.

2. Growing recognition that reform essential prerequisite of renaissance. Much in President Mitterrand's speech, particularly on budget discipline, which we would not have heard a few months ago.

3. UK and Netherlands have much in common in the negotiations. Helpful to identify key areas.

Budget Discipline (Brief b)

4. As President Mitterrand said, finance must determine expenditure not expenditure finance. There must be same

/financial



financial discipline within the Community that we all have to apply at national level.

5. Growing consensus within the Community that we must establish a framework for expenditure each year and live within it. Within this framework, there must be guideline for agricultural expenditure holding its growth markedly below rate of increase in the own resources base.

6. You and we have worked closely on this issue and share the view that essential ingredient for a new mechanism for budget discipline is that it should bind all three institutions (Council, Commission and Parliament), ie it must be incorporated as part of the Community budgetary procedures. UK is not saying that Treaty amendment is necessarily the only route. But European Council should commit itself to the essential principles of the system with detailed implementation to be worked out between March and June. We cannot have a system in which the Council sets a firm guideline only to have the Parliament disregard it. The Commission's recent paper on the subject was inadequate in this respect.

CAP (Brief c)

7. You and we have been at one on need to subject agricultural spending to overall budget discipline including the need for the Commission to bind itself to observe its own proposals throughout the price fixing. Considerable movement in our direction on the part of other partners, including the French.

8. Also see eye-to-eye on other CAP issues notably need for rigorous price policies and for guarantee thresholds for all sectors which are, or are likely to be in surplus; or where such measures prove necessary because of a significant increase in expenditure or where production is increasing more rapidly than consumption. Hope we can agree to work for
/precise

precise commitment on guarantee thresholds in Presidency text in Brussels.

9. Key surplus sectors are clearly milk and cereals. On milk recognise that Commission annual production target of 97.2 million tonnes causes problems for you as it does for us particularly as we are not self sufficient. Believe, however, that it is essential to meet Commission target - and to do so in one step - if we are not to make budget discipline impossible from the outset. Commission have calculated that every 1 million tonnes of production above the target costs the Community 235 million ecus. Prefer operating through price but if super levy preferred by others, there must be no exemptions to it. Any exemptions would lay us open to demands, not only from Ireland, but others (Italy, Greece, Luxembourg) and would make the whole idea absolutely unacceptable. If something has to be done for Ireland, should be outside milk sector. Would be prepared to see some flexibility on establishment of base year for production levels. We would wish to take 1983 - but content for others to take 1981+, provided we all contribute to reaching the target figure.

10. We have common approach to cereals and cereal substitutes, ie, we must not encourage any formal talks under Article 28 of the GATT about stabilising impact of cereal substitutes before we can offer the US firm decisions on CAP reform including commitment to move Community cereals prices progressively closer to world prices.

11. You and we remain firm in our opposition to the Oils and Fats Tax. Clear from my talks with Kohl, that Germans remain firmly opposed also.

12. On MCAs, vital thing for UK is that whatever proposals may be agreed between France and Germany should not be inflationary and should be consistent with our objectives on /budget

budget discipline. Variable MCAs will need separate treatment.

Budget Imbalances (Brief, p)

13. This has been one area where you and we have disagreed though there are important elements in common which are now increasingly accepted throughout the Community. I would summarise these as follows:

(i) need for system that will last thus avoiding annual haggling within the Council and with the Parliament. Emerging consensus within the Community that system should last as long as any new own resources decision, of which it would form a part.

(ii) recognition of need for system based on objective measures of budget burden and of corrective mechanism linked to relative prosperity.

(iii) agreement on reliefs being made on the revenue side.

(iv) agreement to application of the new system in respect of 1984 and all subsequent years.

14. Recognise that you object to system based on net contributions. Fact remains that this has been measurement used by the Community, not just by Britain, since 1978. Anyone can devise a scheme which makes our burden appear less than it really is. Facts cannot be concealed from the House of Commons, who will judge acceptability of the outcome of the negotiations on one thing, namely the level of the UK's net contribution after reliefs. That issue cannot be dodged and explains the importance of both an equitable system and one that gives a sustainable result.

15. It was for this reason that I said at Athens that we should look to system which, in its first year of operation in an enlarged Community would leave the United Kingdom with a net contribution of 400 to 500 mecus.

16. I know some Member States are tempted to come up with schemes giving UK reliefs equivalent to our 1983 refund, ie some 750 mecus. This overlooks the fact that we agreed to a lower than justified refund for 1983 because of the accidental overpayment of reliefs for 1980/81. A system giving us relief of the same order as 1983, ie, leaving us with a net contribution of 1200 mecus on 1982 figures would be quite unacceptable.

17. Recognise too that there is much interest in German type scheme based on VAT/expenditure share gap. Such a scheme deliberately treats as if they were VAT the levies and duties element in the UK budget burden, and thus leaves out of consideration element in gap amounting to 350 mecus on average over the last four years. If we are to consider a scheme based on VAT/expenditure share gap, it would be essential that parameters should be very generously drawn, ie, absolutely no change in definitions of allocated expenditure, generous definitions of threshold and close to 100% compensation above the threshold limit.

Level of Own Resources

18. In accordance with Stuttgart declaration, on the basis of decisions taken on control of expenditure and on budget imbalances we would be ready to decide on future financial requirements of the Community. But large increase to 1.8% or 2% now being bandied about would be unjustified and unacceptable. Present mood of the House of Commons is to think that no increase at all is necessary. As part of an overall acceptable package and in order to make provision for enlargement Parliament would no doubt consider a revised own resources decision. But in no circumstances would the House of Commons be prepared to consider an increase taking the ceiling to beyond 1.4%.

/New Policies



New Policies (Briefs d and e)

19. Important to have a section on New Policies for European Council Declaration, so as to commit the Community to a programme of positive development of steps which, taken together, would be far-reaching in effect.

20. Pleased that Netherlands Government has called for an early meeting of the Transport Council following recent chaos in France. This has underlined the validity of case we have been making for a long time in favour of:

- (i) abolition of lorry quotas;
- (ii) single administrative document for customs clearance. Note that Benelux countries have already introduced their own scheme to this effect.

21. When we have mentioned these issues in the past, some partners have tended to shrug them off as not compatible with a grand design for Europe. But taken together they would have a significant impact. After appalling chaos of recent weeks, practical action by the Community to grapple with these issues would have a more favourable impact on public opinion as a symbol of our determination to take action as a Community in ways which help ordinary people, than any number of grandiose declarations.

Foreign and Commonwealth Office
28 February 1984

VISIT OF THE DUTCH PRIME MINISTER, MR LUBBERS: 2 MARCH
EUROPEAN COMMUNITY

(b) BUDGET IMBALANCES AND BUDGET DISCIPLINE

Points to make

BUDGET IMBALANCES

1. Now wide agreement on some of basic building blocks which will go to make the solution, ie need for lasting solution, threshold expressed in terms of GDP and relative prosperity and revenue side of reliefs. Gap between UK and other Member States is narrowing.

2. What we are looking for is lasting solution. No objection to idea of a review clause provided that system continues until there is unanimous agreement to change it. General consensus that system should last as long as any new own resources decision. This would be satisfactory. Also general agreement that system should:

- Be based on objective measurement of full budgetary burden borne by a Member State.
- Establish a limit on net amount which each Member State should transfer to Community budget, taking account of ability to pay.
- Be implemented on revenue side of the budget.
- Operate in respect of 1984 and subsequent years.

Quite prepared to consider proposals other than our own, provided that they satisfy these essential requirements.

3. German scheme meets some of our criteria, but by taking VAT/expenditure share gap, effectively treats the levies and duties element of our burden as if it were VAT, thus leaving on average 350 mecu per year uncovered over recent years. Only basis on which we could consider a scheme based on VAT/expenditure share gap, would be if parameters were very generously drawn. This would mean a very low financing

/limit

limit, close to 100% compensation above our limit and no undermining of the allocated budget as currently defined.

4. Recognise that 'net contribution' is unpopular term for other Member States, but it is a political reality. Net contributions was not a UK invention but a Community one. Community has been talking about budget issue in terms of net contributions since 1978. Our Parliament will judge the outcome of any agreement on budget imbalances by reference to the size of our remaining net contribution. Have to say that scheme giving us reliefs in first year on 1982 figures of about 750 mecus would be totally unacceptable. This would leave us net contribution of nearly 1300 mecus. We accepted a 1983 refund as low as 750 mecus only because this took full account of the alleged 'over payments' in respect of 1980 and 1981. I made this explicitly clear at Stuttgart when I accepted the figure. At Athens, I suggested that any scheme should, in the first year of operation in an enlarged Community on basis of 1982 figures, leave UK with net contribution of 400-500 mecus ie we would be willing to remain modest net contributors. This would be fair level in terms of our relative prosperity.

5. [If Lubbers argues that this would amount to a 75% refund]: If UK Parliament is to be asked to agree to an increase in own resources it will expect the UK be making a relatively smaller net contribution than hitherto. We are willing that the UK, now 7th in the Community GDP league table, should remain a net contributor. Compare with Dutch position. You are 6th in GDP league table with a net receipt of 300 mecus in 1982, compared with our uncorrected net contribution of 2036 mecus.

/BUDGET DISCIPLINE



BUDGET DISCIPLINE

6. Grateful to Dutch for having shown us their draft paper on budget discipline. Largely see eye to eye on this issue. Both agree that control of agricultural spending is our major concern because it absorbs two thirds of the budget. Also agree that agreement on effective control of EC spending is precondition for increase in own resources.

7. Encouraged by progress made in last couple of months. Particularly encouraged by President Mitterrand's Hague speech and discussion at La Celle Saint Cloud. Now generally accepted that finance must determine expenditure; that Community budget must be subject to same strict discipline as public expenditure in Member States; that budgetary discipline should apply to all expenditure; and that there should be separate constraint on agricultural spending.

8. Not looking for confrontation with the European Parliament. But effectiveness of any mechanism for overall budget discipline will depend on successful clarification and improvement of relationship between Council and Parliament. The amendments that were agreed to the Treaty in 1975, designed to give the Parliament a role in budget making, have not worked well. Cannot be good for Community that Council is each year overridden by the Parliament over increase in maximum rate. It may be that some amendment to these provisions is needed. We have not taken a firm view on this. May be other ways of achieving the objective but the matter needs careful consideration.

9. Problem with Commission's latest proposals on overall budgetary control is that they are too lax on control of non-obligatory expenditure. Cannot see that it will improve discipline if European Council clearly envisages possibility of exceeding maximum rate. We should like to see text of conclusions for March European Council which would make clear that

/(a)

- (a) overall budgetary envelope should be established by Council at beginning of the year
- (b) budgetary envelope is binding on all three institutions throughout budgetary procedures
- (c) guideline for agriculture expenditure should be set within this overall envelope
- (d) these provisions should be embodied in the Community's budgetary procedures

Would be possible for Council to leave Parliament room for manoeuvre within overall ceiling. Provision could also be made for Council to consult Parliament before.

10. Glad that Commission's revised proposal for guideline for agricultural expenditure has taken account of most of Dutch amendments. Willing to consider guideline based on three-year moving average, provided guideline is worked on a consistent basis, but we still have a number of problems with Commission text: Commission seems to envisage a guideline estimated in a political agreement by European Council together with changes to the Council's procedural rule. Do not believe that these changes to internal rules of Council will be sufficient to achieve effective control, must have firm commitment that Commission itself will observe the guideline in its proposals and the Council will be bound by it throughout price fixing, there cannot be any bidding up of the Commission's proposals; formula for growth of agricultural expenditure must specify rate "markedly below" growth of Own Resources; must be stringent provisions for clawback; and cannot accept Commission's attempt to redefine agricultural expenditure.

11. Our first priority at March European Council should be to take outline decisions on ends we are aiming to achieve and then to consider appropriate means to achieve them. Not possible for us at this stage to decide what precise procedures are needed and on what legal base. Best way forward is for March European Council to invite Council of

/Ministers



Ministers to take necessary decisions for embodying whatever framework is agreed in the Community's budgetary procedures.

Increase in Own Resources

12. Trust you agree that Commission's idea of going for increase of VAT rate to 2% is quite unrealistic. No possible justification for figures this high. Commission's approach seems to take no account of increased budgetary discipline to which most Member States are now committed nor to buoyancy of own resources. If, as we hoped, Community is beginning to move back on to a course that would bring sustainable economic growth, then both existing 1% ceiling and, to an even greater extent the new ceiling, if one were agreed, would provide a source of revenue which would reflect that growth. If on the other hand, the Community fails to pull out of the recession then none of its Member States would be able to afford more than rather modest increase in own resources currently under discussion.

13. UK will only make a judgement about level of own resources in the light of the negotiations. At Athens a number of Member States seemed to favour an increase to somewhere in the region of 1.4%. What is Dutch position? Certainly, UK Parliament would not agree to anything larger than 1.4%.

VISIT OF THE DUTCH PRIME MINISTER, MR LUBBERS: 2 MARCH
EUROPEAN COMMUNITY

(b) BUDGET IMBALANCES AND BUDGET DISCIPLINE

Essential Facts

BUDGET IMBALANCES

1. The Dutch have been a lot less helpful on budget imbalances than on other issues in the post Stuttgart negotiation. They dislike our safety net proposal partly for theological reason (net balances, juste retour), partly because they think it would give us too much money, and partly because they simply think it unnegotiable. But they are prepared to agree either with the system floated by the Greek Presidency (based on the GDP/expenditure share gap) or with the German proposal for a VAT based scheme. However the Dutch seem to have got hold of the idea that we regard the figure for any budgetary settlement as more important than the mechanism used. They believe that the best approach is to agree a figure for compensation to the UK and then to tailor a system to the desired figures. We need to disabuse them of this idea. The system and the results it gives are equally important - not least because we need sustainable results.

2. The Dutch also appear to think that we could accept a rebate of about 750 mecu because we had accepted a rebate at this level at Stuttgart in 1983. At La Celle St Cloud the Dutch Foreign Minister said that he would not possibly be able to justify a 1500 mecu refund for the UK. We shall need to leave Mr Lubbers in no doubt that a rebate of 750 mecu is absurd and unacceptable.

BUDGET DISCIPLINE

3. The Dutch have made common cause with us on budget discipline, although they believe that a legally binding guideline is probably unattainable.

4. At the end of January the Dutch showed us their own draft text on control of Community expenditure but did not table it because they were unable to reach agreement with their Benelux partners. Now that the Commission have tabled their own revised proposal of 14 February incorporating many of the earlier Dutch amendments to their agricultural guideline, it may well be that the Dutch decide not to table their proposal at all. We offered the Dutch a number of comments on their draft. They agreed that the text should make it clear that the Commission must observe the agricultural guideline not only in its market management operations but also in its price fixing proposals. They also took our point that an instruction to the Council to adopt certain "internal rules" with regard to the control of expenditure was too weak a formulation, but considered that our suggestion of substituting the words "appropriate legal rules in the framework of the Community's budgetary procedures" would make others suspicious that Treaty change was envisaged.

5. The Dutch have been critical of the Commission's latest proposals on budget discipline. The Dutch representative said in Coreper on 23 February that although the Dutch amendments had been incorporated in the Commission's new proposal for an agricultural guideline they would like to see an even stronger text. The Commission's ideas on general budget discipline would not offer more effective budgetary control. Treaty amendment was not advisable but the budgetary relationship between the Council and the Parliament should be studied in detail.

6. The Dutch want to see a mechanism for budget discipline in place as soon as possible and believe that Treaty amendment would take too long to complete. They have therefore suggested that a two stage operation should be considered: the first to agree the most watertight system that could be devised without Treaty amendment which should

/be

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be put it into operation from 1 April this year; the second to work towards something more ambitious which might involve Treaty amendment and a deal with the Parliament on its budgetary powers. We need to persuade Mr Lubbers that a two stage approach along these lines is not advisable. We do not need to stipulate that Treaty amendment is necessary. We do need to stipulate that whatever is agreed on budget discipline must be incorporated in the Community's budget procedures. The detail of how incorporation would be achieved could be worked out later. This is not far from the Dutch approach but it removes the danger, inherent in their idea, that we would end up with no more than ~~an~~ expression of political intent which would quickly come unscrambled.

Foreign and Commonwealth Office
28 February 1984

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VISIT OF THE DUTCH PRIME MINISTER, MR LUBBERS: 2 MARCH
EUROPEAN COMMUNITY
c) COMMON AGRICULTURAL POLICY

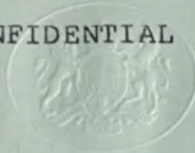
POINTS TO MAKE

1. A lot of common ground between UK and the Netherlands on CAP:

- Savings on CAP crucial to rest of Stuttgart package.
- Need for urgent decision in the Agriculture Council on a suitably stringent package to put to the European Council.
- An effective financial guideline for CAP expenditure.
- Price restraint/guarantee thresholds on all products in surplus or likely to be so: or where expenditure is rising fast. (We noted how forcibly Van Den Broek put this point at the recent informal meeting of Foreign Ministers.)
- On the basis of such a balanced package, tight control over milk, in particular, probably through a super-levy applied at farm level, with no significant exemptions and with parallel action on price.
- No oils and fats tax, which would destroy any chance of a deal with the US on cereals substitutes, where firm decisions on CAP reform are an essential precondition for formal talks with the US.

2. Worth going over a couple of crucial points:

- (a) The latest texts on budgetary discipline are a great advance (and we thank the Dutch for their efforts to
/tighten



tighten up the CAP guideline). But we continue to believe a financial guideline will only be effective if it can be formally embodied in the Community's budgetary procedures. How does Mr Lubbers see this?

(b) We were concerned to hear Van Den Broek say that the Netherlands were thinking in terms of a 99 million tonne threshold for milk, instead of 97.2). Every additional one million tonnes costs some 235 mecus a year. There is no money for 99 million tonnes. UK will vigorously oppose an increase in the milk co-responsibility levy to pay for a high threshold.

VISIT OF THE DUTCH PRIME MINISTER, MR LUBBERS: 2 MARCH
EUROPEAN COMMUNITY
COMMON AGRICULTURAL POLICY

ESSENTIAL FACTS

1. The Netherlands generates about 8% of EC agricultural production (UK 13%). Its largest sectors are milk (27%), pigmeat (18%), beef and veal (12%). 17% of its production is in products outside the CAP (such as flowers).
2. The Dutch have been our closest allies over the need for CAP savings. In particular, they have been helpful in firming up the Commission's proposals for a financial guideline. Nevertheless, they have weakened a long way since summer 1983, when they tabled a paper which referred to the need for a "strict legally-binding framework". They have now abandoned the demand for a "markedly lower" formula for the rate of increase in agricultural expenditure, and the Agriculture Minister (Braks) has been paying more attention recently to the need to safeguard farm incomes.

Financial Guideline

3. See Brief (a) on Budget Discipline.

Milk

4. The Dutch had been close to us on the need for very tight controls in the milk sector. They agree, for example, on the need for farm level application of the super-levy, with no exemptions. Like us, they vigorously oppose the proposed intensive levy. And they are firm on the need for a strict price policy in parallel. Nevertheless, we have points of disagreement.

- (a) They now speak of a threshold of 99 million tonnes (2 million too high).
- (b) they have no objection to having this financed through an increased co-responsibility levy) which we vigorously oppose as discriminatory, ineffective in

/limiting

limiting production, and a back-door increase in own resources).

(c) They support the elimination of the UK butter subsidy: our position is that it would make no sense to raise the consumer price of this surplus product (which leaves open the possibility of eliminating the subsidy in some circumstances).

MCAs

5. The Dutch have a positive MCA of about +6% (ie close to ours). Like the Germans they are under pressure to revalue, but they are letting the Germans make the running on how this is to be achieved. Speaking in a Parliamentary CAP debate about a month ago, Braks said the Commission proposals were too drastic. Nor did he go along with the German proposal. In particular he argued against solutions which would involve national compensation.

"Other Products"

6. The Dutch have been particularly firm on the need for a balanced package of CAP reform, not concentrating exclusively on milk and cereals. This is helpful to us insofar as it represents a hard line on the need to control Mediterranean products. But the Dutch oppose UK positions on the variable premium on sheepmeat, the beef variable premium, and the butter subsidy.

Oils and Fats/Cereals Substitutes

7. At an earlier stage the Dutch looked wobbly but they are now firm on the agreed line on cereals substitutes (present informal talks must be without commitment; no Article 28 talks with the US except on the basis of firm decisions on CAP reform). And Dutch opposition to the oils and fats tax should hold now that we understand that Kohl has persuaded Mitterrand not to push this proposal.



CAP Finances in 1984

8. CAP spending increased some 30% last year. 16.5 billion ecu is budgetted for EAGGF in this year's budget. Latest estimates are for claims of some 18 billion ecu. Using the Commission's (3-year rolling average) method of calculation there can be no hope of achieving the guideline this year.

Conclusions:

- (a) Even with urgent and courageous decisions on CAP savings there will be a financial squeeze on CAP this year. Danger that Commission will merely defer expenditure (eg allow stocks to accumulate).
- (b) Inevitable breach of the CAP guideline this year shows that the Commission's methodology in calculating the guideline is shaky.

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VISIT OF THE DUTCH PRIME MINISTER, MR LUBBERS: 2 MARCH

EUROPEAN COMMUNITY

d) NEW POLICIES (INCLUDING THE INTERNAL MARKET)

POINTS TO MAKE

1. A key section of post-Stuttgart negotiations where concerted UK/Netherlands action can make a real impact. We both see the need to stimulate free competition in trade for goods and services. Important that New Policies figure on the agenda for the Brussels European Council - particularly in a European election year: Community has to demonstrate that it can look forward with positive and cost-effective ideas. Should encourage Presidency to make its mark in this sector.

2. Despite present financial constraints, Community can make progress in areas which affect people's livelihoods and the economic growth of the 10:

. by adopting long-standing proposals for liberalisation which involve little or no expenditure, such as removal of barriers to trade in services - eg insurance - as well as goods; introduction of Community standards in place of restrictive national laws which fragment the market; and reducing frontier delays now facing goods traffic - Community should simplify customs formalities by early agreement on the Single Administrative Document for goods crossing frontiers. Netherlands has shown the way with adoption of Single Document for intra-Benelux trade.

. by concentrating on more economic use of existing resources (eg, by rigorous application of agreed criteria for cost-effectiveness of Community action which should



supplement, not just duplicate, action at national level).

Services - Insurance

3. Grateful for consistent Dutch support in long campaign to bring in a genuinely liberal regime for non-life insurance services. After 8 years' desultory discussion, this proposal is as far as ever from adoption. European Council can endorse a framework for speedy Council discussion leading to agreement: political will is what is lacking. Same true for liberalisation of Transport services (see separate brief).

Research and Development - ESPRIT (if raised)

4. UK industry and we attach importance to ESPRIT and want it to succeed. A soundly based programme; proof that the Community can act positively when it has a mind to, and of our commitment to using Europe as a vehicle for development in the new technologies.

Airbus (if raised)

5. Mr Tebbit announced our positive decision yesterday. Further evidence of our commitment to industrial collaboration in the Community.

ESSENTIAL FACTS

6. Our New Policy priorities:-

. Internal Market: removal of barriers to intra-Community trade in goods and services (eg insurance); Community standards initiative; reduced frontier formalities for goods traffic (eg adoption of a Single Administrative Document for customs clearance).



- . Transport: liberalisation of lorry movement (by abolition of all road haulage quotas) and air transport services.
- . Environment: introduction of unleaded petrol no later than 1990.
- . Energy: solid fuels policy to promote economic production and use of coal.

7. The Dutch are our closest allies in the campaign to complete the Internal Market in goods and in services, such as non-life insurance. Two priorities in the Internal Market Work Programme established by the Copenhagen European Council (December 1982) - on EC standards and reduced frontier formalities - are still not agreed. The Presidency have now arranged an Internal Market Council for 8 March. On the agenda is the Third Country Problem - how to unblock the EC Article 100 standards harmonising programme. The French have blocked 21 draft standards directives for up to 5 years because they fear that exports from non-EC countries could gain an automatic right of access to the French market if some other Member State certifies that the exports conform to an EC harmonised standard. At the last Internal Market Council (in November) agreement was reached on technical aspects of the 15 least controversial directives; but the French again prevented their adoption by linking this package to adoption of the draft Common Commercial Policy Regulation (CCPR), designed to speed up the Community's reaction time to unfair trading practices of Third Countries. We and the Dutch object to the proposed decision-making procedure for the CCPR, which the French support, and which would leave the last word with the Commission.

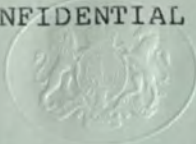


ESPRIT

8. The Dutch have been waiting impatiently for the adoption of ESPRIT.

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VISIT OF THE DUTCH PRIME MINISTER, MR LUBBERS: 2 MARCH
EUROPEAN COMMUNITY

(e) EUROPEAN TRANSPORT POLICY

Points to Make

1. Transport liberalisation should figure prominently in the new policies chapter on the agenda for the Brussels European Council. European Council should be presented with a short, realistic list of priority measures which it can endorse for rapid adoption by the specialist Councils. Fully support priority Netherlands attaches to free lorry movement by total abolition of all road haulage quotas over a fixed period (eg 5 years). Obstacles to road haulage liberalisation among underlying causes of recent strikes in France and Italy.
2. UK has backed Netherlands' request for a special Transport Council before the European Council to discuss problems of road haulage; and for discussion of frontier facilitation measures at the March Internal Market Council.
3. Abolition of road haulage quotas is the subject ripe for decision in the field of transport liberalisation: but we also share a second priority: rapid, negotiated liberalisation of Community air transport policy resulting in greater scope for airlines to exercise their own commercial judgment in fare setting, route capacity etc. The liberalisation of air transport should be on the priority list.
4. We also attach importance to maintaining the existing competitive regime for international shipping, to withstand growing protectionist pressures. The Community has a key co-ordinating role to play here.



VISIT OF THE DUTCH PRIME MINISTER, MR LUBBERS: 2 MARCH
EUROPEAN COMMUNITY

(e) EUROPEAN TRANSPORT POLICY

Essential Facts

1. The Dutch have indicated that Mr Lubbers will wish to raise liberalisation of EC road haulage. We entirely agree with them that all road haulage quotas are an unnecessary restriction on the free movement of goods in the Community. Under the present patchwork quota system, UK companies have only a limited number of permitted trips each year, eg to Germany. Once the quota is exhausted, hauliers have to circumnavigate States for which they do not have a valid permit. Several Member States (Germany, France and Italy) wish to preserve this practice to protect the carriage of freight by rail at the expense of road haulage. We maintain that the market should be free to decide the transport mode used.
2. Mr Lubbers may well raise the question of abolishing road haulage quotas at the European Council on 19/20 March. We fully support his efforts, and should encourage him to do so. Free lorry movement is one of the key UK priorities in our New Policies paper tabled in the Community last September. If the opportunity arises, the Prime Minister will wish to press for transport liberalisation at the European Council; it would be helpful if Mr Lubbers would undertake to set the ball rolling.
3. The Dutch have made a formal request to the Presidency for an urgent Transport Council to discuss the recent lorry blockages in the Community, and their underlying causes. We have confirmed our support for this request, and pressed for the Council to be held before the European Council. We would like to see this special Council discuss the road haulage quota; frontier facilitation; and relaxation of the EC

/regulations

regulations governing drivers' hours. Such a Council would be useful preparation for New Policies discussion of transport liberalisation on 19/20 March; oddly, the Dutch prefer to reserve discussion of the road haulage quota issue for the European Council alone. We believe that the subject should be aired in both fora.

4. The Dutch are our only allies in the Council in our campaign to liberalise Community air transport services. The Commission have now agreed a policy review on air transport, which contains several new proposals designed to achieve the partial deregulation of the European air industry. These are now under study by the Department of Transport. The Presidency have scheduled an informal meeting of Transport Ministers for 2 April, and a Transport Council on 10 May. We shall wish to press for progress on road haulage and aviation on both occasions, and also to remind our partners of our concern that the Community should concert action to preserve free competition in international shipping, where our non-conference lines and cross-traders face growing protectionist pressures from third countries' nationalised shipping lines.

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VISIT OF THE DUTCH PRIME MINISTER: MR LUBBERS:

2 MARCH

EUROPEAN COMMUNITY ISSUES:

(f) ENLARGEMENT

POINTS TO MAKE

1. UK and Dutch views on this very close. Welcome impetus that French Presidency has now decided to give to accession negotiations. Will give Presidency full support in any effort to complete substantive part of accession negotiations by 30 September 1984.
2. Glad negotiations have now begun on Spanish agriculture. But we believe Community's opening position was unjustifiably unbalanced and harsh. Community - ie France - will have to move a long way before outlines of a deal can emerge. What we need to end up with is an enlarged Community in which interests of all 12 members are properly and fairly reflected. Otherwise Community will simply store up trouble for itself.
3. Spaniards tell us that they have reached a general understanding in bilateral contacts with France on transitional arrangements in agriculture, which Spaniards believe France will reflect within EC as basis for Community position. Understanding appears to

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be based on mutual continued protection. If so, the sooner the Community knows details of what it involves the better. UK and Dutch interests very similar; we and other Northern member states must stick together.

ESSENTIAL FACTS

4. After long dragging their feet on Spanish accession, the French Presidency are now trying to accelerate the negotiations and for the first time appear prepared to accept a timetable for their completion. They pushed through a Community opening position on Spanish agriculture (put to the Spaniards on 21 February) which was protectionist and largely designed to suit French interests; we tried to add balance and element of reciprocity but received no support even from northern member states. The Dutch were unhappy with the approach but accepted French arguments that a bad declaration was better than no declaration.

5. Behind the new French approach appears to be a private understanding reached between France and Spain in Ministerial level talks at Rambouillet on 11/12 February on the way forward on Spanish agriculture, although the French claim to their EC partners that they met the Spaniards only as France and not as Presidency - a distinction evidently not properly



appreciated at the time by the Spaniards, whose account of the deal struck on agriculture has yet to be reflected in any change in the French position in Brussels. The likelihood is, however, that a deal on the lines of the putative Franco-Spanish understanding, which are favourable to France, will be struck, though probably not for some months yet. If so, terms would include immediate but very limited access for Spanish fruit and vegetable exports to the Community, balanced by similar access for EC exports to Spain of dairy, beef and cereals; with exports in both directions rising only very slowly for the first few years. The northern member states failed to co-ordinate a sufficiently solid position to stand up to the weight of the French Presidency. It is important that they should do so in further detailed discussions of Spanish agriculture, otherwise the northern member states will be asked to pay the price - notably in the industrial chapter - for Franco-Spanish understanding.

6. The French are unlikely to want to press on the Spaniards immediate and sharp dismantlement of their highest industrial tariffs during the transitional period; although the French have industrial exports to Spain, they are more concerned about agriculture and they also have substantial industrial investment in



Spain. The Dutch should be as reluctant as we are to see maintenance at high levels during the transitional period of protectionist barriers either for EC agriculture or Spanish industry.

7. There are increasing signs that the French may not be ready to make many more concessions in the enlargement negotiations this side of the European elections, - and that they hope to shift responsibility for any delays in the negotiations on to the UK, whether by spotlighting any points of difficulty for the UK in the accession negotiations; or - more generally and against the possibility of failure at the March/June European Councils - by exploiting our rejection of the immediate increase in own resources required by enlargement in the absence of agreement post-Stuttgart.

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VISIT OF THE DUTCH PRIME MINISTER, MR LUBBERS 2 MARCH
EUROPEAN COMMUNITY ISSUES:

(g) INTERNATIONAL TRADE ISSUES

POINTS TO MAKE

1. Must do what we can to keep EC/US relations on the rails, by giving minimum of ammunition to protectionist lobby in Washington;

a) must not be railroaded down track towards unilateral action on cereal substitutes; limits can only form part of a CAP reform package - a real effort must be made to strike a deal US can live with:

b) must make sure proposal for oils and fats tax stays dead;

c) constructive approach to further work on liberalisation of international trade, including some encouragement for idea of new GATT round from London Summit (but carefully - decisions must be for later).

ESSENTIAL FACTS

2. The February Foreign Affairs Council emphasised EC disquiet at rising, election-year, US protectionism. We (and others, including the Dutch) believe the EC cannot combine this stance with precipitate protectionist action of its own on cereal substitutes or (less probably) an oils and fats tax. Threats of US



retaliation for such action target in particular wine, but US will want to keep up pressure on rest of Community by threatening other exports (eg whisky).

3. On cereal substitutes the Dutch (who are the principal EC consumers), like us, can only agree to restrictions in the context of a wider package of CAP reforms. The February Foreign Affairs Council agreed that the Commission should talk informally to the US, without any mandate at this stage: meanwhile detailed work on their proposals continues in Brussels. Meanwhile French ardour seems to be cooling: the Germans say Kohl and Mitterand agreed on 21 February that no action on cereal substitutes should be taken at present. On oils and fats the Dutch position is more ambiguous; although the Foreign Minister firmly rejected the Commission's proposed tax at La Celle St Cloud, some officials seem not to have abandoned the idea of using it as a last-resort bargaining counter to clinch a deal on CAP reforms.

4. There has been only preliminary EC discussion of the Japanese proposal for a new GATT round. The Dutch are conscious of the arguments for caution (difficult agenda, LDC sensitivities), but also of the risks of too negative an approach.

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VISIT OF THE DUTCH PRIME MINISTER TO LONDON, 2 MARCH 1984

BRIEF ON DEFENCE AND ARMS CONTROL ISSUES

POINTS TO MAKE

INF

1. Following with interest Dutch debate about cruise missiles Concerned that Netherlands should avoid a negative decision, or further delay.
2. Longer range INF performs special role in political and military terms for European Allies. Without US nuclear weapons capable of reaching Soviet territory from bases on European soil, we would have to rely on US strategic weapons to convince Russians that their territory could never be a sanctuary from which to exert nuclear pressure on Europe. Therefore important to stick to joint Alliance decision to spread Pershing II and cruise missiles amongst Western European countries, to demonstrate collective will of Allies.
3. If Allied solidarity and resolve fails over deployment of cruise missiles in Europe:
 - (a) Soviet Union will have achieved its aim of driving wedges between Europeans and United States;
 - (b) will be much harder to get Russians to negotiate again about INF; they would be encouraged to believe that cruise missile programmes in other countries might also falter; and that whole question could be re-opened in Germany too;
 - (c) apparent repudiation of key Alliance decision by an Ally directly involved could have very serious effect on US Congressional and public

/opinion

Parliament since they do not want a strong Netherlands in a strong NATO anyway. But it is difficult to identify a suitable "carrot". It would have to be something for the Dutch Government to use in its domestic debate.

3. The most promising carrot is probably the offer of some reduction in existing Dutch nuclear roles within NATO. Currently the Dutch have six tasks:

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The elimination of the first two tasks will follow from NATO's study of nuclear systems in Europe completed in October 1983. In addition, amongst the 1400 warheads which that study decided should be withdrawn from Europe are some of the warheads for the Lance missiles, aircraft and artillery. But the study did not decide to reduce the numbers of the delivery systems. There are military arguments against any such reductions. But the overall damage to the Alliance would be far greater if the Dutch were to abandon their responsibility for deploying their share of the NATO cruise missiles programme. There is an obvious danger, in any hinting to the Dutch of a willingness to reconsider some of their existing nuclear tasks, that they will take it as a cue to shed tasks and not come good on cruise

/missiles

opinion, as regards future of US commitment to Europe.

4. Understand Dutch domestic difficulties. Aware of Dutch wish to relinquish some short range nuclear systems for political reasons. If Dutch Government can demonstrate firmness of purpose over LRINF deployment and allow necessary preparations to proceed UK would be prepared to consider sympathetically Dutch Government's difficulties with nuclear defence as a whole; and to encourage other Allies to do the same.

ESSENTIAL FACTS

INF

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1. 48 cruise missiles are due to be deployed in the Netherlands subject to approval by the Dutch Government. To meet the timetable, (first missiles operational by the end of 1986), construction work needs to begin in mid 1984. The Dutch Government have identified the putative site, (Woensdrecht), and need a positive Parliamentary decision on basing in May/June. There are number of rebels within the Government party and the prospects for a Government majority are uncertain.

2. Like us, the Americans are concerned that the Dutch Government may be moving away from recommending a positive decision to Parliament.

We and the Americans agree that chastising the Dutch, and threatening dire consequences for them following a negative decision, may not be enough to influence Dutch Ministers, particularly the Defence Minister de Ruiter. Moreover the "dire consequences" in Alliance terms may only encourage some of the potential defectors in the Dutch



missiles. Any hint of a British willingness to reconsider existing tasks (which need only be cast in very general terms at this stage) should therefore be made wholly conditional upon Dutch acceptance of cruise missiles. It is indeed in the logic of the long-standing Dutch preoccupation with "shifting" the key emphasis from short to longer range INF. NATO-wide that they themselves cannot have the one without the other.

4. Officials were able to discuss this problem again briefly in Bonn on 27 February with key American and German colleagues. There is general agreement among the three of us that the prospects in the Dutch Parliament are not rosy; that a negative decision is to be avoided at all costs; that it would be better than nothing if the key decision point in Parliamentary terms were simply postponed, if possible allowing early work on the site to proceed (as the Belgians do) by administrative action to keep options open; and that some bargain involving other Dutch nuclear roles may well prove inevitable at the end of the day if the Netherlands are to be kept on board.

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VISIT OF DUTCH PRIME MINISTER, MR LUBBERS, 2 MARCH

EAST/WEST RELATIONS

POINTS TO MAKE

Chernenko Succession

1. Chernenko looks like another interim leader. Stress so far has been on continuity of policy.
2. Not yet clear what effect his election will have. Collective decision making in Politburo will continue. Gromyko (Foreign Affairs) and Ustinov (Defence) will have considerable influence.

East West Policy

3. Important for West to maintain consistent approach over long term. Avoid overstimulating public expectations.
4. No compromise on principles. Make clear our concerns about Soviet behaviour. But at same time will seek broader dialogue with Soviet Union and its Allies.
5. Important to avoid misunderstanding between East and West and to achieve better mutual understanding without which arms control negotiations unlikely to succeed. Recognise progress will be gradual. Not clear when Soviet Union will be in position to resume nuclear arms talks without too much loss of face. Unity and determination on Western side particularly important at this time.
6. Soviet policy of wedge-driving between Europeans and US will continue. Some reduction in stridency of tone of Soviet criticism of US and Reagan personally.

Visit to Hungary

7. Sound political reasons for responding constructively to Hungarians' professed wish to conclude agreement with the EC.

Poland

8. Time to re-engage Western influence, building on Ten's agreement to gradual resumption of official and technical contact. But Americans seem likely to continue with a hard line policy in their election year. Western unity still important.

ESSENTIAL FACTS

Succession of Chernenko

9. Chernenko's claim to post of General Secretary based on seniority in Party Secretariat. Not best qualified candidate; lack of experience in international field. But has already been publicly referred to as Chairman of Defence Council. Next generation (Gorbachev and Romanov) presumably decided not to risk political futures by mounting serious challenge. Gromyko's position improved; spoke with authority at Andropov's funeral.

US/Soviet Relations

10. Some signs of movement in US/Soviet relations. Reagan's 16 January speech made clear that US ready to improve East/West relations. Russians have taken constructive approach to discussions over a number of technical questions: hot line, demarcation of boundary in Bering Straits. Americans encouraged by positive signals in Bush/Chernenko meeting. Since then harder Soviet line on US re-emerging in public statements. Ustinov's Pravda article



of 23 February (Soviet Armed Forces Day) describes US as "chief organiser of imperialist policy of oppression" and accuses them of seeking military superiority. But such public statements do not rule out possibility of adding some substance to superpower dialogue in private. Russians still avoiding direct criticism of Reagan.

Netherlands/Soviet Union

11. Dutch approach similar to that of UK. Take firm position on questions of principle (particularly concerned about human rights), but recognise importance of maintaining contacts. Play steady if low-key role in NATO. Foreign Minister Van den Broek saw Gromyko at opening session of CDE, and attended Andropov's funeral.

Visit to Hungary

12. Hungarians have seemed keen to conclude agreement with EC. UK has actively pressed partners to recognise political advantages of forthcoming response. But most recent report is that previously flexible Hungarians have switched course and given a negative reply to the Commission's ideas. Reasons for this unclear; perhaps playing safe until Chernenko's attitude clearer.

Poland

13. Situation in Poland generally stable. Internal situation still difficult but not as repressive as eg Romania or Czechoslovakia.

14. US policy towards Poland remains hard line and out of step with Ten who agreed (September 1983) on desirability of re-engaging Western influence and gradual resumption of official and technical contact. Americans see Polish problem as essentially political; prefer step-by-step

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relaxation conditional on prior Polish improvements in human rights/economic reform. Such policy involves Polish loss of face, unlikely to be effective.

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VISIT OF THE DUTCH PRIME MINISTER, MR LUBBERS, 2 MARCH

London Economic Summit, 7-9 JunePoints to Make

1. Looking forward to relaxed, workmanlike Summit building on progress at Williamsburg. Economic recovery now firmly established in US but less strong elsewhere. Focus of discussion will be how to consolidate the recovery and to strengthen the international trade and financial systems. Important to register realistic progress on rollback. Will also be discussion of international debt problem and the difficulties faced by developing countries.
2. As hosts, will meet need to keep non-participants informed of proceedings. Have already begun to do this through OECD forum. Commission also playing its part.

Essential Facts

1. Personal Representatives met in London for the second time on 17-19 February to discuss possible themes for the Summit. Talks focussed on a UK-prepared discussion paper circulated beforehand. This will now form the basis for a thematic paper to be presented to participants shortly before the Summit. Further Personal Representatives' meetings are scheduled for April and May.
2. Personal Representatives were rather more optimistic about the strength and durability of recovery than the end-1983 forecasts had been. OECD sees growth in 1984 picking up to 3.75%. Growth of 4-5% expected in US and Japan but only 1.5% in Europe. Consumer price inflation in major countries has fallen from over 12% in 1980 to 4.5% in year to December 1983. The Summit will probably want to pay attention to impediments to growth caused by structural rigidities.



3. US likely to be criticised for size of budget deficit (1985 forecast \$184bn, with projected level of about \$180 bn over next 3 years). US three-month interbank rate of 9.5% and longer term rates of about 12% still source of concern. Dollar has depreciated slightly from record levels at beginning of year. But it is still unclear how far it will fall.

4. Case-by-case approach to international debt problem has coped well so far. Lasting solution requires continuing adjustment by debtor nations and more stable medium-term pattern of financial flows. World economic recovery beginning to benefit debtor nations in terms of commodity prices and increased trade. Forecast resurgence of world trade should generate rapid increase in LDC exports.

5. OECD Ministerial and Williamsburg Economic Summit in May 1983 made commitments to halt and reverse protectionism. Will be important to register progress in London. Subject of particular interest following Japanese proposal for new GATT round. Likely to be considerable divergence of view, with French wanting to minimise any commitment and FRG and Japan prepared to go much further.

6. Dutch have some voice in Summit through EC delegation. But like some others they are concerned that the Summit will take decisions on matters affecting their own interests. They will expect to be kept informed of how preparations progress. UK has good record on this count. At OECD Executive Committee in Special Session in January, UK representative gave account of UK approach to Summit to a dinner at which Dutch were present. This was greatly appreciated. OECD Ministerial on 17/18 May will set the scene for the Summit three weeks later. The European Commission also briefs the whole Community on the outcome of Personal Representatives' meetings.



VISIT OF THE DUTCH PRIME MINISTER, MR LUBBERS, 2 MARCH

LEBANON

POINTS TO MAKE

1. Comment on outcome of UN Security Council debate (28 February) on replacement of MNF by UN force. Agree with Dutch that UN force can only play useful role by agreement with all the parties on the ground. Firm ceasefire essential. Will Dutch contribute?

2. Danger of permanent partition if present stalemate continues. But some grounds for hope in latest Saudi peace efforts. Crown Prince Abdullah optimistic during recent visit to London (22-24 February).

ESSENTIAL FACTS

3. The Dutch have played a constructive role in the Security Council, despite their doubts about French haste in pushing ahead with a mandate for a new UN force in Beirut. The Dutch have stressed that an effective ceasefire is needed, and that a new UN force can only operate effectively if all parties on the ground agree. Foreign Minister van den Broek repeated those points at the meeting of Ten Foreign Ministers in Paris on 27 February.

4. The Dutch originally contributed 850 men to UNIFIL, in Southern Lebanon. They reduced their contingent to 150 men in October 1983, ostensibly on the grounds that UNIFIL was hampered by an inadequate mandate and no longer served

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a useful purpose, but in fact because of strong pressures from the Dutch Ministry of Defence for complete withdrawal on financial and manpower grounds. The Dutch had previously lobbied in New York for an amended mandate, with the implication that, in that case, their full contribution to UNIFIL would continue. Agreement on a new UN force for Beirut would therefore put them in a dilemma. Subject to the exact mandate, the Ministry of Foreign Affairs would probably urge a positive response to a request for Dutch participation. But the majority feeling in the Dutch Parliament is that, while the Netherlands should play an active part in UN peacekeeping operations, these should be limited to frontier areas and avoid any risk of involvement in internal political affairs of the country concerned. This plus financial difficulties will make the Dutch cautious about taking on new commitments.

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IRAN/IRAQ

POINTS TO MAKE

The War

1. The UK neutral and shares Dutch concern to see early end to the conflict. Recent Iranian offensives seem to have been contained by Iraq. Concerned at Iraqi claims to have attacked Kharg Island. A difficult period ahead.

Escalation

2. Immediate aim must be to prevent escalation of war, especially actions which endanger shipping in the Gulf area. UK urging restraint on both sides.

Contingency Planning (if raised)

3. If the conflict spreads to the Gulf first recourse must be diplomatic action. We are in close touch with our allies and friends in the Gulf.

Mediation

4. UK will give full support to any diplomatic efforts which may help to end the war. In particular are encouraging UN Secretary-General to maintain his mediation efforts. Disappointing that Iran has now rejected two-pronged mission after Iraq persuaded to accept it.

Arms Sales (Defensive)

5. Recent UK press reports do not give an accurate picture. We remain strictly neutral and have not supplied lethal items to either side. (If raised) We have not supplied chemical weapons to Iraq.

/Iraqi Use of CW

Iraqi Use of CW (If Raised)

6. Concerned at reports of Iraqi use of CW. Need to maintain respect for 1925 Geneva Protocol. Careful consideration needed, however, before Ten seek to take direct action. Welcome the idea of discussion by Disarmament Working Group.

ESSENTIAL FACTSThe War and Mediation

7. On 16, 21 and 22 February the Iranians launched offensives in the central and southern sectors of the front. Their claims of success are exaggerated though they have occupied some territory. Iraq claims to have attacked Kharg Island on 27 February. Iran denies this. First indications suggest that no attack has taken place. If these prove incorrect and Iraq carries out further attacks on Kharg Island this would mark a serious escalation in the conflict. Iran could be tempted to close the Straits of Hormuz, as she has declared she might, if her oil exports are threatened (90% of Iran's oil is exported from Kharg Island). It is unfortunate that the UN Secretary-General's plan for a two-pronged mediation mission to investigate civilian casualties and hold political discussions has been rejected by Iran, after efforts had been made to persuade Iraq to accept.

Contingency Planning (not for use)

8. Consultations with the Americans on contingency planning, covering the threat of an interruption of oil supplies through the Gulf have been close, though the French remain reluctant to engage in contingency planning. We have also been in close contact with the Gulf States and



Ministerial agreement has been reached on certain measures should the crisis escalate. There have been recent UK press reports that we are building up our naval presence in the Gulf, along with the Americans, in the expectation of an escalation in the war. These are not true. We do maintain a patrol of two warships available, if needed, to come to the assistance of British shipping in the Gulf and the Americans have a sizable naval presence in the North Arabian Sea. But, the situation in the Straits of Hormuz is at present normal and there are no Royal Navy ships in the Gulf.

UN Mediation

9. The UN dual mission to Iran and Iraq to examine civilian damage and hold political discussions has been postponed, following Iranian rejection of the proposal. We are urging the Secretary-General to do all he can to resume his mediation efforts and trying to persuade the Iranians to be more positive. [Not for use] UKMIS New York have approached the Iranian Permanent Representative in concert with the Pakistanis. However, Rafsanjani, the influential speaker of the Iranian parliament, has said he sees no hope of successful mediation at the moment.

Arms Sales to Iran

10. There have been a number of stories that the UK is supplying arms to Iran. This is untrue, though we are discussing the release of some blocked tank spares and two unarmed naval support ships. No ammunition or gun-related items are included. A third support ship, the Kharg, completed in 1980, but detained here because of the US hostage crisis is now being taken over by the Iranians. It is unlikely to leave for several months.



Dutch View of War

11. Netherlands has been careful to maintain a neutral position and was helpful in our attempt to achieve a balanced UNSCR 540. Dutch have periodically expressed the hope that the conflict can be settled peacefully by negotiation on a basis acceptable to both sides.

Foreign and Commonwealth Office

28 February 1984



CONFIDENTIAL

VISIT OF THE DUTCH PRIME MINISTER, MR LUBBERS, 2 MARCH

FALKLAND ISLANDS/ARGENTINA

Points to Make

1. Have now received, through Protecting Powers, reply from Argentine Foreign Minister to our proposals for bilateral talks on normalisation of relations.
2. Argentines describe our proposals as a "positive step" towards the normalisation of relations, which they agree is desirable.
3. They propose a two-stage approach, comprising a "first exchange of ideas leading to substantive negotiations at the appropriate time". The "substantive negotiations" could not "overlook the vital subject of sovereignty". They would be "within the framework" of the UN General Assembly Resolutions of 1982 and 1983, with UN Secretary-General taking part.
4. The relatively friendly tone of the reply and the recognition of the importance of the normalisation of bilateral relations are welcome. But it is all too clear that the Argentines see the resumption of a dialogue as designed to lead inevitably to negotiations on sovereignty under UN auspices and in the framework of UN Resolutions which we do not accept.
5. The reply therefore presents some significant difficulties. We are considering it very carefully and will respond in due course. Will keep our Partners informed. We do not intend to make our exchanges with the Argentines public. Best to proceed by discreet diplomacy, rather than public point-scoring.

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6. Very helpful if our Partners could encourage Argentines to recognise the obvious constraints, and to be realistic about scope of initial exchanges. Priority now must be to build confidence by a step-by-step approach to the re-establishment of normal bilateral relations.

Foreign & Commonwealth Office
28 February 1984

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Essential Facts

1. Our proposed terms of reference for official talks on the normalisation of bilateral relations were conveyed to the Argentine authorities by the Swiss Protecting Power on 26 January. Our EC partners and Allies were informed in detail of our approach.

2. We received the Argentine reply on 17 February. It calls for a two-stage approach, comprising a "first exchange of ideas leading to substantive negotiations at the appropriate time". The agenda for the preliminary exchange of ideas would include our six points, to which the Argentines would insist on adding these further items:-

- (a) Lifting the Falkland Islands Protection Zone (FIPZ).
- (b) Halting the "fortification" of the Islands, construction of the airfield, and the "war-like concentration" in the area.
- (c) Guarantees of withdrawal of nuclear weapons from the area.

3. We did not propose to take the initiative to reveal the contents of the Argentine reply but it became apparent that the Argentines themselves were giving the text in confidence to our Partners and Allies. We have therefore given EC and certain other posts discretion to make the text available, in strict confidence, or to confirm its content.

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PM FCO 261052Z JAN 84

TO FLASH BERNE

TELEGRAM NUMBER 22 OF 26 JANUARY

MIPT: RELATIONS WITH ARGENTINA

1. FOLLOWING IS TEXT OF SPEAKING NOTE.

BEGINS: THE BRITISH GOVERNMENT HAVE ASKED THE SWISS PROTECTING POWER TO APPROACH THE GOVERNMENT OF ARGENTINA, TO CONSIDER MEANS OF FOLLOWING UP THE EXCHANGE OF MESSAGES ON 10 DECEMBER BETWEEN MRS THATCHER AND PRESIDENT ALFONSIN. THE BRITISH GOVERNMENT REPEAT THEIR WELCOME FOR THE RETURN OF DEMOCRACY TO ARGENTINA. THEY BELIEVE THAT THE POSSIBILITY OF TALKS BETWEEN BRITAIN AND ARGENTINA AT OFFICIAL LEVEL ABOUT THE PROGRESSIVE NORMALISATION OF RELATIONS BETWEEN THE TWO COUNTRIES SHOULD NOW BE CONSIDERED. IT WILL BE NECESSARY HOWEVER FOR BOTH SIDES TO RECOGNISE THE REALITIES OF THE SITUATION AND THE CONSTRAINTS UNDER WHICH THE OTHER IS OPERATING.

2. WITH THIS IN MIND, THE BRITISH GOVERNMENT PROPOSE THAT ANY DISCUSSIONS SHOULD BE WITHOUT PREJUDICE TO THE POSITIONS OF THE UNITED KINGDOM AND ARGENTINA RESPECTIVELY ON THE QUESTION OF SOVEREIGNTY OVER THE FALKLAND ISLANDS, AND INDEED, THAT SOVEREIGNTY WOULD NOT BE DISCUSSED.

3. IT IS PROPOSED THAT THE AGENDA FOR DISCUSSION COULD INCLUDE:

- A. THE RECIPROCAL LIFTING OF RESTRICTIONS ON TRADE BETWEEN THE UNITED KINGDOM AND ARGENTINA.
- B. THE LIFTING OF ALL OUTSTANDING FINANCIAL RESTRICTIONS.
- C. ARRANGEMENTS FOR THE RETURN OF THE ARGENTINE DEAD FROM THE FALKLAND ISLANDS OR, FAILING THAT, FOR A NEXT-OF-KIN VISIT.

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- D. THE RESTORATION OF THE AIR SERVICES AGREEMENT BETWEEN THE TWO COUNTRIES.
- E. THE RESUMPTION OF CULTURAL, SCIENTIFIC AND FULL SPORTING CONTACTS.
- F. THE UP-GRADING OF OFFICIAL RELATIONS.
4. THERE HAVE BEEN SUGGESTIONS FOR SECRET TALKS. THE BRITISH GOVERNMENT WOULD NOT WELCOME SUCH A PROCEDURE, SEEING NO NEED TO CLOAK IN SECRECY MEETINGS ABOUT THE NORMALISATION OF BILATERAL RELATIONS. MOREOVER, THERE WOULD BE SERIOUS DANGERS OF MISUNDERSTANDING IF THERE WERE TO BE CLANDESTINE DISCUSSIONS, AND WORD OF THESE WERE TO LEAK.
5. REGARDING PRESENTATION, SIR GEOFFREY HOWE HAS SAID PUBLICLY THAT BOTH SIDES ARE DEVELOPING A WILL TO BEGIN TAKING STEPS TOWARDS RESTORING A NORMAL RELATIONSHIP. IF BRITISH SPOKESMEN ARE ASKED ABOUT THE PRESENT SWISS APPROACH TO THE GOVERNMENT OF ARGENTINA, THEY PROPOSE TO CONFIRM IN GENERAL TERMS THAT MEANS OF CARRYING THIS PROCESS FORWARD ARE BEING EXPLORED. BUT THE SWISS AND BRITISH GOVERNMENTS HAVE NO INTENTION OF STIMULATING PUBLICITY AT THIS EARLY STAGE. THE PUBLIC PRESENTATION OF TALKS BETWEEN BRITISH AND ARGENTINE OFFICIALS CAN BE DISCUSSED ONCE TERMS OF REFERENCE HAVE BEEN AGREED.
6. THE BRITISH GOVERNMENT LOOK FORWARD TO KNOWING THE VIEWS OF THE GOVERNMENT OF ARGENTINA ON THESE SUGGESTIONS. THEY CONSIDER IT MOST IMPORTANT TO FOLLOW UP THE EXCHANGE OF MESSAGES THROUGH EXCHANGES IN AREAS ON WHICH IT IS REALISTIC TO EXPECT EARLY PROGRESS. THE BRITISH GOVERNMENT HOPE THAT THIS CAN LEAD TO THE ESTABLISHMENT OF A RENEWED CLIMATE OF MUTUAL CONFIDENCE IN WHICH OUR RELATIONS CAN BE MANAGED IN A PRACTICAL AND PRODUCTIVE WAY. ENDS.

HOWE

FALKLAND ISLANDS GENERAL
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FID
CABINET OFFICE

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FALKLAND ISLANDS

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UNOFFICIAL TRANSLATION OF ARGENTINE NOTE HANDED TO THE SWISS
AMBASSADOR IN BUENOS AIRES ON 17 FEBRUARY 1984

Mr Ambassador,

I have the honour to ask Your Excellency to bring the following reply to the attention of the British Government:

'The Argentine Government, inspired by its dedication to peace, favours contacts which might mean a first exchange of ideas leading to the opening of substantive negotiations at the appropriate time. It follows from a realistic appraisal of the totality of relations between Argentina and the United Kingdom that those substantive negotiations cannot overlook the vital subject of sovereignty if a complete solution to the dispute is to be achieved. Such negotiations about sovereignty over the Falkland Islands [Malvinas], South Georgia and South Sandwich Islands must be held within the framework of the relevant United Nations resolutions, with ^{the} participation ['intervencion'] of the Secretary General as envisaged in those resolutions. A global negotiation such as that proposed by the Argentine Government would also give due consideration to the interests of the inhabitants of the Islands and likewise to the subject of economic and scientific-technological co-operation in the area. It must be made clear that the Argentine Government wishes to remove the obstacles which impede the normalisation of relations between the two countries, and understands that the aim of that normalisation is a return to the pre-conflict situation in all its dimensions. In this connexion the proposed plan does not add anything substantially new to those issues which were expressly endorsed in the joint Argentine-British communiqué of 26 April 1977.

'As will be known, that communiqué was brought to the attention of the international community through parallel notes presented by the Permanent Representatives of the Argentine Republic and the United Kingdom at the United Nations in June 1977.

/ 'The

'The Argentine Government has analysed with great interest the British Government's proposal of 26 January 1984 in which they suggest an agenda to include the following points:

- (A) The reciprocal lifting of restrictions on trade between the United Kingdom and Argentina.
- (B) The lifting of existing financial restrictions.
- (C) Arrangements for the transfer of the Argentine dead from the Islands, or, in the absence of this, for a visit by next-of-kin.
- (D) The reactivation of the air services agreement between the two countries.
- (E) The resumption of cultural, scientific and sporting contacts.
- (F) The raising of the level of official relations.

'The Argentine Government considers that this British initiative constitutes a positive step insofar as it suggests the possibility of an exchange of ideas at official level which could lead towards the progressive normalisation of relations between the two countries.

'Recognising the desirability of examining these questions in depth, the Argentine Government is persuaded that other unavoidably important questions which exist between the two countries, and which require immediate attention, must also be included.

'It therefore believes that it is essential to add the following subjects:

- (A) The lifting of the Protection Zone [sic] which the United Kingdom purports to have established in the South Atlantic.
- (B) A halt to the fortification of the Islands, to the construction of the strategic airfield and to the warlike concentration in the area.
- (C) Guarantees that nuclear weapons or artifacts will be withdrawn from the region.

'An agenda comprising the subjects proposed by Argentina and the United Kingdom could then permit contacts to begin.

/'Similarly,

"Similarly, the Argentine Government wishes to convey to the United Kingdom the spirit in which it is approaching the problem of bilateral relations. In this connection, the Argentine Government:

(1) Attaches very great importance to the definitive normalisation of relations between the Argentine Republic and the United Kingdom.

(2) Considers that to achieve this, it is essential - and this is its wish - to put an end, through peaceful means, to the dispute over the Falkland Islands [Malvinas], South Georgia and South Sandwich Islands.

(3) Also agrees about the undesirability of secret meetings, negotiations or talks, it being a fundamental point of its foreign policy to keep public opinion informed in accordance with the democratic style which has been restored in the Argentine Republic.

(4) Considers that at the present time it would be highly desirable to explore the matter sincerely and in good faith, taking into account all the elements involved and thus enabling each side to assess the future prospects for a formal negotiation.

(5) Considers, as has been previously indicated, that the presence of United Nations peace-keeping forces in the Islands, in place of other military forces, would serve to re-establish a better atmosphere in the area and safeguard the security of the inhabitants.

(6) Considers that in order to fulfil a determined wish to put a final end to the division existing between the two countries the most advisable course would be to hold a preliminary and open exchange of ideas, at an appropriate time informing the Secretary General of the United Nations of the content thereof. These informal exchanges would pave the way towards subsequent negotiations which would be held in the presence of the Secretary General of the United Nations by virtue of the mandate of good offices received from the General Assembly."

With my warm respects to Your Excellency,

(signed Caputo).



VISIT OF THE DUTCH PRIME MINISTER, MR LUBBERS, 2 MARCH
IEA EXECUTIVE DIRECTOR

Points to Make (if raised)

1. Important to get the right man for the job; and that the successful candidate should command the widest support in the IEA.

2. Officials have met Mr de Brauw and have had a chance to assess his qualities.

3. (If pressed). We certainly would not rule out Mr de Brauw; but (as we have made clear in discussions among the Ten), we favour the US candidate for his personal qualities.

*Not
an. de
Kohl*

Essential Facts

1. The present Executive Director of the IEA, Dr Lantzke, is leaving at the end of March. There are four candidates: Jens Christensen (Denmark), Walter Kittel (FRG), Stephen Bosworth (US) and Maurits de Brauw (Netherlands). HMG believe Bosworth to be the best candidate. The Australian Chairman of the IEA Governing Board is consulting IEA member countries.



2. There is EC pressure for one European candidate, but no agreement has been reached; nor are there signs that candidates will be withdrawn. At the Political Co-operation Ministerial meeting in Paris on 27 February a vote was held: the Dutch candidate attracted Benelux support, the Dane got Irish and Greek support, and the German was supported by the FRG and France (which is not an IEA member). Italy (without instructions) and the UK (because we favour the American) abstained. Mr Rifkind expressed support for the US candidate for his personal qualities.

3. Outside Europe, the American candidate enjoys support from New Zealand, Norway, Canada, Japan and almost certainly Australia, as well as the US.

4. The Dutch have lobbied strongly for Mr de Brauw, who has had a varied career - in business, management consultancy and politics. He recently produced a report dealing with energy policy in the Netherlands. While de Brauw might be a capable candidate in untroubled times, we have doubts about his resolution and effectiveness in a crisis.

Foreign and Commonwealth Office
28 February 1984

VISIT OF THE DUTCH PRIME MINISTER, MR LUBBERS: 2 MARCH

NETHERLANDS INTERNAL POLITICAL AND ECONOMIC SCENE

1. The Dutch Government was formed on 4 November 1982: a coalition of the Christian Democrats (CDA) (a confessional party covering the whole political spectrum, the right marginally predominating) and the Liberals (VVD) (Conservatives in British political terms) under the premiership of the CDA's leader, Mr Ruud Lubbers.
2. The Government is faced with severe economic problems. At the beginning of April 1983 the Cabinet put forward 2 billion guilders (£550m) of economic cuts. A number of CDA members in the Second Chamber who wanted cuts of only Fl 1.5bn said that they could not accept the 2% reduction in social welfare benefits contained in the scheme unless public sector employees accepted a similar cut in wages. VVD members said that the two issues could not be linked. These Fl 2bn cuts are on top of the Fl 13bn savings already contained in the Government's 1983 policy document and are in response to the worsening economic position; the balance of payments surplus, originally forecast to reach Fl 14bn in 1983, was finally no more than Fl 10bn. A proposed cut of 3.5% (later 3%) in public service salaries from 1 January 1984 led to a wave of strikes in the public sector from late October, which only finally collapsed in early December.
3. On INF, the two parties have agreed to prepare for stationing with the final decision to depend on the outcome of the Geneva talks. At the time of the 1979 NATO double decision the Dutch postponed their final decision on stationing for two years pending the outcome of INF negotiations. The Dutch will not now take their final decision until 7 May 1984. The Dutch Government stated that they would do nothing that would endanger a positive outcome of the Geneva talks. They feel they need to proceed with preparations so as not to weaken the Alliance's position. Where preparations are material, Parliament will be informed, 'for information'. On

/nuclear

28 June 1983, the Government announced that Woensdrecht air base would be the site for missiles, should the Government decide to go ahead with deployment. At the same time the Government were considering dropping up to four of the six Dutch nuclear tasks. In a Second Chamber debate on 17 November, Opposition motions criticising moves towards INF deployment within the Alliance were defeated, in some cases narrowly. The Government are particularly vulnerable to the defection of the 'loyalist' faction of the CDA which opposes INF stationing. Parliamentary pressure on the Government to change its stance is likely to continue. It is not clear that the Government will be able to resist it indefinitely unless there is some progress in the disarmament negotiations.

4. In the Community British and Dutch thinking is very similar, notably about future financing. Mr Lubbers supported the British refund at the Stuttgart European Council. On 2 March 1983 he visited London, accompanied by the Foreign Minister, Mr van den Broek, for talks with the Prime Minister. Mrs Thatcher made a successful return visit to The Netherlands on 19-20 September for talks with Mr Lubbers, which concentrated on Community matters. Mr Lubbers and Mr van den Broek are to come to London again on 2 March.

Foreign and Commonwealth Office
28 February 1984



VISIT OF THE DUTCH PRIME MINISTER, MR LUBBERS: 2 MARCH

Biographical notes

LUBBERS, DR RUUD F M (CDA)

Netherlands Prime Minister since November 1982.

Born 1939. Studied economics at Rotterdam University, and became managing director, jointly with his brothers, of the family engineering firm in 1965.

Was Chairman of the Catholic organisation of employers in the engineering industry and member of the Rijnmond Regional Council 1970-3 for the Catholic Party (KVP). Appointed Minister of Economic Affairs in the den Uyl Government 1973 but declined a ministry in the van Agt Government in 1977. He served as Deputy floor leader of the CDA until the resignation of Aantjes in November 1978. CDA floorleader, Second Chamber 1978-82.

Belongs to the radical wing of the KVP and is regarded as progressive in Labour Party circles. One of the youngest members of the den Uyl Cabinet and widely regarded as one of the most successful Ministers of that government. Decided not to join van Agt government, possibly because he disagreed with the decision to form a coalition with the Liberals (VVD). Charges that he continued to benefit financially from the family engineering firm during his time as Minister did not prevent his election as floor leader.

A man of ability and charm, though his quickfire style of talking makes him hard to follow in either Dutch or English (which he nevertheless speaks well). His public speeches, delivered in the same style, tend to be long, diffuse and somewhat Delphic.

Married with two sons and a daughter.



BROEK, HANS VAN DEN, GCMG

Netherlands Minister of Foreign Affairs since November 1982.

Born 1936.

Studied law, Utrecht, 1965-68 solicitor in Rotterdam; 1969-76 company secretary and accountants manager with ENKA in Arnham; 1970-74 Rheden town councillor; 1976 elected to Second Chamber where he was a member of the Foreign Affairs Committee and reserve member of the Defence Committee. Played an active role in the debate within the CDA on nuclear weapons (he then supported INF stationing). State Secretary for Foreign Affairs 1981-1982.

Pleasant and friendly. On the right wing of his party. Known to be on good terms with Lubbers.

Married. Two children. Speaks excellent English and is generally anglophile: he spent some time at school in the UK.



he v
bc Sue g.

10 DOWNING STREET

From the Private Secretary

24 February 1984

Visit of Netherlands Prime Minister

Thank you for your letter of 23 February.

The Prime Minister is content with the agenda for the talks.

As regards the arrangements for the working breakfast, the Dutch party, as listed in your letter, will all be welcome. Should Dr. Lubbers wish to include a Private Secretary this will also be possible (I should be grateful for confirmation).

On our side, the Prime Minister hopes that the Foreign and Commonwealth Secretary, Sir Crispin Tickell and Mr. Williamson will be present. I shall also attend.

I am copying this letter to Richard Hatfield (Cabinet Office).

A. J. COLES

P.F. Ricketts, Esq.,
Foreign and Commonwealth Office.

UR



Prime Minister.

Content will these
arrangement?

A.S.C. $\frac{23}{2}$

Foreign and Commonwealth Office

London SW1A 2AH

23 February 1984

Dear John,

mt

Visit of Mr Lubbers: 2 March

The Prime Minister is to hold talks with the Netherlands Prime Minister on 2 March. We need to consider the agenda and the arrangements for the talks.

Agenda

Community issues will inevitably dominate the talks in the run-up to the March European Council. We propose to provide briefing on the following:

- (i) Budgetary imbalance and budgetary discipline
- (ii) CAP
- (iii) New policies, including the internal market
- (iv) Enlargement
- (v) Common Commercial Policy and International Trade issues
- (vi) European Transport Policy (which Mr Lubbers will raise)

If time allows the following non-Community subjects are topical and could be covered either by the Prime Minister or at the meeting which the Foreign Secretary has arranged to hold immediately afterwards with the Dutch Foreign Minister:

Defence and Arms Control

East/West Relations (our Embassy expect that Mr Lubbers will be particularly interested in Mrs Thatcher's impressions of her visit to Moscow.)

Economic Summit (7-9 June)

The Middle East: (i) Lebanon
(ii) Iran/Iraq

Falkland Islands/Argentina

Briefing will also be provided on these.

/Arrangements

Arrangements

Mr Lubbers will arrive at Northolt at about 0700 and be met by a Special Representative. He will then come straight to 10 Downing Street, for talks to start at 0815 and end at 1000. Mr van den Broek is due to land at Heathrow by commercial flight from New York at 0640 and will come separately into London.

We understand that the Dutch party to the breakfast will also include the Netherlands Ambassador in London, Mr Huydecoper, and the Director-General for European Cooperation in the Netherlands Ministry of Foreign Affairs, Dr Posthumus Meyjes, making a total of four in all.

On our side, apart from Sir Geoffrey Howe, we propose that Sir Crispin Tickell should be present from the FCO. You may wish also to invite Mr Williamson from the Cabinet Office.

I should be grateful to know whether these arrangements are acceptable.

Yes ever, Yes mt

Peter Ricketts

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street

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Kohls visits to
UK AS



cc: GLENN...
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10 DOWNING STREET

From the Private Secretary

1 February, 1984

European Inward Visits

I promised to try to let you have the Prime Minister's decisions today on the various European inward visits which have been proposed.

The Prime Minister is prepared to give Mr. Lubbers a working breakfast on 2 March. Timings are to some extent flexible. But she envisages it beginning at 0815 and continuing until 0930 or, if Mr. Lubbers prefers, 1000.

This would leave 27 February free for a working lunch with Chancellor Kohl. I have seen no account from Bonn of the response to the Prime Minister's recent message to Chancellor Kohl. I should be grateful if you could confirm that this has been delivered. Although the message said that Private Secretaries would be in touch about a date for a meeting with Chancellor Kohl, I would have no objection to the Embassy offering 27 February at the appropriate moment. I shall take it that they will be doing so unless you advise me to the contrary.

You also wrote on 20 January about a possible visit by the Belgian Prime Minister. Mrs. Thatcher's diary is now extremely full and the only way in which she could accommodate Mr. Martens before the European Council is by giving him a working lunch on 2 March, i.e. on the same day on which she is giving Mr. Lubbers a working breakfast. I think this would amount to an extensive demand on the Prime Minister's time and do not propose to take it any further unless you wish to press very strongly.

R. B. Bone, Esq.,
Foreign and Commonwealth Office

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PRIME MINISTER

Subject?

EUROPEAN INWARD VISITS

You have already agreed in principle to offer Chancellor Kohl, and Mr. Lubbers a short working visit before the European Council. The Foreign and Commonwealth Secretary would also like you to invite the Belgian Prime Minister for such a visit.

Mr. Lubbers

We offered Mr. Lubbers a working lunch on either 27 February or 2 March. He cannot do either. But he asks whether you could manage a working breakfast on Friday, 2 March. He is prepared to fly over early with Mr. Van den Broek and would then have to get back for the Dutch Cabinet meeting.

Caroline tells me that 2 March falls in a lightish week and that the weekend (3/4 March) is practically free. Would you be prepared to give Mr. Lubbers a working breakfast from say 0815 to 0930 hrs?

Yes - but it seems ridiculous to come over for that. Sunday?

Chancellor Kohl

We could then offer Chancellor Kohl a working lunch on 27 February.

Mr. Martens

This is more problematic. We can only manage a working lunch on 2 March (the same day that you give Mr. Lubbers a working breakfast). The argument is that an invitation to Mr. Martens is long outstanding and that it will be useful to see him before the European Council. But I do not press this strongly. Do you want to give him lunch on 2 March?

Is he feeling one?

31 January, 1984

A.S.C. $\frac{31}{1}$

MR. COLES o.r.

top copy on Belgium: visits of
PM M. Martens June 78

Dutch and Belgium Prime Ministers

Please see The Hague telegram no. 019 attached. The Prime Minister could not manage a working dinner on 2 March since she is committed to evening engagements in her constituency. ~~As~~ Mr. Lubbers could not make lunch on either 27 February or 2 March the only possibility (unless we look for another date entirely) is a working breakfast on 2 March. This will give the Prime Minister a very long day, and my view is that it ~~would~~ be better for us to start again and look for a new date.

You will wish to consider, and seek the Prime Minister's view, on the possibility of our now offering either 27 February or 2 March to the Belgian Prime Minister.

Dwb

26 January 1984

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FM THE HAGUE 251500Z JAN 84
TO PRIORITY FCO
TELEGRAM NUMBER 019 OF 25 JANUARY
INFO ROUTINE UK REP BRUSSELS

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YOUR TELNO 7: POSSIBLE VISIT BY DUTCH PRIME MINISTER

1. MR LUBBERS WOULD BE GLAD TO ACCEPT THE PRIME MINISTER'S INVITATION FOR A WORKING VISIT TO LONDON FOR DISCUSSIONS OF MATTERS OF MUTUAL INTEREST, PARTICULARLY EUROPEAN COMMUNITY QUESTIONS. AS IS NORMAL DUTCH PRACTICE, HE WOULD LIKE TO BRING MR VAN DEN BROEK WITH HIM.
2. THIS UNFORTUNATELY RULES OUT 27 FEBRUARY BECAUSE OF THE POCO MINISTERIAL MEETING IN PARIS, WHICH VAN DEN BROEK WILL BE ATTENDING. THE PROBLEM WITH 2 MARCH IS THAT THE DUTCH COUNCIL OF MINISTERS ALWAYS MEETS ON FRIDAYS. THEY START AT 10 A MEETING WHICH USUALLY LASTS 6 HOURS WITH A BREAK IN THE MIDDLE.
3. MR LUBBERS HAS THEREFORE ASKED WHETHER IT MIGHT BE POSSIBLE FOR THE PRIME MINISTER TO SUBSTITUTE A WORKING DINNER FOR THE PROPOSED WORKING LUNCH ON 2 MARCH. IF THIS IS NOT POSSIBLE, LUBBERS COULD COME FOR A WORKING BREAKFAST ON THAT DAY. HE IS PREPARED TO MAKE AN EARLY START FROM THE HAGUE (HE GAINS AN HOUR ON THE FLIGHT) AND VAN DEN BROEK WOULD BE ABLE TO ARRIVE IN LONDON FROM NEW YORK BY 7 AM. THE DEPUTY PRIME MINISTER (VAN AARDENNE) WOULD START THE COUNCIL OF MINISTERS MEETING AND LUBBERS WOULD TAKE IT OVER ON HIS RETURN.
4. OF THESE ALTERNATIVE TIMINGS, LUBBERS WOULD PREFER THE FIRST.

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10 DOWNING STREET

From the Private Secretary

18 January 1984

Anglo/Dutch Exchanges on the
European Community

Thank you for your letter of 16 January.

The Prime Minister will be glad to offer Mr. Lubbers a small working lunch on either 27 February or 2 March. This would provide some two hours for discussion of matters of mutual interest.

BT

Could you kindly let me know whether either of these dates is convenient to Mr. Lubbers.

I am copying this letter to John Kerr (HM Treasury), Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food) and Richard Hatfield (Cabinet Office).

A. J. DOLES

R.B. Bone, Esq.,
Foreign and Commonwealth Office

CONFIDENTIAL

NR



Prime Minister.

Foreign and Commonwealth Office

London SW1A 2AH

*You could do a small
working lunch for Mr. Lubbers
on either 27 Feb or 2 March?*

Agree?

Yes

16 January 1984

Dear John,

A.S.C. 12/11

Anglo/Dutch Exchanges on the European Community

Our Ambassador in The Hague has reported a recent conversation he had with Mr Lubbers, the Dutch Prime Minister, in which the latter proposed that he should slip over to London for a quiet talk with the Prime Minister. He suggested that the best timing would be after President Mitterrand's State Visit to the Netherlands on 6/8 February.

The Secretary of State is well aware of the demands which are being placed on the Prime Minister at this time and is reluctant to add to her burden. He considers nevertheless that there is a strong case for responding positively to Mr Lubbers' suggestion. The Dutch have given us very firm support in the post-Stuttgart negotiations on reform of the CAP, on budgetary discipline and on such issues as the internal market, a free market for insurance and the liberalisation of transport. It is important to consolidate and confirm that support in the run-up to the March European Council. A visit by Mr Lubbers would also give us a chance to press the Dutch to move closer to our position on budgetary imbalances on which they had been a lot less helpful than on the other issues. Sir Geoffrey also considers that the visit could correct the tendency about which Mr Lubbers spoke to our Ambassador for the Community to polarise against us around the nucleus of the original Six. Historically the Dutch have always seen themselves as a link between the founder members of the Community and the UK and it is not out of the question that they could play a useful role in the next stage of the negotiation in reconciling the Six to a budgetary system which fits the need of an enlarged Community of Twelve. Finally Sir Geoffrey thinks there may be value in a discussion of defence questions.

If the Prime Minister accepts the Secretary of State's proposal, I should be grateful for alternative dates to put to Sir Philip Mansfield. If the Prime Minister wished

/to offer



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to offer Mr Lubbers a meal, this would be an agreeable gesture.

I am copying this letter to John Kerr (HM Treasury), Ivor Llewelyn (MAFF) and Richard Hatfield (Sir R Armstrong's office).

Yours ever,

Robert Dickson

pp (R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

CONFIDENTIAL

file

Box

NETHERLANDS

11 March 1983

I enclose a copy of a letter which the Prime Minister has received from the Prime Minister of the Netherlands, thanking Mrs. Thatcher for the arrangements made for his visit to London and repeating his invitation to the Prime Minister to visit The Hague. I doubt if a reply on the latter point is necessary.

I am copying this letter and enclosure to John Kerr (HM Treasury) and Richard Hatfield (Cabinet Office).

A. J. COLES

Roger Bone, Esq.,
Foreign and Commonwealth Office

cc *Manter*
Ops

**PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T27A/83**



MINISTER-PRESIDENT

The Hague, March 8, 1983

Nr. 329750

mf

Prime Minister

MR 1/3

Dear Mrs. Thatcher,

I should like to thank you for the cordial welcome I received in London last week. It was a pleasure to exchange views with you once again and to confirm that our countries share the same standpoint on a number of important issues. I fully understand how important to you relations both with and within the European Community are since the Community is a significant political and economic force. I shall do everything I can to contribute to solving such problems as exist. As Britain revitalises its industry it will benefit more and more from access to the common market. Indeed it is in Europe that Britain will reap much of the harvest of an industrial recovery. It is therefore both necessary and possible for Britain and Europe to agree with each other.

I trust that 1983 will be a productive year in a more general sense. I would also like to take this opportunity to repeat my invitation to you to visit The Hague either officially or unofficially. I would be delighted to welcome you to the Netherlands.

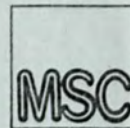
Yours sincerely,

(R.F.M. Lubbers)

To the Prime Minister

Our Ref
Your Ref
Date

3 March, 1983



Manpower
Services Commission

Mr. A. P. T. Bijlsma,
First Secretary (Economic),
Royal Netherlands Embassy,
38 Hyde Park Gate,
London, S.W.7.

Selkirk House
166 High Holborn
London WC1V 6PF

Telephone 01-836 1213

Chairman: David Young

Dear Mr. Bijlsma,

YOUTH TRAINING SCHEME

My Chairman, David Young, was present at the lunch given in honour of your Prime Minister at Downing Street yesterday. He undertook to let Mr. Lubbers have details of the British Government's Youth Training Scheme which is currently under development.

I have therefore enclosed a pack containing the details of the scheme and I would be grateful if you would forward the documents to The Hague.

If you feel there is any further information or assistance which Mr. Young can provide, I will be happy to arrange it.

yours sincerely

David Vere

David Vere
Private Secretary

Netherlands

VISIT OF MR. LUBBERS: 2 MARCH, 1983

NOTES FOR AFTER-LUNCH SPEECH

WELCOME TO MR. LUBBERS, MR. VAN DEN BROEK AND THEIR OFFICIALS.

WE STILL REMEMBER WITH GREAT PLEASURE THE STATE VISIT LAST

NOVEMBER OF HER MAJESTY, THE QUEEN OF THE NETHERLANDS

AND HIS ROYAL HIGHNESS, PRINCE CLAUS OF THE NETHERLANDS.

IT WAS AN OUTSTANDINGLY SUCCESSFUL EVENT AND A

TREMENDOUS DEMONSTRATION OF THE FRIENDSHIP BETWEEN THE

PEOPLE OF THE NETHERLANDS AND BRITAIN.

TODAY, A SPECIAL WELCOME TO MR. LUBBERS ON HIS FIRST OFFICIAL

VISIT TO BRITAIN AS PRIME MINISTER.

TO BE PRIME MINISTER AT 43 IS, IF I MAY SAY SO, NOT

BAD GOING.

WITH COUNTRIES AS CLOSE TO US AS THE NETHERLANDS IT IS NOT

NECESSARY TO REHEARSE THE THINGS THAT BIND US.

/EVERYONE

EVERYONE IN THIS ROOMS KNOWS OF:-

- OUR JOINT RESPECT FOR THE INSTITUTION OF MONARCHY,
- OUR SHARED HISTORY,
- OUR IMPERIAL EXPERIENCE, WHICH HAS GIVEN US BOTH
A SPECIAL VISION OF THE WORLD,
- OUR MARITIME BACKGROUND,
- OUR IMMENSELY STRONG LINKS IN TRADE AND TOURISM,

SOME OF YOU MAY BE LESS AWARE OF THE ROLE PLAYED IN ANGLO/DUTCH

RELATIONS BY THE MAN WITH WHOM THIS STREET AND HOUSE
IS CONNECTED - GEORGE DOWNING.

A MURKY ROLE IT WAS, TOO.

AT THE AGE OF 26 HE WAS CHIEF OF INTELLIGENCE STAFF TO
CROMWELL'S FORCES.

SIX YEARS LATER HE WAS MADE AMBASSADOR TO THE HAGUE
WHERE HE DEVOTED MUCH OF HIS ENERGY TO SPYING ON OUR
/THEN

THEN GREAT TRADING AND NAVAL RIVAL.

IN 1664 HE WAS GIVEN THE LEASE OF THE SITE ON WHICH
THIS HOUSE STANDS.

HE THEN FELL FOUL OF CHARLES II WHO TOOK A GREAT DISLIKE
OF HIM AND SENT HIM BACK TO THE HAGUE.

BUT DUTCH INDIGNATION AGAINST DOWNING, BECAUSE NO
DOUBT OF HIS PREVIOUS ACTIVITIES, WAS SUCH THAT WITHIN
THREE MONTHS HE HAD TO FLEE THE COUNTRY.

HE WAS PROMPTLY ARRESTED FOR DESERTING HIS POST AND
CLAPPED IN THE TOWER FOR SIX WEEKS.

THEY KNEW HOW TO DEAL WITH AMBASSADORIAL SHORTCOMINGS
IN THOSE DAYS.

THOSE DAYS OF RIVALRY AND CONFLICT ARE LONG PAST.

OUR PRESENT AMBASSADOR DOES NOT HAVE THE SAME

/INSTRUCTIONS

INSTRUCTIONS AS GEORGE DOWNING.

HIS TASK IS TO DO ALL HE CAN TO PROMOTE THE
CLOSEST FRIENDSHIP WITH A COUNTRY FOR WHOM BRITAIN
HAS NOTHING BUT RESPECT AND ADMIRATION.

OUR TWO COUNTRIES HAVE AN INSTINCTIVE UNDERSTANDING FOR EACH
OTHER.

WE SHARE A PASSION FOR LIBERTY AND DEMOCRACY.

WE ARE PRACTICAL PEOPLE WHO BELIEVE IN PRINCIPLE AND
COMMONSENSE.

WE ARE FREE-TRADERS.

WE ARE COMMITTED MEMBERS OF THE EUROPEAN COMMUNITY
AND OF NATO.

FOR ALL THESE REASONS WE FIND PEOPLE OF THE NETHERLANDS THE
EASIEST OF VISITORS.

/WE AGREE

WE AGREE ABOUT MOST THINGS.

WHERE WE DISAGREE WE KNOW THAT OUR HABIT OF
SENSIBLE DISCUSSION CAN RESOLVE THE PROBLEM.

(Track).

PRIME MINISTER

①

VISIT OF MR. LUBBERS

I attach some notes for an after-lunch speech.

You will recall that you said that we would meet Dutch wishes as to the form of the talks. They have said that they would like the Foreign Minister, the Netherlands Ambassador and two officials to be present throughout. The Foreign Minister is called Mr. van den Broek. The officials are Mr. Holtslag and Mr de Hoop Scheffer.

On our side there will be Douglas Hurd, Philip Mansfield (our Ambassador in the Hague) and Alan Goodison (FCO). I suggest we meet in the White Drawing Room.

The following agenda is very much in line with Dutch thinking and suits us:-

- (a) Situation in the Netherlands - you may like to ask Mr. Lubbers how he has found his first few months in office.
- (b) East/West Relations. The particular subject here is INF. The briefs show that the Dutch position is rather delicate. You will want to ask Mr. Lubbers, to describe the Dutch attitude towards deployment. You will also want to make plain our position on the non-inclusion of British/French systems.
- (c) European Community. Our need for a Budget solution by June.
- (d) World economic problems and indebtedness.
- (e) Middle East.

A.S.C.

1 March, 1983

MR SCHOLAR

Prime Minister

①

For lunch tomorrow.

ms 1/3

ms

THE NETHERLANDS

The Netherlands has gone from being a low to a high unemployment country - from average to high in terms of its public deficit.

Output has declined consistently since 1980 and is likely to fall further this year.

Unemployment is still increasing and the unemployment rate will be 14% this year - about three-quarters of a million people (it was 4.5% in 1979). But there is a great deal of hidden unemployment and if that were included, the OECD concluded that "the unemployment rate would be the highest in the industrialised countries."

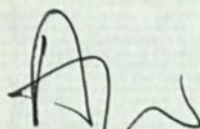
The market sector is very hard-pressed to finance large numbers of unemployed, pensioners, disabled and public employees. Employment in the market sector currently amounts to only 45% of the total number of income claimants. Government expenditure in Holland in 1980 was 62.5% of GDP, compared with an average of 40% for all OECD countries. (The social security system provides for a guaranteed minimum income of about £500 a month.)

Profitability in the non-energy sector is the worst level of OECD. Consequently, business-fixed investment has been at the lowest level of OECD.

Unfortunately, the Government cannot cut the public deficit and business taxation, in order to increase profitability, simultaneously; but most analysts believe that they should give priority to reducing the deficit to establish credibility for their policy in the medium term.

Another important ingredient in the Dutch decline is thought to be the policy of the Dutch economic planners in deliberately constraining gas production and the expansion of markets at a time when they were buoyant. The economic planners insisted that gas output be limited for fear of exhausting the known reserves too quickly.

The highly depressed state of the Dutch economy, however, has given rise to a balance of payments surplus on current account. This has given rise to the rather absurd suggestion by Helmut Schmidt that Holland, along with Japan, Britain and Switzerland, should embark on an expansionist policy!!



ALAN WALTERS

COVERING CONFIDENTIAL

~~or FERB~~
AJC



Foreign and Commonwealth Office

London SW1A 2AH

1 March 1983

mt

Dear John,

Visit of the Netherlands Prime Minister:
2 March

/ As you requested on the telephone I enclose a note on the internal political scene in the Netherlands to complete the Prime Minister's briefing for Mr Lubbers' visit tomorrow.

Yours ever
J E Holmes

(J E Holmes)
Private Office

PS/No 10 Downing Street

COVERING CONFIDENTIAL



NETHERLANDS INTERNAL POLITICAL SCENE: MARCH 1983

1. The three principal political parties in the Netherlands are: the Christian Democrats, CDA (a confessional party covering the whole of the political spectrum, the right marginally predominating); the Liberals, VVD (Conservatives in British political terms); and the Labour party, PvdA. The low threshold for representation in their system of PR allows for a plethora of minor parties (all of which are in retreat at the moment), the largest being the Democrats, D'66.
2. The last Government was a CDA/D'66/PvdA Centre-Left coalition, which the PvdA left in the spring of 1982. A General Election followed in September 1982. The acknowledged need for coalition government, the unpredictable importance of small parties and the catholic political outlook of the CDA mean that government formation is a long drawn-out process. The 7 weeks it took last autumn was relatively speedy. Mr van Agt, the last Prime Minister, who had moved the CDA steadily to the right, sought and eventually obtained a coalition with the VVD. Having created the coalition, Mr van Agt resigned. Mr Lubbers succeeded as leader of the CDA and Prime Minister.
3. The CDA has usually formed the major part of coalitions. The political colouring, such as there is, of the Government tends to come from the junior party, in this case the VVD. The present Government is therefore Centre-Right. Mr Lubbers sees the CDA as moderating the influence of the VVD.
4. The present coalition is sturdy by Dutch standards. Portfolios have been distributed between the parties to minimise interparty tension (Foreign Affairs and Defence both CDA, Home Affairs and Justice both VVD). There is a great degree of unity within the Government on how best to tackle the main difficulties facing the country: the economy and INF. During

/the



the coalition formation, CDA and VVD working parties agreed on a 4-year programme of expenditure cuts designed to bring down PSBR from 11.9% to 7.4% by 1986. The VVD accepted the CDA's budget for 1983 (already announced on 21 September 1982) which contained economies totalling 13 billion guilders (about £3.5 billion).

5. The Government favour the deployment of INF. However, the Government's parliamentary parties are not so united in approach: the Loyalist faction of the CDA is against INF deployment.

6. The next elections are due in the autumn of 1986. The prospects of Mr Lubbers seeing out his full term are fair and for 1983 are very good. In the shorter term the issue of INF and in the longer term differences over the handling of the economy are the two areas which are most likely to cut short Mr Lubbers' term of office.



Foreign and Commonwealth Office

London SW1A 2AH

28 February 1983

AJC

Dear John,

Visit of the Netherlands Prime Minister, 2 March

I promised in my letter of 25 February ^{in Meeting Folder} to let you have some speech notes for the Prime Minister to use at the lunch in honour of the Netherlands Prime Minister on 2 March. I now enclose some thoughts.

Yours ever

John Hines

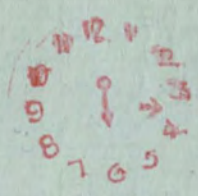
for

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street



BB FEB 1963



VISIT-OF THE NETHERLANDS PRIME MINISTER: SPEECH NOTES

Delighted to welcome you to London on your first official trip to Britain as Prime Minister.

The youngest PM in Dutch history.

Common ground in our lives. My birthplace at Grantham just a few miles from Holland. The Lincolnshire Holland. A region of Britain which has such close links with the Netherlands that it took its name from the province where Mr Lubbers was born.

Anglo-Dutch relations in excellent repair. Strength and closeness symbolized by Queen Beatrix's very successful State Visit last November. The Anglo-Dutch link pervades the whole of the commercial life of the two countries. Netherlands our third largest trading partner. Indeed, believe it might even be possible to live all one's life off Anglo-Dutch products, which provide everything from rocket fuel to bananas, soap powder to the latest in computer technology.

An outstanding example of Anglo-Dutch cooperation: the Thames Barrier, recently operational, already (with February's high tides) showing its value. Outstanding but not surprising, the Dutch have been helping the English with their water problems since the 17th century.

Francis Bacon once commented that a wise man will make more opportunities than he finds. That is why I believe we should not be dismayed by the prospect of

/difficulties

difficulties ahead. Britain and the Netherlands facing the same challenges but facing them with shared values and shared confidence in those values. Both economies undergoing restructuring - that is being made to look for new opportunities. Both believe that individual enterprise backed up by the State, if necessary is the best way out of present difficulties. Both believe in free trade. Both committed members of the European Community. EC has brought our countries closer together: at the Guildhall Queen Beatrix remarked that the North Sea must now be regarded merely as one of Europe's inland seas. Both deeply committed to NATO and principles it embodies. 1983 an important year for defence, too. Need to leave Russians in no doubt our commitment to balance - of weapons if need be, in abandoning them if we can. Grateful your visit and glad Mr van den Broek could come too. Useful discussions.

Confident that Britain and the Netherlands, through their friendship, common heritage and shared values will continue to make a striking contribution to ensuring Europe and the West safer and more prosperous in the 1980s.



Foreign and Commonwealth Office

London SW1A 2AH

25 February 1983

Joe T...

M 3.

Visit of the Netherlands Prime Minister,
2 March

I enclose the briefing for the Prime Minister's talks with Mr Lubbers on 2 March. This takes the form of a steering brief, together with:

- A. Agenda
- B. Programme
- C. Telegrams from The Hague on the economy and defence issues
- D. Personality notes on Mr Lubbers and Mr van den Broek

We earlier agreed that fuller briefing was not required in the light of that prepared for this week's Anglo-Italian Summit. I will let you have a draft speech for the Prime Minister's use at lunch by Monday evening.

Mr Lubbers and Mr van den Broek will be arriving at Northolt at 1040. They will be met by Mr Hurd and come straight to No 10 for the talks starting at 1130. They will be returning to The Hague more or less as soon as lunch is over.

Mr Lubbers has now agreed the agenda (Annex A). You have confirmed (your letter of 24 February) the Prime Minister's agreement to the Dutch request that Mr van den Broek be present throughout the talks. In Mr Pym's absence in the United States, Mr Hurd would be available to attend.

The Dutch would like officials to be present at the talks. The following Dutch officials will be in the party:

- HE Jonkheer J L T Huydecoper (Netherlands Ambassador)
- Mr J W Holtslag (Prime Minister's Office)
- Mr J G de Hoop Scheffer (Mr van den Broek's Private Secretary)
- Mr M J D van der Voet (Chief Director of the Netherlands Government Information Service).

/Mr van der Voet

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Mr van der Voet would not attend the talks. The Dutch have not yet decided whether they would like all three remaining officials to be present. They have promised us a reply on Monday. If the Dutch plump for three you may wish us to propose another FCO official in addition to Mr Mansfield who is returning from The Hague for the visit.

*Yours
R B Bone*

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

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VISIT OF THE NETHERLANDS PRIME MINISTER: 2 MARCH 1983

STEERING BRIEF

Introduction

1. Mr Lubbers came to power at the head of a Centre-Right coalition in November 1982. He met the Prime Minister for the first time at the European Council in December. This is his first official visit to London as Prime Minister. He has already visited Paris and Bonn and will travel to Washington later in March.

Objectives and Strategy

2. The visit has been arranged primarily to enable the Prime Minister to develop a good working and personal relationship with Mr Lubbers. The two main items on the agenda for both sides are European security questions and the Community. The Prime Minister may however wish to preface this by asking Mr Lubbers to talk about his first few months in office. They could then briefly review East/West and transatlantic relations in the light of Vice-President Bush's visit. This would lead naturally in to the first agenda item. Although Mr Lubbers may not need much stiffening personally on INF deployment, we need to get across the message that the Dutch attitude will be crucial over the coming months (a point emphasised during the Prime

/Minister's

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Minister's exchanges with Chancellor Kohl on 4 February); that nothing should be done that could prejudice the Geneva talks; and that Dutch opinion should be in no doubt that there is no question of including the British (or French) strategic deterrent. Mr Lubbers is not altogether firm on this last point. Although the Dutch have given a reassuring version of remarks attributed to Mr Lubbers in Bonn in January, it would be useful if the Prime Minister could go over the ground thoroughly on this point.

3. The talks could then turn to Community matters. The key point to make to Mr Lubbers is the political imperative of finding a solution to the budget problem for 1983 and later by the time of the June European Council. We are ready to pursue in parallel discussion of the longer term reform of the Community's financing system, but that will take time and must not hold up a settlement of 1983 and later. There is considerable common ground between us in other areas, notably the internal market, trade and commercial policy, including EC/US agriculture.

4. There are no specific objectives for the remaining two agenda items, world economic problems and indebtedness, and the Middle East, beyond the general one of clarifying the issues in discussion with friends. The Dutch will be expecting a general exchange of views.

/a)

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a) European Security Issues, including INF

5. European security, especially the INF double decision, is a major issue in the Netherlands. Mr Lubbers' government are slightly more robust than some of their predecessors, and much firmer than the opposition. But the chances of a positive decision on cruise missile stationing in the Netherlands are still not good. The government are due to take a decision in late 1983 about whether to begin physical preparations for cruise missile stationing; they are also due to put to a Parliamentary vote the decision on whether or not the Netherlands should take the missiles.

6. We believe that Mr Lubbers' personal commitment to INF stationing is firm. A solid majority of his Cabinet also support stationing but there are many opponents within his own parliamentary party as well as the opposition. The domestic political situation is very delicate and Mr Lubbers is probably hoping to avoid further public debate until the publication of the Dutch defence White Paper in the Autumn. He recognises that a failed attempt to secure a positive parliamentary vote on stationing would damage NATO's negotiating position in Geneva. In his discussions with the Prime Minister, his objective will be to avoid having to take a more clear-cut line on INF stationing at this stage. The Prime Minister might like to stress the need for the Dutch:

- (a) to do nothing to undermine Alliance solidarity or to prejudge the outcome of the INF negotiations;

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(b)



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(b) at the very least to avoid a negative decision
on cruise missile basing, or on preparations for
it; postponement would be preferable:

^{not to}
(c) give any quarter to the Soviet argument that the
British and French deterrents should be taken into
account in INF.

7. On this latter point Mr Lubbers is somewhat unsound. In Bonn in January he was reported as suggesting that the British and French deterrents should be included at Geneva. Dutch officials have said that Mr Lubbers was misreported. According to their version he said that while the Alliance should eventually look for a comprehensive arms control framework embracing all nuclear systems, the time was not right to include British and French forces. The Prime Minister might remind Mr Lubbers that British systems are strategic, and thus excluded from the INF negotiations by definition, like comparable US and Soviet missile firing submarines. Even before the INF decision in 1979 NATO Governments had already agreed that British and French systems should not be on the agenda of the negotiations. It is important that no Allied Government should encourage the Russians to believe otherwise. The Russians' motive is transparent: by using French and British systems in their bogus count, they seek to decouple Europe from the US by preventing Cruise and Pershing II deployments and by removing most existing US INF aircraft from Europe.

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/b)



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b) European Community

8. The key point the Prime Minister will wish to impress on Mr Lubbers is the political need to find a solution to the budget problem for 1983 and later by the time of the June European Council. He should be sympathetic to the political arguments, despite Dutch opposition to further 'refund type' arrangements. The Prime Minister could remind Mr Lubbers that we were promised agreement on a solution by last November and that since 1980 we have never had to wait beyond the end of May for a settlement for the current year. If there is no agreement by June, the Community faces the prospect of a damaging and divisive row. There will certainly have to be a discussion of the Community's finances at the March European Council.

9. The Dutch want any further temporary arrangements to be seen as a transition to a lasting solution through a reform of the financing system. And they would prefer to concentrate on getting agreement on the outlines of the long term reform before trying to agree an interim solution. The Prime Minister will wish to point out that while we fully share the aim of reforming the financial system in such a way as to remove budgetary imbalances, that will take time to agree and be implemented. Meanwhile our burden, if uncorrected, is running at some 2,000 m ecu a year (over 5 billion guilders). If necessary the Prime Minister could add that we would be willing to continue with the practice begun in 1982 of aligning our measures more closely with Community priorities eg for energy.

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/10.



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10. On the 1% ceiling, Mr Lubbers is likely to take the line that an increase in own resources will be needed to accommodate enlargement and the development of new policies. We do not see the need for such an increase; as Dutch Ministers have themselves argued in the Council, we need to subject Community expenditure to the same degree of financial control as national expenditure. In particular more needs to be done to curb agricultural surpluses and the rate of growth of CAP expenditure. The Dutch should be sympathetic to this point. However their position on the present price-fixing (where they have supported the Commission's proposals) has not been as robust as we would wish. The Prime Minister might urge them to support our stand and could point out that the Dutch could help themselves to accept lower price rises if they resisted more firmly the proposed revaluation of the green guilder.

11. On the development of new policies, we too see a need to improve the balance of Community spending policies, both for its own sake and because it can contribute to solving the budget problem - although it cannot solve it on its own. We have set out our ideas in 'Positive Approach' (Dutch translation available). She could mention in particular our hope for early progress in the reviews of the Regional and Social Funds, our wish to see a Community coal policy established and our aim of promoting Community cooperation in development and application of new technologies (eg information technology consumer electronics), so that the Community can compete with the US and Japan.

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/12.



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12. We and the Dutch both want progress on the internal market. They have supported us on insurance. The Prime Minister might suggest that, following the generally successful Internal Market Council on 1 February (and in view of the expectation that the 1 March Council will reach a decision on at least one of the three priority areas on the agenda) we should continue to work for more concrete progress at future meetings. In particular we would appreciate Dutch support in getting services firmly on the agenda, not with the idea of taking these subjects away from the other specialist Councils (eg the ECOFIN, which does insurance, and Transport Councils) but so that the Internal Market Council can monitor and encourage progress.

13. The Dutch are staunch free traders and generally oppose moves towards protectionism, though they usually leave it to the Germans to make the running on this in the Community. We need to remind the Dutch that we too believe strongly in maintaining the open trading system and understand the dangers of a trade war leading to a 1930s type depression; but that they must recognise the need to take steps where the actions of trading partners place excessive strain on the system, particularly where unequal and unfair trading conditions prevail (Japan, NICs, Spain). There are no specific points of commercial policy we need to raise: we agree on the need to reach an accommodation with the US on agriculture, and on the need for any Community action to strengthen the CCP to be within existing international rules.

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/14.



CONFIDENTIAL

14. If the Dutch raise the prospects for the 21/22 March European Council, the Prime Minister might point out that this looks like having a fairly long agenda: in addition to the usual items the Council will review progress on the work commissioned in December (internal market, energy/research, innovation/industrial policy, enlargement) and will need to have a discussion of the future financing of the Community.

15. If the Dutch raise the Council's failure to agree on a uniform electoral system in time for the 1984 Parliament elections, the Prime Minister might point out that lengthy discussions in Brussels have failed to produce agreement on a common basis either for the method of voting or for extending the franchise. In these circumstances we could not contemplate legislation which would have involved a major change in our procedure.

16. The Dutch may possibly raise the Genscher/Colombo proposals which they support. Subject to progress made by Foreign Ministers on 1 March, we expect a text to be adopted at the March European Council.

17. If the Dutch raise yet again the idea of UK support for the European Institute of Public Administration established last year at Maastricht to train European civil servants, the Prime Minister might say that in the current public expenditure climate, we cannot agree to a financial contribution, although we have not finally ruled out the Dutch suggestion of funding a couple of academics.

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/c) 18.



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c) World economic problems and indebtedness

18. A modest recovery in the world economy is now widely expected in 1983. The Prime Minister may wish to say that while there are potential threats to recovery, they are unlikely to postpone it yet again. There is a continued need for convergence of economic policies to establish stable interest and exchange rate regimes. Continued adherence to prudent macro-economic policies remains essential for sustainable recovery. The developing countries are likely to raise the prospects for recovery at UNCTAD VI (Belgrade June 1983). The Prime Minister will wish to emphasise how important it will be to present Western policies in a positive light. Preparations within the EC and OECD are moving ahead satisfactorily.

d) The Middle East

19. The Iran/Iraq War is now stalemated. Though a major Iranian attack may still come, it no longer seems inevitable. The UK is willing to support an even-handed statement by the President of the Security Council calling for an end to hostilities. But UN action is unlikely to encourage settlement until both combatants modify their conditions for peace. The Prime Minister may wish to say that in our view there is nothing effective that the Ten can do at this stage. We have no leverage in Tehran. But there is a strategic interest in not isolating Iran.

/20.

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20. The Prime Minister could explain that the UK contribution to the Multinational Force in Lebanon is designed to demonstrate our support for the Lebanese Government. The lack of progress in Israel/Lebanon negotiations and attacks on Palestinian population are worrying.

21. The stagnation of Arab/Israel peace efforts is dangerous for Arab moderates. The Prime Minister will wish to make clear our concern that the Ten should attempt to inject urgency primarily by keeping up pressure on the US, but also by encouraging the Arabs to exploit this opportunity for peace. (FCO Ministers are considering whether there is scope for a further statement by the Ten at the European Council.)

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VISIT OF THE NETHERLANDS PRIME MINISTER: 2 MARCH

AGENDA

- A European Security Issues, including INF
- B European Community Topics, in the run-up to the European Council, to include Budget and trade issues.
- C World Economic Problems and Indebtedness, including UNCTAD VI
- D The Middle East



VISIT OF THE NETHERLANDS PRIME MINISTER: 2 MARCH

Programme

10.40 Arrival at RAF Northolt

11.30 Talks start at No 10.

1.00 for

1.15 Lunch

Mr Lubbers and Mr van den Broek will leave more or less straight after lunch.

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FM THE HAGUE 221630Z FEB 83

TO PRIORITY FCO

TELEGRAM NUMBER 49 OF 22 FEBRUARY

MIPT : LUBBERS VISIT: ECONOMY ISSUES.

1. LUBBERS IS CONVINCED THAT RADICAL CHANGES ARE NEEDED IN DUTCH ECONOMIC POLICIES. HIS GOVERNMENT IS TAKING DECISIONS TO CUT GOVERNMENT EXPENDITURE. LAST WEEK THE MINISTRY OF EDUCATION ANNOUNCED MEASURES INVOLVING A LOSS OF OVER 9,000 JOBS , MOST OF THEM TEACHERS AND MORE THAN HALF THROUGH COMPULSORY REDUNDANCIES. CUTS IN THE OVERALL MANPOWER OF THE CIVIL SERVICE AND A FREEZE ON SALARIES IN THE PUBLIC SECTOR ARE BEING IMPLEMENTED. LUBBERS IS DETERMINED TO CONTINUE TO SUPPORT THE VIGOROUS EFFORTS OF RUDING, HIS FINANCE MINISTER, TO CARRY THROUGH SPECIFIC CUTS, DESPITE RESISTANCE IN THE SECOND CHAMBER , TO ACHIEVE THE COALITION PROGRAMME FOR A LARGE REDUCTION IN THE BUDGET DEFICIT OVER THE NEXT THREE YEARS. DEFENCE, DEVELOPMENT AID AND THE POLICE WILL NOT BE AFFECTED BY THE CUTS.

2. THESE MEASURES ARE CAUSING SOME DIFFICULTY IN THE CHRISTIAN DEMOCRAT PARLIAMENTARY PARTY (FRACTIE). THERE HAS ALWAYS BEEN A SUBSTANTIAL ELEMENT IN THE PARY WHICH FEELS MORE COMFORTABLE IN COALITION WITH THE SOCIALISTS THAN WITH THE LIBERALS. MOREOVER, LUBBERS DOES NOT YET ENJOY THE SAME STRONG SUPPORT FROM THE GRASS ROOTS AS DID VAN AGT, WHICH GAVE THE LATTER AN OCCASIONAL WEAPON TO DISCIPLINE THE RECALCITRANTS IN HIS FRACTIE. ON THE OTHER HAND , LUBBERS UNDERSTANDS THE FRACTIE WELL AND HE PLAYS AN ACTIVE AND IN SOME WAYS A DOMINATING ROLE IN ALL ASPECTS OF GOVERNMENT POLICY.

3. THE BIG QUESTION MARK CONCERNS THE AMOUNT OF TIME HE HAS AVAILABLE FOR THE ECONOMIC REFORMS HE BELIEVES NECESSARY BEFORE PUBLIC RESISTANCE GROWS TOO STRONG. HE WILL BE LOOKING FOR ANY EVIDENCE FROM THE UK THAT THERE IS LIGHT AT THE END OF THIS TUNNEL. HE IS ALSO INTERESTED IN OUR ASSESSMENT OF RECENT DEVELOPMENTS IN THE OIL MARKET AND ITS LIKELY EFFECT ON THE PROSPECTS FOR ECONOMIC RECOVERY.

4. ALTHOUGH A LEAKED RECENT REPORT OF THE CENTRAL PLANNING AGENCY HERE AND THE LATEST OECD ANALYSIS ARE BOTH PESSIMISTIC ABOUT THE DUTCH ECONOMY, PARTICULARLY THE SIZE OF THE PSBR AND THE LACK OF INVESTMENT , I FOUND LUBBERS CONFIDENT AND RELAXED. HIS IMMEDIATE PROBLEM IS A FURTHER DETERIORATION IN THE ECONOMIC SITUATION WITH INCREASED UNEMPLOYMENT AND A DECLINE IN GAS REVENUES. BUT HE CLAIMED THAT UNEMPLOYMENT WAS NO LONGER A DECISIVE ISSUE IN THE

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SURVIVAL OF GOVERNMENTS. HE ARGUED THAT THE FALL IN GAS PRICES, WHICH WOULD FOLLOW THAT OF OIL WOULD BENEFIT THE ECONOMY SUFFICIENTLY QUICKLY TO OFFSET ADDITIONAL PRESSURE ON THE PSBR (RUDING IS, PROBABLY RIGHTLY, LESS OPTIMISTIC ON THIS POINT). HE ALSO BELIEVES THAT DEREGULATION, IE THE REDUCTION OF BUREAUCRATIC CONTROLS, TO WHICH HIS GOVERNMENT IS PUBLICLY COMMITTED, AND THE ENCOURAGEMENT OF GREATER FLEXIBILITY IN THE LABOUR MARKET WILL PROVIDE A MUCH NEEDED FILLIP TO INVESTMENT.

5. IN SUM, LUBBERS SEEMS TO BE ENJOYING HIS JOB. ON ECONOMIC ISSUES HE DESCRIBES HIMSELF AS A FLEXIBLE MONETARIST. HE HAS NOT YET HAD TO DEAL WITH STRONG AND PERSISTENT TRADE UNION RESISTANCE. WHEN HE DOES, THERE ARE NO SIGNS SO FAR THAT HE WILL CHANGE HIS POLICIES AT THE FIRST WHIFF OF GRAPESHOT. FOR THE TIME BEING, THERE IS A FAIR MEASURE OF GENERAL SATISFACTION THAT A DUTCH GOVERNMENT IS AT LAST CARRYING OUT THE PROGRAMME IT HAS PUT FORWARD.

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FM THE HAGUE 221530Z FEB 83
TO PRIORITY FCO
TELEGRAM NUMBER 048 OF 22 FEBRUARY
AND INFO SAVING WASHINGTON UKDEL NATO BONN BRUSSELS

MY TELNO 035 : LUBBERS VISIT : DEFENCE ISSUES

1. I SAW LUBBERS YESTERDAY AND THE FOLLOWING IS MY ASSESSMENT OF THE LATEST POSITION HERE IN THE LIGHT OF THIS CONVERSATION AND OF OTHER INFORMATION. MY MIFT DEALS SIMILARLY WITH **ECONOMIC ISSUES**.
2. WHEN I SHOWED LUBBERS THE AGENDA FOR HIS TALKS WITH THE PRIME MINISTER (YOUR TELNO 25) HE SHOWED NO SURPRISE THAT EUROPEAN SECURITY MEASURES INCLUDING INF SHOULD BE THE FIRST ITEM. I SAID THAT IT WAS CLEAR THAT THE RUSSIANS WERE TRYING TO DISRUPT THE TIMETABLE FOR INF DEPLOYMENT. I WAS SURE THAT, DESPITE ANY DEMONSTRATIONS THERE MIGHT BE, YOU ATTACHED GREAT IMPORTANCE TO STICKING TO IT. INEVITABLY ANY FAILURE BY OUR FRIENDS TO DO THE SAME WOULD MAKE OUR TASK MORE DIFFICULT.
3. LUBBERS SAID THAT HE HAD NOT YET DECIDED HOW TO HANDLE INF DEPLOYMENT IN THE NETHERLANDS. ALTHOUGH THE PROVISIONAL PLAN WAS TO PUBLISH THE DEFENCE WHITE PAPER IN SEPTEMBER FOLLOWED BY A DEBATE AND A VOTE IN THE SECOND CHAMBER ON DEPLOYMENT, IT MIGHT BE BETTER TO TAKE FIRST THE GENERAL DEBATE ON THE GOVERNMENTS' PROGRAMME FOR THE FOLLOWING YEAR WHEN PARLIAMENT RECONVENES AFTER THE SUMMER VACATION. THIS DEBATE COULD BE EXPECTED TO END IN A GOOD VOTE OF CONFIDENCE FOR THE GOVERNMENT WHICH MIGHT PROVIDE A MORE SATISFACTORY ATMOSPHERE FOR THE DEFENCE DEBATE. BUT THE TIMING WOULD ALSO DEPEND ON THE COMMITMENT TO INFORM PARLIAMENT AS SOON AS THE PREPARATIONS FOR DEPLOYMENT REQUIRED THE SUBSTANTIVE CHOICE OF A SITE OR SITES.
4. IN FURTHER DISCUSSION, LUBBERS EXPLAINED, BUT MADE NO EXCUSES FOR, THE QUOTE MORAL UNQUOTE ELEMENT IN THE RELUCTANCE OF SO MANY DUTCHMEN TO HAVE CRUISE MISSILES ON DUTCH SOIL. HE PAID TRIBUTE TO THE UNDERSTANDING SHOWN BY VICE PRESIDENT BUSH. BUT HE FINALLY SAID THAT IF ASSESSMENT WAS THAT THERE WAS ONLY A 25 PER CENT CHANCE OF GETTING A POSITIVE VOTE ON DEPLOYMENT IN THE SECOND CHAMBER, HE THOUGHT IT WOULD BE WRONG FROM THE POINT OF THE GENEVA NEGOTIATIONS TO MAKE THE ATTEMPT.
5. AT THE MOMENT THERE SEEMS LITTLE DOUBT THAT THERE IS A SOLID MAJORITY IN THE CABINET IN FAVOUR OF INF DEPLOYMENT. VAN DEN BROEK AS FOREIGN MINISTER HAS A CLEAR VIEW OF THE NEED TO STAY IN LINE WITH NATO, AND SEVERAL OTHER CHRISTIAN DEMOCRATIC MINISTERS ARE LIKELY TO FOLLOW HIS LEAD, WHILE THE VVD CONTINGENT (THE JUNIOR PARTNERS IN THE COALITION) ARE ALSO FIRM.

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6. ON THIS ISSUE LUBBERS SUFFERS, HOWEVER, FROM AN ACHILLES HEEL IN THE SHAPE OF HIS PARLIAMENTARY PARTY, A QUARTER OR SO OF WHOM HAVE SERIOUS DOUBTS ABOUT NUCLEAR WEAPONS IN GENERAL AND INF DEPLOYMENT IN PARTICULAR. THREE DEVELOPMENTS IN THE LAST THREE MONTHS HAVE ILLUSTRATED THIS WEAKNESS. AROUND A QUARTER OF THE CHRISTIAN DEMOCRAT MEMBERS OF PARLIAMENT OPPOSED THE GOVERNMENT'S DECISION TO VOTE IN THE UN GENERAL ASSEMBLY AGAINST THE RECENT SWEDISH/MEXICAN PROPOSAL FOR A NUCLEAR FREEZE. LAST MONTH THEIR PARLIAMENTARY SPOKESMEN ON DEFENCE MATTERS (FRINKING AND DE BOER) WROTE A DEFEATIST PAPER ON DEPLOYMENT WHICH WAS LEAKED TO THE PRESS. ALTHOUGH IT WAS PUBLICLY CRITICISED BY LUBBERS, THE TASTE REMAINS. FINALLY, VAN AGT IN A RECENT TELEVISION PROGRAMME SAID THAT IF IT SEEMED CLEAR THAT INF DEPLOYMENT IN THE NETHERLANDS WOULD LEAD TO WIDESPREAD CIVIL DISOBEDIENCE AND CHAOS, THEN IT WOULD BE BETTER NOT TO GO AHEAD.

7. MEANWHILE, PREPARATIONS FOR DEPLOYMENT ARE PROCEEDING DISCREETLY. AMERICAN TEAMS ARE AT WORK AND THEY EXPECT TO BE ABLE TO CONTINUE THIS PROCESS SATISFACTORILY AT LEAST UNTIL THE AUTUMN. THERE IS NO PARTICULAR REASON WHY THIS SHOULD GIVE RISE TO PARLIAMENTARY DIFFICULTY BEFORE THEN.

8. AGAINST THIS BACKGROUND, LUBBERS IS KEEPING AN EYE ON THE REACTIONS OF THE NETHERLANDS' MAIN ALLIES, PARTICULARLY THE US, FRG, BELGIUM AND THE UK. IT STRENGTHENS HIS HAND DOMESTICALLY IF HE CAN SHOW THAT OTHERS ARE FULFILLING THE PROGRAMME ON TIME. EQUALLY, DEVELOPMENTS AT GENEVA ARE CLOSELY FOLLOWED HERE. THE POINTS WHICH THE PRIME MINISTER MADE IN HER JANUARY INTERVIEW WITH BRIAN WALDEN ABOUT THE ZERO OPTION AND INTERIM STEPS FIT WELL WITH LUBBERS' PRESENT THINKING. HIS UNDERSTANDING OF THE NATURE OF THE BRITISH DETERRENT IS NOW CORRECT, BUT HE HAS BEEN INCLINED TO MAKE TOO MUCH OF A BOW TO DUTCH PUBLIC OPINION ON THIS POINT WITHOUT APPRECIATING THE IMPLICATIONS FOR GENEVA. IT WOULD BE WORTH REMINDING HIM AGAIN OF THESE.

FCO PASS SAVING ALL

(REPEATED AS REQUESTED)

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LUBBERS, RUUD F M (CDA)

Prime Minister since 4 November 1982

Born on 7 May 1939 in Rotterdam into a strongly Catholic family. One of nine children. The family was well off, owning a mechanical engineering business, but the children were brought up to live frugally (and Lubbers still does).

He married in 1963 Ria Hoogeweegen. They have three children - Bart (18), Paul (16), and Heleen (14). It is a happy marriage. The family all attend church regularly, and are keen hockey players.

Life Before Politics

Attended Jesuit boarding school in Nijmegen. Studied economics at Rotterdam University. PhD in 1962; wrote thesis on 'The influence of differences in productivity levels in various countries on the current account of the balance of payments'.

Wanted to pursue an academic career, but pressure from home led him to join the family business: Secretary to the Board of Directors from 1963-5, and joint Managing Director (with two of his brothers) from 1965-73. Held various positions in those years in Catholic employers' organisations.

Political Career

Minister of Economic Affairs 1973-77 (in Cabinet led by Den Uyl). Member of Second Chamber 1977-82 (floorleader of the Christian Democrats from November 1978). In December 1977 chose to remain floorleader rather than become Minister of Housing in the 1977-81

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/van Agt



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van Agt Cabinet (Finance, the post he wanted, went to Andriessen, now the Dutch Commissioner in Brussels). Prime Minister since 4 November 1982.

Was never part of the old KVP (Catholic) establishment, and in his early years in politics was on the left of the party. His Cabinet experiences have moved him to the centre of the CDA. He sees the CDA as a centre party: with a dual rôle, putting a brake on the Socialists and ensuring that the need for a social conscience is not forgotten by the extreme right. He is known to feel that van Agt moved the image of the CDA too far to the right.

Has few political enemies, and equally few close friends. His approach is pragmatic, rather than ideological: he is not given to sermons on the principles of Christian Democracy. He searches for the middle ground, in order to achieve consensus, and is a bridge-builder par excellence. If he gains his point he can be extremely flexible on language.

Personality

A pleasant, indeed in some respects charming man - but seen by many as sphinx-like, and full of riddles. Habitually shows very little of his hand, and keeps himself tightly buttoned up. Something of a loner (he likes cemeteries).

With the habitual restraint goes an opaque verbal style which, many think, is often deliberate. His delivery is generally unclear, and he sometimes speaks in short, sharp snatches - which compounds the problem. He is a great balancer: putting first the pros and cons, then often adding afterthoughts, he usually leaves a fairly misty impression. Frequently thinks out loud.

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/He is



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He is undoubtedly highly intelligent, a hard worker and an expert manager. He impresses others through functional efficiency rather than by inspiring them. He drives his Ministers hard and often knows more about their problems than they do.

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BROEK, HANS VAN DEN (CDA)

Minister for Foreign Affairs since November 1982.

Born 1936

Studied law, Utrecht. 1965-68 solicitor in Rotterdam; 1969-76 company secretary and accounts manager with ENKA in Arnhem; 1970-74 Rheden town councillor; 1976 elected to Second Chamber where he was a member of the Foreign Affairs Committee and reserve member of the Defence Committee. Played an active rôle in the debate within the CDA on nuclear weapons (he then supported INF stationing).

Pleasant and friendly. On the right wing of his party.

Married. Two children. Speaks good English and is generally anglophile: he spent some time at school in the UK.

Met the news.

HU

26 January 1983

This is just to record that the Prime Minister has seen your Secretary of State's minute of 24 January about bilateral consultations.

Tim Flesher

Miss Jane Ridley,
Ministry of Defence.

HU

Germany: Chanc. Kohl 1/77
Italy: Mr Fantani 2/82
Netherlands: Mr Lubbers 11/79
Econ. Pol: Williamsburg
Econ. S. M. 11/79
* USA: Visit of V-Pres. Bush 6/81



Prime Minister

To note.

A.S.C. 25/1

MF

* Original minute
MO 14/3

PRIME MINISTER

BILATERAL CONSULTATIONS

The Foreign and Commonwealth Secretary copied to me his helpful minute of 12th January about objectives for our forthcoming bilateral consultations with Allies. I agree with his proposed approach, but I would like to add a gloss on two specific points.

2. First, as regards the Genscher/Colombo proposals, I assume that we remain of the view that any discussions of security questions in this context should not go into issues which are properly matters for NATO. We shall need to watch this however much Continental rhetoric we are asked to swallow.

3. Secondly, I agree that the handling of East-West economic relations and the control of technology transfer will be particularly difficult in the aftermath of the pipeline dispute. We will need to impress on our European allies that the Americans mean business in this area and we need to be seen to be pulling our weight in the various studies envisaged. The programme of studies by its very scale offers a considerable potential for further exacerbating relations between the Americans and the Europeans.

4. I am sending copies to OD colleagues and Sir Robert Armstrong.

best

24th January 1983

Ministry of Defence

cc Sve Goodwin



Foreign and Commonwealth Office

London SW1A 2AH

21 January 1983

you John

See finalized - informed
pl. pres. of ASC's request
At 2/15

Visit of Mr Lubbers: 2 March

A.J.C. 2/1

I enclose, as requested, our suggestions for the guest list for the lunch which the Prime Minister will be giving in honour of Mr Lubbers, the Netherlands Prime Minister. The list takes account of suggestions from the Embassy at The Hague, and we have also been in touch with the Royal Netherlands Embassy in London. We have consulted the guest list for the State Visit of Queen Beatrix: repetition has therefore been kept to a minimum.

We do not yet know which Dutch officials will be present at the talks before lunch. One or two will probably have to be included in the guest list.

You see,

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

DRAFT GUEST LIST

LUNCH)

)in.bonour.of... HE MR R F M LUBBERS(name),

DINNER)

PRIME MINISTER OF THE NETHERLANDS(position),

10 DOWNING STREET

at(place),

on .TUESDAY..... (day)... 2 MARCH(date),

at (time)

Full name, title and descriptions	Address	Reason for invitation
Rt Hon Margaret Thatcher MP		
HE Mr R F M Lubbers		
HE Mr Hans van den Broek		Netherlands Foreign Minister
HM GOVERNMENT Rt Hon Douglas Hurd CBE MP	FCO	
Rt Hon Michael Heseltine MP	Ministry of Defence Whitehall Place LONDON SW1 tel: 218 9000	INF stationing is a crucial issue in the Netherlands
Rt Hon Norman Tebbit MP	Department of Employment	Recent visitor to the Netherlands
<u>Reserves</u>		
Rt Hon Peter Walker MBE MP	MAFF	Recent visitor to the Netherlands
Rt Hon The Lord Cockfield	Department of Trade	Netherlands is our third largest trading partner. Recent visitor to the Netherlands.
PARLIAMENT		
Rt Hon David Steel MP	House of Commons LONDON SW1 tel: 219 3000	Leader of the Liberal Party
Rt Hon Peter Shore MP	House of Commons	Labour's Spokesman on foreign affairs.
		/W Percy Grieve Esq

Full name, title and decorations	Address	Reason for invitation
W Percy Grieve Esq QC MP	House of Commons	Chairman of the Anglo-Benelux Parliamentary Group
George Foulkes Esq MP	House of Commons	Treasurer Anglo-Benelux Parliamentary Group
<u>Reserves</u>		
Rt Hon Shirley Williams MP	House of Commons	President of the SDP
John Roper Esq MP	House of Commons	Vice-Chairman, Anglo-Benelux Parliamentary Group
Nigel Forman Esq MP	House of Commons	Former Head of Foreign Affairs Section at Conservative Research Department
NETHERLANDS EMBASSY		
HE Jonkheer JLR Huydecoper GCVO	Royal Netherlands Embassy 38 Hyde Park Gate tel: 584 5040	Netherlands Ambassador
Mr A F Tieleman KCVO	Royal Netherlands Embassy	Netherlands Minister
<u>Reserves</u>		
Mr J Kleiweg de Zwaan CVO	Royal Netherlands Embassy	Counsellor
OFFICIALS		
P R A Mansfield Esq CMG	British Embassy The Hague	HM Ambassador at The Hague
Sir Antony Acland KCMG KCVO	FCO tel: 233 5501	Head of Diplomatic Service
Sir Douglas Wass KCB	HM Treasury tel: 233 3620	Permanent Secretary, HM Treasury
<u>/Reserves</u>		

Full name, title and decorations	Address	Reason for invitation
<u>Reserves</u>		
Sir William Ryrie KCB	Overseas Development Administration tel: 213 4819	Permanent Secretary (ODA) The Netherlands have the largest aid programme per head.
Sir Julian Bullard KCMG	FCO tel: 233 3968	
COMMERCE AND INDUSTRY		
Hon Sir John H Baring CVO	Baring Brothers and Co Ltd 88 Leadenhall Street LONDON EC3 tel: 283 8833	Chairman, Accepting Houses Committee
Sir Austin Bide	BL Cars Ltd 35 Portman Square LONDON W1 tel: 486 6000	Chairman of British Leyland
L Deedes Esq	Michael House Baker Street LONDON W1 tel: 935 4422	Retired Director Marks and Spencer, Active member of Netherlands and European Trade Committee
Mr Dirk de Bruyne	Shell Centre LONDON SE1 tel: 934 3868	Chairman of the Committee of Managing Directors Royal Dutch Shell
H R Boyle Esq	Cereal House Mark Lane LONDON EC3 tel: 481 8833	Managing Director NEDLLOYD Shipping Ltd
John van Geest Esq	White House Chambers Albion Street SPALDING PELL 2AL tel: 0755 61111	President Geest (Holdings) Ltd
Sir Arnold Hall	18 St James's Square LONDON SW1 tel: 930 6177	Chairman Hawker Siddeley Group Ltd /Mr H van den Hoven

Full name, title and decorations	Address	Reason for invitation
Mr Helmut van den Hoven KBE	Unilever House Blackfriars LONDON EC4 Tel: 822 5252	Chairman, Unilever NV
Sir Peter Green	Lloyd's Lime Street LONDON EC3 M 7HL	Chairman of Lloyd's. Maritime connection between Britain and the Netherlands
Sir John Sainsbury	Stamford House Stamford Street LONDON SE1 9LL Tel: 921 6000	Chairman, J Sainsbury Ltd Accompanied Mr Walker to the Netherlands Autumn 1982
A R Creswick Esq	Machinery Brush Electrical / Nottingham Road Loughborough Tel: Loughborough 263131	Managing Director of of BEM who are negotiating to sell engines to the Dutch
Sir Derek Rayner	Michael House Baker Street, W1 Tel: 935 4422	Conducted Rayner's Scrutiny which interest- ed Mr Lubbers.
Sir James Cleminson MC	Reckitt and Colman Ltd Burlington Lane LONDON W4 Tel: 994 6464	Member of the Anglo- Dutch Trade Committee
ACADEMIA Prof Alan A Walters	21 Victoria Square LONDON SW1W 0RB	Personal Economic adviser to the Prime Minister, Mr Lubbers trained as an economist.
Prof Ralf Dahrendorf KBE	London School of Economics Houghton Street LONDON WC2 Tel: 405 7686	Director of the LSE. Expert on modern Europe.
Prof V Berghahn	University of Warwick Coventry tel: (0203) 24011	Professor of modern European history
		/Sir Ernst Gombrich

Full name, title and decorations	Address	Reason for invitation
Sir Ernst Gombrich CBE	19 Briardale Gardens LONDON NW 3 435 6639	Member of Dutch Academy of Science
Geoffrey Scammell Esq	Pembroke College CAMBRIDGE Tel: 0223 352241	Author of an important book on the history of the sea, 'The World Encompassed', published last year.
<u>Reserves</u>		
Prof John Erickson	University of Edinburgh South Bridge Tel: 031 667 1011	Professor of Politics Expert on East/West relations
Prof Lawrence Freedman	King's College The Strand LONDON WC2 Tel: 836 5454	Professor of War Studies
JOURNALISTS AND MEDIA		
Mr Wout Woltz	165 West Heath Road LONDON NW3 Tel: 455 8544	London correspondent of NRC/Handelsblad (Dutch equivalent of The Times). Probable next Chief Editor.
Andrew Knight Esq	25 St James's Square LONDON SW1 Tel: 930 5055	Editor of The Economist
Alasdair Milne Esq	BBC TV Centre Wood Lane LONDON W12 Tel: 743 8000	AVRO Dutch Television carried the first broadcast of BBC breakfast television complete.
<u>Reserves</u>		
Mr Henri van der Zee	6A Wedderburn Road LONDON NW3 Tel: 435 2315	London correspondent of De Telegraaf, right wing daily with the biggest morning sale
		/ Jonathan Steele Esq

Full name, title and decorations	Address	Reason for invitation
Jonathan Steele Esq	The Guardian 119 Farringdon Road LONDON EC1 Tel: 278 2332	Foreign Editor of The Guardian
OTHERS		
Rt Hon Len Murray OBE	Trades Union Congress 23-28 Great Russell Street LONDON WC1 Tel: 636 4030	General Secretary of the TUC
Hon Sir Clive Bossom Bt	3 Eaton Mansions Cliveden Place LONDON SW1 Tel: 730 1108	President of Anglo- Netherlands Society Knight Commander of the Order of Orange Nassau
Mr J A Pistori	4 New Burlington Street LONDON SW1 Tel: 734 3301	Manager, Netherlands Railways (UK)
Sir Hugh Casson KCVO	35 Thurloe Place LONDON SW7 Tel: 584 4581	President of the Royal Academy
Sir William Rees-Mogg	3 Smith Square LONDON SW1	Chairman of Pickering and Chatto Ltd. Former editor of The Times
Sir Ashley Bramall	Greater London Council County Hall LONDON SE1 Tel: 633 5000	Chairman of the GLC Made a Grand Officer of the Order of Orange- Nassau during Queen Beatrix' State Visit
Lt Gen Sir Steuart Pringle Bt	76 South Croxted Road LONDON SE21	Commandant General Royal Marines
Lord Aberconway	25 Egerton Terrace LONDON SW3	Chairman of Liverpool 1984 Much involved with the Dutch Floriade in 1982
David Young Esq	Manpower Services Commission Selkirk House 166 High Holborn LONDON WC1 Tel: 836 1213	New Chairman of the MSC /Sir Dennis Rooke

Full name, title and decorations	Address	Reason for invitation
Sir Dennis Rooke CBE	British Gas Corporation 152 Grosvenor Road LONDON SW1 Tel: 821 1444	Chairman of British Gas. The Dutch have large gas reserves
Air Chief Marshal Sir Douglas C Lowe GCB DFC AFC	MOD Room 6277 Main Building WHITEHALL LONDON SW1 Tel: 218 3411	Chief of Defence Procurement
Nicholas Saphir Esq	Central Council for Agriculture and Horticultural Cooperation 1 Nine Elms Lane LONDON SW8 Tel: 720 2144	Chairman of 'Food from Britain' campaign.
Lord Annan OBE	16 St John's Wood LONDON NW8 8RE Tel: 289 2555	Former Vice-Chancellor of London University
<u>Reserves</u>		
Hon Sir Richard Butler DL	Penny Pot Halstead ESSEX Tel: Halstead 2828	President, National Farmers' Union
Sir Frank Price DL	British Waterways Board Melbury House Melbury Terrace LONDON NW1 Tel: 262 6711	Chairman of British Waterways Board
His Eminence Cardinal G Basil Hume, Archbishop of Westminster	Archbishop's House WESTMINSTER SW1P 1QJ	Mr Lubbers and Mr van den Broek are both from the Catholic wing of the CDA
The Marquess of Cholmondeley GCVO MC DL	House of Lords LONDON SW1 Tel: 219 3000	Lord Great Chamberlain
Air Marshal Sir Neil Wheeler GCB CBE DSO DFC	65 Buckingham Gate LONDON SW1 Tel: 222 9020 ext. 2286	Director of Military Affairs, Rolls Royce Ltd



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Netherlands

10 DOWNING STREET

From the Private Secretary

17 January, 1983

BILATERAL CONSULTATIONS

The Prime Minister has seen the minute of 12 January by the Foreign and Commonwealth Secretary about the series of meetings which we shall be having with our partners and allies over the next few months. Mrs. Thatcher is content that the points outlined in Mr Pym's minute should be borne in mind in preparation of the various briefs.

R. Bone, Esq.,
Foreign and Commonwealth Office



PM/83/3

PRIME MINISTERPrime Minister

Are you content that we should
 Yes not have these points in mind as briefing is prepared
 for the series of meetings with our European and
 U.S. partners which lie ahead?
 A. J. C. 14/1

Bilateral Consultations

1. We have a series of important meetings with partners and allies over the next few months. You will be seeing Kohl at Chequers on 4 February and the Anglo-German Summit will be held here on 22 April. I have a brief meeting with Colombo in London on 13 January and the Anglo-Italian Summit is now fixed for 25 February. I am seeing Cheysson on 31 January, also in London, and Geoffrey Howe will be talking to him about the Community Budget the following day. I shall probably also be seeing the French Foreign Minister again in April to follow up your meetings with Mitterrand on 4 and 5 November. You are seeing Lubbers on 2 March. We also have Bush coming here on 9-10 February, and the Economic Summit at Williamsburg is fixed for the end of May.

2. I think it worth clearing our minds as to our priorities and objectives in these meetings. I believe these should lie in four areas:

- (a) International economic problems are bound to become more and more insistent themes as Williamsburg approaches. Not only will current problems such as debt and protectionism be raised, but also the medium-term question of how the world economy can move out of recession along a non-inflationary path. Interest in this last point will be sharpened by the elections this year in Germany, France and possibly Italy, and in 1984 in the US. Fear of protectionism has exacerbated Community/US relations. We shall need to work on the Germans and the French. We have common interests when it comes to Japan..



(b) We also need to steer between the rocks on Community questions. Our immediate and principal objective must be to make progress over the budget, including tactics for dealing with the European Parliament over 1982 refunds as well as the broader issue of refunds for 1983 and later. We must also ensure that any review of the Community's budgetary system flowing from the forthcoming green paper by the Commission should highlight the correction of budgetary imbalances as a major objective. Other Community subjects include: fisheries, where we need to keep the Nine together; enlargement, where we need progress; and increasingly over coming months, CAP price fixing, where we shall be urging our partners to agree that a real measure of restraint is imperative this year.

In pursuing these objectives it will be important to convince our partners of our commitment, as shown by recent speeches by Ministers, to the development of the Community. The Germans and Italians will be looking for sympathy from us over the Genscher/Colombo proposals, which the German presidency would no doubt like to see adopted before their elections on 6 March. I think we should be prepared to swallow a good deal of Continental rhetoric if it helps to reinforce our European credentials and thus improves the chances of our securing our European objectives.

/(c)



- (c) Our defence credentials, after the Falklands and our expenditure record, give us a standing we can exploit. 1983 will be a difficult year for the Alliance. INF has become the latest and vital test of its unity. There can be no doubt of our determination to deploy, nor that of Chancellor Kohl or of the Italian Government. I wish I could say the same of the Dutch or the Belgians. Rising popular and party political opposition (especially in West Germany) could this year threaten the broad consensus which has prevailed in Western Europe on defence issues since the Second World War. We shall need to co-ordinate NATO's reactions to Soviet moves and do our utmost to make sure that the Americans keep in step with the Europeans. They have to be persuaded to talk about security issues in terms which meet public concerns. There is in 1983, even apart from arms control issues, likely to be an increase in East/West exchanges, with Gromyko already booked to talk to Genscher and Cheysson during the next month.
- (d) All three of these issues have important implications for the Transatlantic relationship. The pipeline dispute has been settled but the differences of opinion which led to it have not been resolved. There is still fundamental disagreement about how to handle East-West economic relations.



relations, reflecting differing assessments as well as divergent interests. It may be difficult this year, too, to manage US/Community relations. Britain will therefore have a continuing role in persuading our European partners to keep American political realities in mind, and the other way about. This is likely to prove particularly necessary during the various studies set in hand following the pipeline row, if they are not to lead to another round of disillusionment and bitterness. We have a unique standing in Washington and will need to exploit it on behalf of wider European and transatlantic interests.

3. I am instructing my officials to bear the foregoing considerations in mind when preparing briefing for these meetings, subject to any comments from you or from OD colleagues to whom this minute is also being copied.
4. I am also sending a copy to Sir A Armstrong.

CFI

(FRANCIS PYM)

Foreign and Commonwealth Office
12 January 1983



huz

Netherlands

RW

10 DOWNING STREET

From the Private Secretary

7 January, 1983

VISIT OF NETHERLANDS PRIME MINISTER

Thank you for your letter of 7 January. I note that Mr Lubbers has opted for 2 March as the date for his visit.

I am sure that the Prime Minister would see no difficulty in an invitation being extended to the Netherlands Foreign Minister as well.

I suggest that the talks should begin at 1130 hrs on 2 March and continue until lunchtime.

I agree that it would be useful to ask Mr Lubbers' Office whether he would like to meet any other senior Ministers.

I am copying this letter to John Kerr (HM Treasury), John Rhodes (Department of Trade), Robert Lowson (Ministry of Agriculture, Fisheries and Food), Richard Mottram (Ministry of Defence) and Richard Hatfield (Cabinet Office).

A. L. COLES

R.B. Bone, Esq.,
Foreign and Commonwealth Office



10 DOWNING STREET

Caroline

When will the talks begin -
can we say 11.30?

A.S.C. $\frac{7}{1}$

- ① OK for March 2d
- ② O.K. for talks
to start at
11.30.

RESTRICTED



Foreign and Commonwealth Office

London SW1A 2AH

7 January 1983

John T. John

Visit of Netherlands Prime Minister

Following your letter to me of 16 December, Mr Lubbers was offered the choice of a visit (talks, followed by lunch) on either 2 or 4 March. His office has informed the Embassy at The Hague that he would prefer 2 March.

The Embassy have also reported that Mr Lubbers hopes that the invitation can be extended to include Mr van den Broek, the Netherlands Foreign Minister. It is, apparently, the normal constitutional practice for the Dutch Foreign Minister to accompany the Prime Minister on overseas trips and it would create an awkwardness for the Dutch if we exclude him. Mr Pym therefore hopes it will be possible for the Prime Minister to agree to the Dutch request. Although Mr Pym will be in the United States on 2 March, Mr Hurd would be available to take part in the talks.

Would you let me know the time at which the Prime Minister would like the talks to start?

As this is Mr Lubbers' first official visit to London it may be useful to ask him whether he would like us to arrange a full day's programme. If the Prime Minister agrees, we will ask his office whether, if they are available, he would like to meet any other senior Ministers.

I am copying this letter to the recipients of yours.

John T. John
R B Bone

(R B Bone)
Private Secretary

A J Coles, Esq
10 Downing Street

RESTRICTED

Foreign and Commonwealth Office

London SW1A 2AA



57 JAN 1987





Netherlands

10 DOWNING STREET

From the Private Secretary

16 December 1982

Invitations to Chancellor Kohl, Mr. Fanfani and Mr. Lubbers

I have seen John Kerr's letter of 14 December.

I note that the Chancellor of the Exchequer would find a meeting with the Italians in early March rather inconvenient. I am afraid that we examined earlier the possibility of this Summit taking place in April but there is no day during that month which is convenient to the Prime Minister.

One way of resolving the Chancellor of the Exchequer's difficulty might be to offer the Italians 25 February (one of the dates we were proposing to offer to the Dutch) for the Summit and then give the Dutch a choice of 2 or 4 March. I shall need to know fairly quickly if this suggestion, which I understand from John Kerr would be convenient to the Chancellor, is acceptable to the Italians. If so, and on the assumption that the Prime Minister will need to offer Mr. Fanfani dinner that evening, we shall have to take steps to postpone another dinner to which the Prime Minister is committed on that day.

I am sending a copy of this letter to John Kerr (HM Treasury), John Rhodes (Department of Trade), Robert Lowson (MAFF), Richard Mottram (Ministry of Defence) and Richard Hatfield (Cabinet Office).

AJ.CAES

R.B. Bone, Esq.,
Foreign and Commonwealth Office.

RESTRICTED

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Restricted



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

14 December 1982

Roger Bone Esq.
Foreign and Commonwealth Office

New Roger,

INVITATIONS TO CHANCELLOR KOHL, MR FANFANI AND MR LUBBERS

We spoke about John Coles' letter of 10 December to Brian Fall. I write now to confirm that a full dress bilateral "summit" with the Italians, involving the Chancellor in rounds of talks with his Italian opposite number, would be rather inconvenient for him in early March. If we are correct in our guess at the nature of the occasion, he would be most grateful if you and No.10 could consider alternative dates, perhaps in April.

The Chancellor assumes that the proposed visit by Mr Lubbers in late February or early March would be rather different, and that Mr Lubbers would not be accompanied by his Finance Minister, Dr Ruding, who was here for talks with the Chancellor last week.

Copies of this letter go to John Coles at No.10 and Richard Hatfield at the Cabinet Office.

Yours ever,

John Kerr.

J O KERR
Principal Private Secretary



cc HMT
DOT
NATF
MOD
(C)

Netherland

10 DOWNING STREET

From the Private Secretary

10 December 1982

Dear Sir,

Invitations to Chancellor Kohl, Mr. Fanfani and Mr. Lubbers

During our visit to Copenhagen for the European Council last week there was some discussion of the desirability of inviting to London early next year the Federal German Chancellor, the Italian Prime Minister and the Netherlands Prime Minister. I have since consulted the Prime Minister about this and write to convey her views.

Chancellor Kohl

The Prime Minister would welcome a visit by the Federal German Chancellor in January or early February. You will recall that Chancellor Kohl suggested to the Prime Minister on 29 October that he should pay a working visit "with a minimum of supporting staff" to discuss commercial policy and the problem of protectionism. We were not able to fit such a visit into the Prime Minister's diary before Christmas but could now offer talks and lunch at Chequers on 4 February (which would be our first preference) or talks and lunch at 10 Downing Street on either 24 or 26 January. The Prime Minister would hope to discuss with Herr Kohl not just commercial policy but world economic and financial questions as well as key Community issues and international political and defence matters.

I should be grateful if you could put these possibilities to the Germans and let us know their response. If you consider that a personal letter from the Prime Minister to the Chancellor conveying this invitation would be useful, could you kindly let me have a draft.

Mr. Fanfani

It is our turn to host the next Anglo/Italian bilateral summit. As you know, we were unable to offer a summit in the latter part of this year and this upset the Italians to some extent. The Prime Minister would like to take the opportunity of the change of administration in Italy to issue an early invitation to Mr. Fanfani to visit London. The best day for the summit would be Wednesday 2 March. Again, if you believe a written invitation desirable, perhaps you would kindly supply a draft.

/ Mr. Lubbers

ML

BF |
Mr. Lubbers

Roger Bone's letter of 1 December refers. The Prime Minister did not convey an invitation to Mr. Lubbers during the European Council in Copenhagen, but would be glad to offer talks followed by lunch on either 25 February or 4 March. Again, could you either put these dates to the Dutch or supply a draft letter from the Prime Minister to Mr. Lubbers.

I am sending a copy of this letter to John Kerr (H.M. Treasury), John Rhodes (Department of Trade), Robert Lowson (Ministry of Agriculture, Fisheries and Food), Richard Mottram (Ministry of Defence) and Richard Hatfield (Cabinet Office).

Yours ever

John Colson.

Brian Fall, Esq.,
Foreign and Commonwealth Office.

Top Copy on Germany, Visits
by Chancellor Kohl, Part 7

I think he would
like to come (1)

PRIME MINISTER

Overseas Visitors: January-March, 1983

to Chancellors.
This would
convenient

I should be grateful to know your views on the possibility
of three overseas visitors coming here in the period January-March.
They are:

day's visit -
depending on
come on the
week

- a) Chancellor Kohl;
- b) Mr. Fanfani;
- c) Mr. Lubbers.

I attach your forward diary. At present you have no foreign
visitors in January, only one (Mr. Sadruddin) in February -
and in March there are no foreign policy engagements until the
European Council on 21/22 March, followed by a State Visit from
22-24 March.

Chancellor Kohl

He may be very important to us next year. He ought to be
close to us on trade and defence issues and could play a key
role in getting a satisfactory solution to our budget problem.
If we do not achieve this during the German Presidency (January-June),
goodness knows what will happen under the Greek Presidency.

The Chancellor is keen to come here again. You will recall
that he suggested a visit before Christmas to discuss internal
trade problems but we decided that we had seen enough of him for
the time being. You will wish to bear in mind that we have fixed
the date of the next Anglo/German Summit for 22 April but there
is much to be said for getting Chancellor Kohl over here well
before his Elections on 6 March.

4 Feb
W...

In his minute, attached, Sir Robert Armstrong argues for a
January visit. I do not think it need take all day. You could
offer talks and lunch on 24 or 26 January. May we arrange this?

/Mr. Fanfani ...

Mr. Fanfani

The Italians were upset that we did not offer them a second bilateral this year, though I am sure it was right to avoid one. It is our turn to host the Summit. The Italians used to be good allies on the budget and other EC issues. They have been less so of late, partly because some people in Rome have been working for a close alliance with the French. With the new Italian administration, we have an opportunity to change this. It would be helpful to issue an early invitation to Mr. Fanfani to visit London for the Summit, perhaps on Wednesday, 2 March. This would mean giving up most of the day. May we arrange this?

Yes not

Mr. Lubbers

Not quite so important, but he has already been to Paris and will shortly go to Bonn. It will be useful to discuss with him EC issues, especially the budget, and INF deployment. We could confine this to talks followed by lunch. You could do this on ~~4~~ February, 25 February or 4 March. May we offer him a choice of these dates?

Yes not

If we can get these three visits in place, we should be able to work out a game plan for our approach to the budget problem in the first half of next year. I should be grateful for a word with you about this sometime.

A.J.C.

9 December, 1982

MR COLES

BILATERALS WITH GERMANY AND ITALY

As promised I attach a copy of the 1983 diary.

I can offer you the following dates:-

<u>Friday, 4 February</u>	(Prime Minister free all day except for dinner in the evening) (Date offered to the Netherlands)
<u>Friday, 25 February</u>	(Prime Minister free all day but not for dinner). (Date offered to the Netherlands)
<u>Wednesday, 2 March</u>	
<u>Friday, 4 March</u>	(Date offered to the Netherlands)
<u>Wednesday, 9 March</u>	

The Prime Minister is free for dinner on all the preceding
evenings except Tuesday, 8 March.

es.

6 December, 1982

010

①



Prime Minister

Foreign and Commonwealth Office

Agree to a visit by Dutch
Prime Minister in February or March?
(talks followed by lunch).

London SW1A 2AH

1 December, 1982

A.F.C. 1/12.

few taken,

May I look
at the diary before we
dash into any more engagements

Possible Meeting in London with the New Dutch Prime Minister

The Prime Minister will meet Mr Lubbers, the new Prime Minister of the Netherlands at the European Council, 3-4 December. She may like to consider taking the opportunity to invite him to visit London.

Mr Lubbers has little direct experience of international affairs, having served as Minister of Economic Affairs in den Uyl's 1973-77 Government and as his Party's Floor Leader since then. At French initiative, he will be seeing M. Mauroy in Paris on 8 December. The Germans are encouraging him to pay an early visit to Bonn. We should perhaps expose him also to British thinking before too long.

There are in addition two important subjects which it would be timely to discuss with the Dutch early next year: the Community, or more particularly the Budget, and INF stationing. This might point to February or March as the best time for a visit, if one can be fitted in. The European Council will be on 21-22 March and the issue of material preparations for INF deployment will be put before the Dutch Parliament in the Spring.

If the Prime Minister agrees in principle to extend an invitation, it would be helpful to have some possible dates which we could subsequently put to Mr Lubbers' office.

Yes
R B Bone

(R B Bone)
Private Secretary

A J Coles Esq
Private Secretary
10 Downing Street

1 DEC 1982

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9 8 7 3
7 6 5 4

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IF MAILED
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UNITED STATES



10 DOWNING STREET

From the Private Secretary

4 August, 1982

VISIT BY THE NETHERLANDS PRIME MINISTER

Thank you for your letter of 3 August. The Prime Minister very much regrets that she is not able to receive Mr van Agt at the end of August or during the first week of September. She has examined her other commitments at that time most carefully but finds that it is not possible for her, much though she would have liked to, to see the Netherlands Prime Minister at that time. I should be grateful if, when responding to Mr van Agt's Private Secretary, the Embassy in the Hague could make a particular point of expressing Mrs Thatcher's personal regret that she is not able to meet Mr van Agt's wishes on this occasion. The explanation is solely that the Prime Minister has a number of long-standing engagements which it is not possible for her to change.

ALL COPIES

F N Richards, Esq,
Foreign and Commonwealth Office



Prime Minister

Van Agt wants to come to Foreign and Commonwealth Office
London because he believes this London SW1A 2AH

will help him in the Dutch
election on 8 September. but it is
very difficult from the point of view
of your diary. 31 August is your only
possible day and you will probably need
it for a series of meetings, having been away
from No. 10 for 3 weeks.

3 August 1982

Dear John,

Regret?

A.S.C. 3/8

Very much
regret
mf

Visit by Netherlands Prime Minister

1973 - 29/7

I enclose a telegram from The Hague which describes a
conversation with the Dutch Prime Minister's Private Secretary
suggesting a possible one day visit in the last week of August
or the first week of September. The Ambassador explains why
Mr van Agt attaches importance to such a visit. I should be
grateful to know whether the Prime Minister would be willing to
receive Mr van Agt.

Yours ever.

(F N Richards)
Private Secretary

A J Coles Esq
10 Downing Street

GRS 290

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FM THE HAGUE 291425Z JUL 82

TO PRIORITY FCO

TELEGRAM NUMBER 193 OF 29 JULY

POSSIBLE VISIT TO LONDON BY DUTCH PRIME MINISTER

1. VAN AGT'S PRIVATE SECRETARY, ON INSTRUCTIONS, SPOKE TO US TODAY ON THE FOLLOWING LINES.

2. AT THE EUROPEAN COUNCIL IN JUNE THERE WAS SOME INFORMAL DISCUSSION ABOUT THE FORTHCOMING GENERAL ELECTION IN THE NETHERLANDS DUE TO BE HELD ON 8 SEPTEMBER. THERE WAS AN UNDERSTANDING THAT THE CONTINUATION OF VAN AGT AS PRIME MINISTER IN AS STRONG A POSITION AS POSSIBLE WAS THE BEST WAY OF FACILITATING A POSITIVE DECISION ON INF STATIONING IN THE NETHERLANDS.

3. CHANCELLOR SCHMIDT'S RECENT VISIT (MY TELNO 185) WAS ONE RESULT OF THIS UNDERSTANDING. VAN AGT WOULD NOW LIKE TO BUILD FURTHER ON THIS BY MAKING A RETURN VISIT TO LONDON FOR A MEETING WITH MRS THATCHER IN THE LAST WEEK OF AUGUST OR THE FIRST WEEK OF SEPTEMBER. A VISIT WITHIN THE DAY WOULD BE SUFFICIENT, BUT VAN AGT WOULD LIKE THE SUBJECTS DISCUSSED TO BE AS SUBSTANTIAL AS POSSIBLE, EG. INF, COMMUNITY QUESTIONS, MIDDLE EAST AND FOR THERE TO BE PUBLICITY. HE BELIEVES THAT THIS WOULD MATERIALLY ASSIST HIS ELECTION CAMPAIGN.

4. WE HAVE SAID THAT WE DO NOT KNOW WHETHER MRS. THATCHER WILL BE ON HOLIDAY DURING THIS PERIOD. BUT THERE IS NO DOUBT THAT VAN AGT ATTACHES IMPORTANCE TO A VISIT TO LONDON IN HIS EFFORTS TO HANDLE THE VERY DIFFICULT ISSUE OF CRUISE MISSILES IN THIS COUNTRY. THE SEPTEMBER ELECTION WILL CLEARLY BE CRUCIAL SO I HOPE THAT, IF AT ALL FEASIBLE, THE PRIME MINISTER MAY BE PREPARED TO INVITE VAN AGT TO LONDON DURING THE PERIOD HE HAS ASKED FOR.

THIS TELEGRAM
WAS NOT
ADVANCED

MANSFIELD

LIMITED
WED
NED
ACDD
PS
PS/MR HURD

PS/PUS
MR WRIGHT
MR GOODISON

CONFIDENTIAL

Netherlands

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH



233-4231

7 December 1979

ts
Pms

M O'D Alexander Esq
No 10 Downing Street

Dear Michael,

VISIT OF MR VAN AGT

I attach a draft telegram which I should like to get off to Washington so that the Embassy can pass on the gist of last night's discussion to the State Department before Mr van Agt arrives by Concorde this morning. To serve this purpose, the telegram will need to issue not later than noon. Could you please let me know by telephone if you are content?

Yours ever,
Patrick.

P H Moberly

Encl

File No.
Department DEFENCE
Drafted by
(Block Capitals) P. H. MOBERLY
Tel. Extn 233-4231

OUTWARD
TELEGRAM

Security Classification CONFIDENTIAL
Precedence IMMEDIATE
DESKBYZ

FOR COMMS. DEPT. USE	Despatched	(Date) (Time).....Z	POSTBYZ
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PREAMBLE

(Time of Origin)Z(G.M.T.) (Restrictive Prefix)
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(Codeword) (Deskby) 071300Z

To IMMEDIATE WASHINGTON Tel. No. of
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AND SAVING TO
REPEATED TO (for info) IMMEDIATE UKDEL NATO, MODUK (FOR DUS(P) AND DS17),
.BONN., .BRUSSELS., .THE. HAGUE., .ROME. OSLO. COPENHAGEN.....

SAVING TO (for info).....

Distribution:-

(TEXT)

Your tel No 4065: TNF Modernisation.

1. In advance of his meeting with President Carter please give State Department the following account of Netherland's Prime Minister's visit to London yesterday evening.

2. British Ministers stressed the importance of an Alliance programme of the size proposed. This was essential to match growing Soviet advantage in this area. Only the Russians would gain if the necessary decisions were not taken by NATO next week.

3. After explaining the very delicate political situation he faced in The Hague, Mr van Agt suggested that he might be able to carry his Cabinet and then

Copies to:-

/Parliament

Parliament if he put forward what he described as a commitment to commit the Netherlands.

His Government would go along with the Alliance's production and deployment programme on condition that the Dutch allocation of ~~48 GLCMs would be subject to review before the end of 1981.~~ ^{Decision to Deploy would be deferred} ~~in the light of~~ ^{It would then be considered} progress in arms control negotiations. He made clear that this suggestion (which corresponds to that in paragraph 5 of TUR) was ^a his personal idea ^{Susumed only with van der Kraan & Scholten.} ~~which~~ He asked should be ~~created~~ ^{that it} with great discretion.

4. In our view any second decision point of this kind carries considerable risks. It may prove infectious to the Belgians ^{about} whom the Dutch continue to be worried in contrast to the robust Italian attitude. In any case, there must be doubts whether van Agt's idea would satisfy the domestic opposition which he faces. Nevertheless, if it would keep the Netherlands within a NATO consensus we believe it could be worth accepting an arrangement of this sort. Mr van Agt confirmed ~~two points to which we attach importance~~ ~~First, he would expect only the Dutch themselves to review the Netherlands contribution in two years' time, without the issue necessarily having to be reopened for the Alliance as a whole at that stage.~~ ~~Secondly, he envisaged that, in return for the understanding of their partners/this review proposal, the Netherlands would endorse the full production and deployment programme of 572 warheads at~~

/next

NOTHING TO BE WRITTEN IN THIS MARGIN

next week's Ministerial meeting.

5. The talks here ended before the news of last night's vote by the Dutch Parliament was received.



ne 15

10 DOWNING STREET

From the Private Secretary

7 December 1979

Call by the Dutch Prime Minister

As you know, the Dutch Prime Minister had a *tete-a-tete* talk with the Prime Minister, followed by a working dinner, here at No. 10 last night. I enclose a copy of a record of the substantive parts of the discussion.

I am sending copies of this letter and its enclosure to Brian Norbury (Ministry of Defence) and Martin Vile (Cabinet Office). I am also sending a copy of this letter, together with an extract from the record dealing with URENCO to Bill Burroughs (Department of Energy).

M. O'D. B. ALEXANDER

Paul Lever Esq
Foreign and Commonwealth Office.

95

E. R.

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cc) Mate set
2) Defence TNF
3) Pakistan Nuclear
4) PM Tom (cont. info)

RECORD OF A DISCUSSION BETWEEN THE PRIME MINISTER AND THE PRIME
MINISTER OF THE NETHERLANDS, MR. VAN AGT, AT NO.10 DOWNING STREET
ON 6 DECEMBER, 1979, AT 1915

Present:

Prime Minister

Mr. van Agt

Mr. M.O'D.B. Alexander

Mr. Merckelbach

URENCO

The Prime Minister said that, following an exchange in the House of Commons earlier in the day, she had undertaken to raise with Mr. van Agt the question of the security breach involving a Pakistani scientist at URENCO. Mr. van Agt said that the matter was indeed serious, and an investigation was in progress. The scientist in question, Mr. Khan, had had access to a great deal of information. The British Government would be kept informed of the progress of the investigation. The possibility that the incident would have helped Pakistan obtain a nuclear bomb was, obviously, a cause of most serious concern. The Prime Minister said that she would make it clear, on some future occasion, that she had raised the matter with Mr. van Agt, and that he had assured her that everything possible was being done to prevent a repetition.

Theatre Nuclear Force Modernisation

Mr. van Agt said that, so far as the possibility of securing agreement for NATO's TNF proposals was concerned, the present situation in his country was bad and getting worse from day to day. The public mood in the Netherlands showed some signs of mass psychosis. The wave of feeling had begun to gather force two or three weeks previously. By now 50% of the sermons in the churches were dealing with the subject. The issue was endangering the

CONFIDENTIAL / survival

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- 2 -

survival of the Government. The fall of a NATO Government on a NATO issue would be a very serious development. The Prime Minister agreed.

Mr. van Agt said that, in his judgement, a majority of the electorate would, like the Danes, favour a moratorium, i.e., no decision either on production or deployment of cruise missiles. The Prime Minister asked whether this was regardless of the Soviet reaction. Would a Soviet failure to produce a quid pro quo have any effect on Dutch opinion? Mr. van Agt said that it would not.

In these circumstances, the Dutch Government had, in Mr. van Agt's view, three options:-

- (a) To accept the NATO proposals as they stood. This would be political suicide. The present Government would fall and would almost certainly be replaced by a Government whose views would be significantly less palatable to NATO;
- (b) To go along with Dutch opinion and to tell the Alliance that they had no discretion to accept the NATO proposals. In these circumstances the Government would survive, but there would be no NATO decision. This would represent a major step towards the isolation of the Netherlands within NATO;
- (c) To find a position midway between those summarised above. This was what Mr. van Agt himself hoped to do. He had discussed the matter with his Foreign Minister, Mr. van der Klaauw, and his Defence Minister, Mr. Scholten, but with no other members of Cabinet. The midway position would

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/ be

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be to say that the Dutch Government could not commit themselves to agreement now on deployment of cruise missiles, but that they would make a "commitment to commit". This would mean expressing a willingness to accept the missiles in, say, two years time, i.e. at the end of 1981 if by that time it was clear that arms control negotiations with the Soviet Union had produced inadequate results. It would be crucial in any such formula to be clear as to who would make the judgement about the results of the arms control negotiations. The answer should be given by the Alliance as a whole, rather than by the Dutch Government on their own.

Mr. van Agt said that his third, and preferred, option would also involve two further features. The Government would have to criticise publicly the scale of the proposed programme. They would point out that NATO had opted for a figure very close to the upper end of the range identified by the High Level Group. They would also wish to raise questions about the relationship between the decision to deploy 108 Pershing II missiles and the offer in the MBFR Option III proposal to withdraw 36 Pershing Is. Secondly, Mr. van Agt said, the Dutch Government would ask to be allowed to relinquish some of their present nuclear assignments as soon as they accepted the TNF modernisation programme.

Mr. van Agt concluded his presentation by remarking that he did not feel ashamed of the posture he had been forced to take up.

His own views on NATO were

/ firm,

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- 4 -

firm, but, however heroic it might be, to take a strong stand now would be fruitless. It would merely result in his Government being overthrown, and an administration more hostile to NATO being installed in its place.

The Prime Minister asked whether, even if his Government lost a vote on TNF modernisation, they could not hope to survive a subsequent vote of confidence on the future of the Government as a whole. Mr. van Agt said that the vote of confidence would be lost. The Dutch were "a people of theologians". They were highly individualistic, and preoccupied by matters of conscience. There was a deep reluctance in the country to accept any nuclear weapons. This had become focussed on the TNF issue. Anti-nuclear sentiment was increasing in the younger generation. A further factor was that a minority within the CDA Party had always had considerable distaste for the present coalition. They felt that there should have been a centre/left coalition, rather than a centre/right coalition. The number who felt like this was relatively small, but they were crucial to the survival of the Government, and now had the issue they needed.

The Prime Minister asked whether those who objected to the TNF deployment were not aware of the threat from the Soviet deployment of the SS20 missile. Mr. van Agt said that the general feeling was that it would be better to be occupied than destroyed. Better, in other words, to be red than dead. The Prime Minister asked whether the Dutch would allow others to defend them. Mr. van Agt said that he thought the answer was yes. The Prime Minister said that NATO would have to go ahead with the decision to deploy long-range theatre nuclear weapons, otherwise, the Alliance would lose

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- 5 -

its purpose. The Netherlands could reserve its position while waiting to see what the attitude of the Soviet Government was in arms control negotiations. The Russians were at present playing a traditional psychological game in order to try to discourage NATO from taking decisions. They must not be allowed to get away with this. Mr. van Agt indicated assent. He said that he did not want to block a decision provided it was possible for the other members of the Alliance to go ahead without him.

At this point in the discussion, the Prime Minister and Mr. van Agt decided to move to dinner. But before joining the guests, Mr. van Agt said that he should put on record that the official purpose of his mission had been to advocate, on behalf of the Dutch Government as a whole, the splitting of the NATO decisions on production and on deployment of long-range theatre nuclear weapons. The Dutch Government's official position was that the decision on 12 December should be in favour only of production of the missiles. A decision to deploy them should be taken only in two years time, and only if arms control negotiations had failed to produce results. He would be telling the Press that he had argued the case, but that he had failed to persuade the Prime Minister. He did not intend to revert further to the point.

At dinner, the participants in the tete-a-tete discussion were joined by the Dutch Ambassador, Mr. Fack, and by Mr. van Agt's Press Adviser, Mr. van der Weil. The Foreign and Commonwealth Secretary, Sir John Taylor, Lord Bridges, and Mr. P.H. Moberly were also present.

/ Mr. van Agt

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- 6 -

Mr. van Agt summarised what he had said to the Prime Minister about the options, as he saw them, that were open to his Government. He confirmed that he would be prepared to go along with a NATO decision on modernisation. The Foreign and Commonwealth Secretary expressed doubts as to the credibility of a position in which the Netherlands was an odd man out. Mr. Moberly said that he regarded Mr. van Agt's third option as the least difficult of the various possible courses that might have been taken. However, it would, inevitably, mean that there would be a second decision point facing NATO. The Prime Minister said that it would be essential that this second decision point should be for the Netherlands alone, and should be limited to the question of deployment.

Mr. Moberly asked whether the Dutch commitment would be to the full programme, as proposed by NATO, with a question mark only over the Dutch contribution. Mr. van Agt did not give a direct reply. He commented on the interaction of the Dutch and the Belgian decisions. After the Foreign and Commonwealth Secretary had expressed some optimism on the latest developments in Belgian thinking, Mr. van Agt said that he thought the Belgian decision might well come as a disappointment. However, he hoped he had persuaded M. Martens, the Belgian Prime Minister, to postpone his Government's decision until the evening of Monday, 10 December. He planned that the Dutch Cabinet should take its decision the same evening, so that the two decisions would be independent. His own Cabinet did not yet know that this was his intention.

After Mr. Moberly had repeated that the commitment to a full programme was of great importance, Mr. van Agt said that, as he had

/ already

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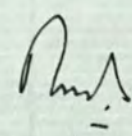
- 7 -

already told the Prime Minister, his Government would have to criticise the size of the programme. The Foreign and Commonwealth Secretary said that he hoped, in this event, that Mr. van der Klaauw would not be too hostile. He asked whether, if the total was reduced, the Dutch Government would accept a reduced share. Mr. van Agt said that they would not.

The Foreign and Commonwealth Secretary asked what would happen if the present Dutch Government resigned. Mr. van Agt said that there would have to be new elections early in 1980. The polls were showing a swing to the left, and the coalition partners were losing support. There would be a high probability of a centre/left Government, and some possibility of a left wing Government, which would be a new development for the Netherlands. The source of the swing seemed to be opposition to efforts that the present Dutch Government had made to limit public expenditure. Everyone was in favour of cuts which affected someone else. There was a good deal of tension between the Government and the trade unions.

At the end of the discussion, Mr. van Agt issued an invitation to the Prime Minister to visit the Netherlands early in 1980. The Prime Minister said that if she were to do so, it would have to be a working visit, probably limited to a single day. She undertook to consider dates.

The discussion ended at 2215.



7 December, 1979.

CONFIDENTIAL



Foreign and Commonwealth Office

London S.W.1

6 December 1979

Dear Michael,

Visit of the Netherlands Prime Minister:
TNF Modernisation

Since receiving our brief for the Prime Minister's meeting with Mr van Agt you may have seen a copy of UKDEL NATO telegram No 297 in which Sir Clive Rose suggests possible fall-back ways to include the Dutch in Alliance decisions on TNF modernisation.

FCO officials do not think that Sir Clive Rose's suggestions should alter the line already recommended in the brief. As indicated in paragraph 5 of the "Points to Make", the Prime Minister might emphasise our willingness to see:

- (a) some public reference to the possibility of downward adjustment in the size of the Alliance modernisation programme in the light of results from arms control negotiations;
- (b) some reduction in other nuclear roles currently assigned to Dutch forces.

It would in our view be a mistake to concede more to the Dutch today, when it will still be uncertain whether any such concession would be sufficient to clinch matters for the Dutch Government in their Parliament.

If further concessions are to be made, we believe that they can only be judged at the time of the meeting of NATO Ministers on 12 December. Of the various fall-back options, the most acceptable might be:

- either (a) an arrangement which deferred Dutch participation in basing arrangements whilst allowing the Dutch to give maximum support to the Allies' modernisation and arms control decisions;
- or (b) a smaller modernisation programme, with firm Dutch participation.

But anything on these lines is likely to involve serious political, military and arms-control penalties. Such a high price would be worth paying only in the last resort if the whole programme is in jeopardy, which will not be apparent until 12 December.

M O'D B Alexander Esq
10 Downing Street



SECRET

We now know that on 4 December Mr van Agt was in Brussels (where the Belgian Government's position on TNF seems to be shaky) and that he will be in Rome today before coming on to London. The Italians are having a major Parliamentary debate due to finish this afternoon, whose outcome will be crucial for Italian participation.

We also learn that Mr van Agt will probably be travelling to Washington tonight to see President Carter. According to the Americans, the Dutch are now adding a further condition to those they have stipulated so far: that they would want to review at the end of 1981 any decision to deploy TNF weapons in the Netherlands. This is a slightly modified form of option (a) above. The Americans have told us that in dealing with Mr van Agt they expect to resist any change in the existing Alliance proposal although they are considering (as we are) ways to help the Dutch presentationally.

I am copying this letter to Brian Norbury in the MOD and Martin Vile in the Cabinet Office.

Yours etc

Paul

(P Lever)
Private Secretary

SECRET

6 DEC 1978

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B. R.
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PRIME MINISTER'S MEETING WITH THE DUTCH PRIME MINISTER

Objectives

1. To underline UK concern about the Khan leak, particularly in view of developments in Pakistan.
2. To put pressure on the Dutch Prime Minister to ensure that the need to tighten up security arrangements in Holland is taken seriously there.

Line to Take

I was very concerned that there should have been a leakage of sensitive nuclear information from Holland to Pakistan.

I am sure you share my concern that all possible steps should be taken to prevent any similar incidents in future.

URENCO partners must continue to co-operate closely to ensure that security procedures are stringently applied.

VISIT BY THE NETHERLANDS PRIME MINISTER, 4 DECEMBER

THEATRE NUCLEAR FORCES (TNF)

Points to make

1. TNF most important issue before NATO for many years. Full publicity for forthcoming Ministerial Meetings. Concerted Soviet propaganda effort to undermine Western position. Real test of Alliance solidarity.
2. A failure to take necessary decisions would seriously harm US-European relations. Given its broader global preoccupations (Iran etc) and generous efforts over TNF, Americans will not understand European back-tracking on a programme designed essentially to meet European concerns. Failure to take TNF modernisation decisions could also strengthen hand of SALT critics at crucial stage of ratification debate.
3. Soviet TNF programme continues energetically. Serious risk that existing TNF imbalance will be considerably worse by mid-80s.
4. For these reasons we are determined to go through with a TNF modernisation programme. In last resort we consider that decisions on a modernisation programme must take precedence over maintaining Alliance consensus. Clear indication that Germans and others share this view.
5. Understand Dutch parliamentary difficulties. Want to do everything possible to help short of compromising the modernisation programme. Mr Pym has been in touch with Mr

/Scholten

Essential facts

1. The proposal for TNF modernisation includes the basing of 48 GLCMs in the Netherlands. Key Ministers of the ruling Liberal/Christian Democrat coalition favour Dutch participation, but they continue to face major parliamentary difficulties. Within the coalition, the Liberal Party (VVD) is pro-nuclear and faces no great problem over TNF. The larger coalition party, the Christian Democrats (CDA) (itself an alliance of 3 parties) is strongly influenced by the anti-nuclear mood in the Dutch Churches. The CDA favours reductions in the role of nuclear weapons in Dutch defence policy and between 5 and 10 CDA members are threatening to bring the Government down by voting against TNF.

2. The CDA have laid down several conditions for Dutch participation:

- (a) decisions in December to be confined to TNF development and limited production but not deployment;
- (b) significant reduction in the size of the TNF modernisation programme (a cut from 572 to 286 warheads has been mentioned);
- (c) some existing Dutch nuclear tasks would be given up;
- (d) SALT II ratification;
- (e) the acceptance that no allied deployment would be necessary in the event of successful arms control (the so-called 'zero option');

/(f)

- (f) an Alliance study on the possibilities of shifting the emphasis from shorter range to longer range TNF (the 'shift study'); and
- (g) the possibility that further warhead withdrawals should be considered in addition to the 1,000 already proposed by the Americans.

The Dutch Government pressed these pre-conditions at the Nuclear Planning Group (13/14 November) and recently Mr Scholten, the Defence Minister, has written to Mr Pym stressing in particular the importance of (a), (b) and (c).

3. Other allies have already made a number of concessions to the Dutch position. These include several aspects of the arms control element in the TNF package, an agreement not to increase the stockpile of nuclear warheads in Europe, and (f) above. In replying to Mr Scholten's letter, Mr Pym argued forcefully against the Dutch demands but hinted that, providing the Dutch come along with the Alliance on TNF modernisation, we might be able to help the Dutch presentationally in the drafting of the communiqué on 12 December and to accept reluctantly some reduction in Dutch nuclear roles.

4. Mr Van Agt's visit, following one to Rome, seems to be part of a well-publicised demonstration that he is doing his utmost to press his Government's case prior to 12 December. Some of his colleagues hope that this effort, plus the sort of concessions mentioned in paragraph 3, will permit the Cabinet to convince Parliament and public opinion that it has done all in its power to find a satisfactory basis for Dutch participation.

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5. It is very difficult to know what, if anything, will now take the Dutch trick. Indeed Dutch Ministers themselves seem uncertain how to round up the one or two wavering votes on which their parliamentary support now depends. The Ambassador at The Hague has advised strongly that, in these circumstances, it would not be to the Alliance's advantage to hint at any further concessions before 12 December.

Defence Department

Foreign and Commonwealth Office

4 December 1979

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PRIME MINISTER'S MEETING WITH MR VAN AGT, PRIME MINISTER
OF THE NETHERLANDS, 6 DECEMBER 1979

EUROPEAN COMMUNITY

BUDGET/CONVERGENCE

POINTS TO MAKE

1. Grateful for Netherlands' helpful role at Dublin.
2. Way ahead: UK will actively and constructively pursue all suggestions from Commission and others for progress to a solution.
3. On contribution side, Dublin meeting seems to have endorsed, if only tacitly, removal of restraints on financial mechanism. This is helpful start.
4. But gap can only be bridged by radical decisions on budget receipts. (Britain contributes 20% and receives less than 10%).
Closing 3/4 of the gap between UK receipts per head and the
~~Bringing UK receipts up to~~ Community average would produce
1,000
~~4,400~~ million units of account a year.
5. A separate receipts mechanism would be simplest and most direct means of dealing with this problem. Regret this has not received more support.
6. We will also examine urgently with the Commission and our partners new Community instruments which could deal with receipts problem (which, if they are to meet it adequately, would have to bring substantial sums to the UK). Possibilities have already been mentioned by the Commission, e.g. exploitation of coal resources, transport infrastructure (e.g. major road links with Continent), agricultural improvement. Another possibility is help with bringing new industry to areas hit by closures in steel and shipbuilding. We are interested in these provided that like existing RDF expenditure they help to finance public expenditure which we ourselves consider necessary. Simply expanding RDF not enough in

/itself

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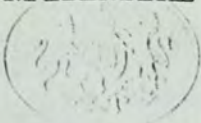
Scholten and has suggested that, on assumption Dutch participate in TNF programme, we could consider ways to help Dutch Government presentationally on 12 December and to examine as helpfully as possible reduction in Dutch nuclear roles.

6. But cannot accept other Dutch demands:

- (a) Cannot agree to separate decisions on TNF production and deployment: reduces Soviet incentive to negotiate seriously; casts doubt on NATO's ability to take difficult decisions; US have made it clear that Congress will not be prepared to endorse funding on this basis; would force Alliance to take equally difficult decision later on.
- (b) Cannot accept any significant reduction in size of TNF modernisation programme. Sound case for programme of about this size on military, political and arms control terms. Figure now in public domain; to reduce it would undermine Alliance credibility.
- (c) See major difficulties in tying TNF decisions to outcome of SALT debate: we should make immediate offer to negotiate on TNF even if there is a slight delay in start of SALT III.

7. [To be used with discretion] Dutch failure to go along with TNF package will reduce Dutch influence on NATO nuclear policy (including arms control). Would also jeopardise US willingness to withdraw 1,000 nuclear warheads.

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itself: only 10% net gain to UK, and this will diminish significantly after Greek accession.

7. Mr van Agt's proposal that non-quota section of RDF could be used (presumably exclusively) for the benefit of the UK would not work in present circumstances. Non-quota section limited to 5% of total fund (i.e. for 1980 little more than 50 million EUA). However, could take this idea up by creating new window on RDF, separate from existing non-quota section.

8. Own resources:

(a) As we have frequently stated we accept the own resources system. The Community receives, owns and disposed of the resources which the Member States have conferred on it.

(b) But the system has real and demonstrable effects in creating flows of resources from one part of the Community to another. This arises from the particular form of revenues which constitute "own resources" and from the particular purposes to which these revenues are applied. The 1975 Financial Mechanism recognises that all three components of own resources system add up to an overall cost to individual Member States.

(c) As far as the UK is concerned the flow is outwards. It is this outward flow - the net contribution - which we refer to as "our" money because it is a real resource which could be spent in the UK but in fact is spent elsewhere.

(d) Our aim is to deal with this real economic problem, not to engage in doctrinal argument about what is a national resource or a Community resource.

/9.

9. We are carrying on as normal, with positive and constructive policies. Mr Walker's participation in the Fisheries Council, 3 December evidence of this. Have no wish to disrupt the Community. But there must be progress on the Budget/Convergence in next month or two.

Foreign & Commonwealth Office

4 December 1979

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AGT, ANDREAS (DRIES) A M van (Christian Democrat Appeal - CDA)

Prime Minister since December 1977.

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.

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. Despite his protestations that more suitable candidates were available, he was chosen to lead the newly formed Christian Democrat Appeal in the 1977 elections and became Prime Minister of a centre right government in December 1977.

Opinions of van Agt vary widely. He is certainly sincere and dedicated; but as Justice Minister he tended to be rash and erratic. However as Prime Minister he has shown a tactical sense, particularly in handling Parliament, which has earned him considerable respect. His personal standing in the country and in political circles is high, in spite of his openly admitted lack of grasp of economic affairs. Part of his strength lies in the fact that he did not seek the Prime Minister's post and claims that he would be happy to give it up. He is a pleasant and friendly person to meet.

Married with three children. He and his wife speak good English. His main interest is cycling.

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THE HAGUE 030943Z DEC 79

TO IMMEDIATE FCO

TELEGRAM NUMBER 401 OF 03 DECEMBER

INFO ROUTINE EEC POSTS, UKDEL NATO AND WASHINGTON

VISIT OF NETHERLANDS PRIME MINISTER, 6 DECEMBER:
NETHERLANDS POLITICAL SCENE

1. MR VAN AGT'S BRIEF VISIT TO LONDON FOR TALKS WITH THE PRIME MINISTER, PROVISIONALLY ARRANGED FOR 6 DECEMBER, COMES AT THE START OF A TESTING MONTH FOR HIM. THERE IS WIDESPREAD SPECULATION THAT HIS CENTRE-RIGHT COALITION COULD FALL OVER TNF MODERNISATION OR OVER SOCIO-ECONOMIC POLICIES. THE ODDS HAVE CERTAINLY LENGTHENED AGAINST HIM.

TNF MODERNISATION

2. THE GOVERNMENT FACES A DEBATE IN PARLIAMENT ON 6 DECEMBER. THE CABINET IS EXPECTED TO DECIDE ON 7 DECEMBER WHAT LINE THE MINISTERS OF FOREIGN AFFAIRS AND DEFENCE WILL TAKE AT THE NATO MINISTERIAL MEETING ON 12 DECEMBER. THEY WILL PROBABLY HAVE TO FACE ANOTHER DEBATE ON 18 DECEMBER. WE HAVE REPORTED IN DETAIL TO THE DEPARTMENT ON THE PROSPECTS.

3. THE GOVERNMENT'S SURVIVAL SEEMS TO DEPEND ON THE VOTES OF A HANDFUL OF MEMBERS ON THE LEFT-WING OF MR VAN AGT'S OWN CHRISTIAN DEMOCRAT PARTY. IT WILL BE DIFFICULT TO CONFINE THE REBELLION - AS SOME IN THE GOVERNMENT APPEAR TO HOPE - BY A STATEMENT AFTER 12 DECEMBER THAT THE GOVERNMENT HAD DONE ITS BEST TO CONVINCING ITS NATO ALLIES TO ACCEPT THE CDA LINE (APPROVING PRODUCTION BUT DELAYING DEPLOYMENT FOR TWO YEARS) BUT HAD BEEN OBLIGED TO GO ALONG WITH THE GREAT MAJORITY OF NATO ALLIES, EVEN IF A SUBSTANTIAL ARMS CONTROL PACKAGE HAD ALSO BEEN AGREED AND ANNOUNCED.

4. MR VAN AGT ALMOST CERTAINLY BELIEVES THAT THE NETHERLANDS NEEDS A CONCESSION ON THE NUMBERS OF NEW WEAPONS TO BE DEPLOYED. BUT HE WILL KNOW THAT HE FACES AN IMPOSSIBLE TASK IN ATTEMPTING TO CONVINCING ALL HIS MAJOR PARTNERS AT A TIME WHEN THE TENDENCY TO BREAK RANKS ON THE ISSUE IS INCREASING AND A NUMBER OF SIGNIFICANT CONCESSIONS ALREADY MADE TO THE DUTCH HAVE MERELY INCREASED THEIR APPETITE FOR MORE.

5. IN THESE CIRCUMSTANCES I DO NOT BELIEVE IT WOULD BE TO THE ALLIANCE'S ADVANTAGE THAT ANY HINT OF FURTHER CONCESSIONS SHOULD BE GIVEN TO THE DUTCH BEFORE 12 DECEMBER. AT THE MEETING ITSELF, IF, AND ONLY IF, THE DUTCH SHOW THEMSELVES READY TO SHOULDER THEIR SHARE OF THE BURDEN AND RESPONSIBILITY, THERE IS A MUCH STRONGER CASE FOR GIVING VAN AGT SOME LIMITED CONCESSION TO BRING HOME, EG A REDUCTION IN THE NETHERLANDS' NUCLEAR TASKS IN WAR-TIME, (ALTHOUGH HE FEELS THAT THESE ARE IN THE BAG ALREADY).

SOCIO-ECONOMIC POLICIES

6. THE GOVERNMENT FACES MORE TROUBLE IN PARLIAMENT DURING THE WEEK BEGINNING 10 DECEMBER (IE BETWEEN THE TWO CRUCIAL TNF DEBATES) ON PUBLIC EXPENDITURE ISSUES. IN ORDER TO PERSUADE THE TRADE UNIONS TO LIMIT THEIR DEMANDS FOR 1980 TO A REAL WAGE INCREASE OF BETWEEN 0.5 PERCENT AND 1 PER CENT, THE GOVERNMENT NOW SEEMS LIKELY TO OFFER A PACKAGE OF INCOME TAX CUTS. BUT THIS WILL HAVE TO BE FINANCED, AS MINISTERS HAVE MADE CLEAR, BY INCREASING TAXATION ELSEWHERE OR REDUCING INDEX-LINKED INCREASES IN SOCIAL SECURITY BENEFITS. FOR THE CHRISTIAN DEMOCRATS ANY REDUCTION IN SOCIAL SECURITY STANDARDS AND THE PURCHASING POWER OF THE LOWER PAID ARE ANATHEMA. IF THE GOVERNMENT MEETS THE REQUIREMENT OF THE CHRISTIAN DEMOCRATS THEY RISK LOSING THE SUPPORT OF THE JUNIOR COALITION PARTNER, THE LIBERALS, FOR WHOM REDUCTION IN PUBLIC EXPENDITURE AND INCREASED PRIVATE SECTOR PROFITABILITY ARE EQUALLY ARTICLES OF FAITH.

CONCLUSION

7. ON BOTH THESE ISSUES A BREAK COULD COME EITHER IN CABINET, IF CHRISTIAN DEMOCRAT AND LIBERAL MINISTERS FAIL TO AGREE ON POLICY LINES, OR IN PARLIAMENT, IF ONE OR OTHER COALITION PARTIES FAILS TO SUPPORT THE GOVERNMENT. MR VAN AGT IS NOT WITHOUT FRIENDS: THERE ARE MANY WHO WILL WORK ACTIVELY WITH HIM TO AVOID A SITUATION IN WHICH HIS GOVERNMENT IS BROUGHT DOWN BY HIS OWN PARTY: AND NO ONE BELIEVES THAT THE LIBERALS WANT TO BRING DOWN THE GOVERNMENT ON ECONOMIC POLICY DIFFERENCES, SINCE THEY WOULD ALMOST CERTAINLY THEN EXCLUDE THEMSELVES FROM A SUCCESSOR CABINET. THERE ARE ALSO MANY IN PARLIAMENT WHO WOULD NOT LIKE TO SEE A CRISIS LEADING TO AN ELECTION FOUGHT ON THE NATO AND NUCLEAR ISSUE. DESPITE PESSIMISTIC MOODS MR VAN AGT HAS ALSO SHOWN HIMSELF ABLE TO CONJURE UP COMPROMISES AT AWKWARD MOMENTS. BUT HE HAS CAUSE TO BE WORRIED.

TAYLOR

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DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>1586</i> (one piece/item number)	Date and sign
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TO IMMEDIATE FCO

TELEGRAM NUMBER 422 OF 06 DECEMBER.

AND TO IMMEDIATE WASHINGTON AND UKDEL NATO.

TNF MODERNISATION: VISIT TO LONDON BY NETHERLANDS PRIME MINISTER

1. MR VAN AGT'S OFFICE TOLD US THIS MORNING THAT INSTEAD OF RETURNING TO THE HAGUE FROM LONDON TONIGHT HE MAY FLY ON TO WASHINGTON OVERNIGHT, DEPENDING ON THE OUTCOME OF HIS TALKS WITH SIG COSSIGA AND THE PRIME MINISTER.

2. IF HE WENT TO WASHINGTON MR VAN AGT WOULD NOT BE BACK IN THE HAGUE UNTIL LATE ON FRIDAY 7 DECEMBER. IN HIS ABSENCE CABINET, WHICH IS SCHEDULED TO MEET THAT DAY, CLEARLY CANNOT TAKE ANY FINAL DECISION ON THE NETHERLANDS LINE IN BRUSSELS ON 12 DECEMBER AND MAY HAVE TO BE POSTPONED.

3. PLEASE ENSURE SIR J TAYLOR SEES A COPY OF THIS TELEGRAM BEFORE MR VAN AGT'S ARRIVAL AT NO 10 DOWNING STREET.

HERVEY

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MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-9207022X

MO 14/11

5th December 1979

Dear Michael,

VISIT OF DUTCH PRIME MINISTER

Given the Dutch Prime Minister's forthcoming visit to London, my Secretary of State has asked me to let you have, for the information of the Prime Minister, sight of correspondence he has recently had with the Dutch Defence Minister.

I enclose a copy of a letter Mr Pym received from Mr Scholten, together with the reply - in two letters - Mr Pym sent him after consultation between FCO and MOD officials.

I am sending a copy of this letter to George Walden (FCO) and (with the attachments also) to Martin Vile (Cabinet Office).

Yours sincerely
Barth

for (B M NORBURY)
As 2

Michael Alexander Esq
10 Downing Street

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12



MINISTER
VAN DEFENSIE

The Hague 23 November 1979
No. 459.618/G

Dear colleague,

After the discussion we had at last week's ministerial NPG-meeting on the issue of lrtnf-modernisation and arms control I feel it might be useful, if only for the sake of clarity, that I once more explain to you my position on this matter. In doing so I want to come back briefly to some points I raised in my intervention at the NPG-meeting and for which I ask your serious consideration.

The first point concerns the relationship between the production decision and the deployment of the new weapons. As you know the Christian Democratic party, the larger of the two parties supporting the Van Agt-government, favours an alliance decision on production in December, making the actual deployment dependent on the results of arms control negotiations with the Soviet Union. Though this approach was heavily criticized by some of our colleagues at last week's meeting, I do believe that the real difference between this approach and the one envisaged in the "integrated decision document" is not as big as it may seem. In both cases the number of warheads that will ultimately be deployed will be affected by arms control. In both cases it will be necessary to evaluate the results of arms control negotiations and to reach a consensus about these results before the actual deployment of the new systems. Thus in neither case will the actual deployment automatically result from decisions that are going to be made at the end of this year.

My second point has to do with the size of the programme. In raising this issue I fully recognize the excellent analytical work done by our experts in the "high level group". I want to note, however, that their recommendation as to the size of the programme is based on the assumption that no meaningful results of arms control negotiations will be reached until 1985. I want to stress again that we have to pass a political judgment on the work of our experts. In this respect I believe that the goal of successful arms control can be better pursued by deciding on a programme of a smaller size than recommended with the possibility of upward and downward adjustments in the light of the outcome of arms control negotiations.

TO:

The Right Honourable Francis Pym M.C. D.L. M.P.
Secretary of State for Defence,
Ministry of Defence,
London SW1A2HB,
United Kingdom.

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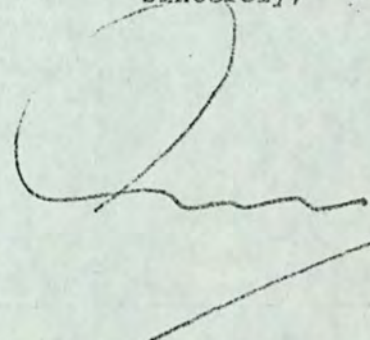
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Apart from this the proposed number of 572 warheads is clearly in the upper range of the 200 to 600 additional warheads recommended to us as an "evolutionary upward adjustment" in the spring report of the high level group, which - at least in the Netherlands - has a negative political effect.

Without coming forward at this moment with proposals as to the numbers, I want to let you know that my government has the most serious political difficulty in accepting the size of the programme proposed.

Thirdly and finally there is the question of the total Netherlands contribution to NATO's tnf. Any possible participation of my country in the lrtnf-programme will necessarily entail a reconsideration of our present so-called nuclear tasks. When we had our personal contact prior to the NPG-meeting, I provided you with a strictly confidential paper, marked annex B, containing my intentions on this matter. As I told you on that occasion I don't want to take unilateral decisions. In the margin of the NPG-meeting you promised to inform me in time of any objections you might have to my intentions. If you might wish to receive any further explanation on a military or official level I'll be glad to take the necessary steps to arrange this. In any case the adjustments in our contribution will be put before NATO as soon as the Netherlands government has made its decisions. At the present stage of decision-making I must ask you once more to treat this matter on a strictly confidential basis.

Sincerely,

A handwritten signature in dark ink, consisting of a large, stylized initial 'Q' followed by a horizontal line and a long, sweeping underline.

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MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

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MO 13/1/34

4th December 1979

My dear Minister,

Thank you very much for your personal letter of 23rd November about LRTNF modernisation. I have admired the seriousness of the debate on this issue in the Netherlands, even when I have disagreed with particular points made; and I value the opportunity to offer my views on the aspects to which your letter draws attention.

The first is the concept of separating in time the decisions on production and on deployment. Frankly, I believe the distinction between the two is, in all the circumstances of today's situation, an unreal one. A British Prime Minister of past days used to say "It is unwise to cross a chasm in two leaps". That, in my judgement, is what a production/deployment split would be doing. The world, and in particular the Soviet Union, would recognise that NATO had taken only half a decision; more particularly, they would recognise that the missing half was the European half. This would amount to a manifest failure of will and would in my judgement be profoundly damaging to Alliance cohesion, credibility and security - and also to the prospect of real arms control. It could have a major impact on US-European relations.

I fear I cannot agree that to divide the two components of decision now would amount to the same as is proposed in the Integrated Decision Document. What that document envisages, in effect, is that we should take firm decisions now but

/ should ...

His Excellency Mr Willem Scholten

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should acknowledge that we shall be prepared to modify them later if the other side gives us solid and assured reasons for doing so. This is a fundamentally different political and negotiating proposition from the one which the CDA has indicated - it requires the Russians to react positively to our arms control initiative, rather than leaving the onus on the Alliance; that seems to me to be crucial. We must not set up a pattern in which the burden of fresh decisions lies always upon NATO. I would however be ready when we meet in Brussels on 10th-12th December to consider with you whether there was any way in which we might help on presentation.

I believe we should remind ourselves of the reality of the Soviet position. Mr Brezhnev has offered nothing in relation to his own LRTNF programme except a general offer, without any detail of type or number, to withdraw some systems from Western Russia. But given the range of his systems, both old and new, he could easily fulfil such an offer without changing in the least the threat to NATO Europe. He has not offered in any way to halt his own programme, already larger and far more advanced than NATO's. (Indeed, as Mr Aaron reported to the Alliance on 28th November, the number of SS 20 warheads alone deployed or being deployed, quite aside from other Soviet LRTN systems, already exceeds the total proposed Alliance programme). He has not offered even a moratorium on his new deployments, still less on production. He says in effect "We will not stop our programme but you must not start yours; from those respective positions, we are prepared to talk with you". For my part, I would not be ready to negotiate anything with anyone on such a basis, in politics or my daily affairs.

Those in my view are the central considerations; but let me mention two others. Firstly, I have every sympathy with Harold Brown's point that he cannot reasonably ask the US Congress to fund the provision of weapon systems for which his Allies have not committed themselves even to accept deployment. This is reinforced by the fact that the US is taking a notably generous view financially of how to meet what is predominantly, in its HLG origins, a requirement driven by European views. Secondly, there is a real problem of preparation time. Procedures may be different in your country, but in the UK we must begin to take practical steps quite soon - within months - if we are to be ready for basing in 1983. It would be politically and practically impossible for me to embark on these steps if no clear deployment decision had been taken.

/ You ...

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3.

You raised also the question of numbers. This has always been a difficult matter, I agree, since the requirement has to be in the end a matter of informed judgement (not the same as a guess, of course) rather than of precise calculation. Any of us might no doubt have reached a rather different judgement. But for my part I regard the figure of 572 as quite reasonable, and I certainly see no significantly lower figure that could be shown to be markedly better based. (The military authorities, as you know, would have preferred a higher one, and even if in the end the programme has to be fully implemented our LRTNF strength will still be much smaller than its Soviet counterpart). The figure is now firmly in the public domain, and to cut it would offer no improvement in security, in Alliance credibility, or in arms control prospects - if anything rather the reverse in this last respect. No great financial saving would accrue to any of the basing countries. My own country has already and would continue to have based in it a larger number of LRTNF than any other; yet we seek no reduction now. As to the idea of taking a lower figure and being ready to increase it if arms control fails, I disagree with this fundamentally as a matter of commonsense negotiating strategy. It would place the onus upon NATO to make a fresh judgement, possibly in confused and difficult political circumstances; whereas I endorse the view of almost all those who have experience in arms control negotiations with the Soviet Union that the only way to get good results is to make clear that they cannot secure outcomes they want without moving themselves. I do not accept the view that to start with one's full requirement is to assume the failure of arms control; I believe rather that to assume its success prematurely is a very likely way to bring about such failure.

There are a few other general points I should like to make. The concept of the nuclear threshold is of concern to many in our countries. I do not think it has yet been sufficiently understood that the present programme would actually help to raise that threshold. It would, by reducing the pre-launch vulnerability of NATO's land-based LRTNF, reduce the temptation to an adversary to mount a pre-emptive nuclear strike; and it would help release dual-capable aircraft from nuclear assignments like QRA, in order to reinforce conventional strength. These seem to me significant positive factors.

/ Finally ...

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-4.

Finally, I know it is common ground between us that we should ultimately view this in the context of the Alliance which is so vital to us all. The Alliance's collective planning is evolved through careful discussion and debate, in which we all argue our points; we prevail on some, we concede on others. The LRTNF work has been a thorough and admirable exercise of precisely this kind. My country has influenced the outcome; so, very clearly, has the Netherlands - the package before us in December will bear your positive imprint in many ways (the emphasis on arms control, no increase in stockpile, the concept of the "shift" study and a firm date for it, just to take some examples). Not every aspect is precisely as you would wish, or indeed as the UK would. At the end of the day, we each of us have to take our national decisions. We must consider whether it is better for our own and Western security for each of us to be perfectly right (as we see it) in isolation, or to be perhaps imperfectly right together. The Alliance is built on the principle that the latter is better. The Government of which I am a member is determined to go ahead on that view. The practical implications are at least as heavy for us nationally as for other Europeans. But the British Government regards this as a major Alliance issue which we should approach above all as Alliance members. We earnestly hope that our friends - and particularly the Netherlands, which has been our partner in so much - will do the same.

*Yours sincerely,
Francis Pym*

Francis Pym

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PERSONAL SECRET



MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

TELEPHONE 01-218 9000
DIRECT DIALING 01-218 2111/3

PERSONAL
SECRET

MO 13/1/34

4th December 1979

Dear Willem,

I thought it might be helpful, given the especially private basis on which you disclosed to me the ideas you were considering for adjustments in Netherlands nuclear roles, if I replied to you on these separately from my more general comments on the LRTNF issue.

Let me first say that I am most appreciative that you have taken me so fully into your confidence on all this.

I ought to preface my specific comments by three points. Firstly, I assume throughout that any adjustments would be made essentially to complement an affirmative Netherlands decision to participate in LRTNF on the basis of the HLG Programme. Secondly, I would even on that assumption still have preferred that your decisions on the precise adjustments elsewhere should wait, as would seem to me logical, upon the outcome of the NATO "shift" study to which you yourselves rightly attach considerable significance. I offer comments in advance of that collective work with some reluctance. Thirdly, I would regard the views of the NATO military authorities as of great importance; and I hope they may have an opportunity to give their own professional advice.

/ With ...

His Excellency Mr Willem Scholten

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SECRET

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OF THE PUBLIC RECORDS ACT
2.

With these provisos, I offer the following:

- a. I would not seek to dissuade you from relinquishing the Atomic Demolition Munitions role.
- b. Similarly, we would not regard as seriously damaging your giving up nuclear capability in surface-to-air missiles.
- c. We do see considerable value, on present evidence, in your retaining an artillery capability, and I am glad to understand that you envisage no decisions on this in advance of the "shift" study.
- d. We should be extremely sorry to see you give up the nuclear role for your MPA aircraft.

The NATO maritime authorities, and our own, would be concerned about any reduction in the span and flexibility of Alliance maritime nuclear capability, which is already far from ample. And your withdrawal would sharply narrow the breadth of Alliance participation in this field.

e. We believe that there is both military and political value in maintaining dual capability for aircraft on a broad basis of Alliance participation, and SACEUR has already expressed concern about the dwindling stocks of dual-capable aircraft at his disposal. We recognise however the argument in the HLG report that new LRTNF will make it easier to apply dual-capable aircraft effort in the conventional role. Against this background we would regard a Netherlands decision on the basis you described to me - that is, in parallel with GLCM deployment - to withdraw progressively from this area of effort in respect of your F.16s as less damaging than reductions in artillery or MPA.

I hope these indications of the UK standpoint - which I have approached in the desire to be as constructively helpful as I possibly can in your difficult circumstances - will be of value to you in reaching your decisions.

/ If you ...



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3.

If you felt that an Alliance agreement in December on a positive statement about adjustments in the Netherlands nuclear role would be of sufficient importance to you to enable the Netherlands to participate in the TNF modernisation programme, I can give you my personal assurance that to the extent I have described above we would not seek to stand in your way. I hope, though, that you would agree not to let this become known until we achieve agreement in December on this and the many other issues we have to settle. But these private indications may perhaps help you in framing your tactics for your Parliamentary debate next week.

Yours ever

Francis

Francis Pym

- 5 DEC 1979





Foreign and Commonwealth Office

London S.W.1

*The British participants in the dinner
will be Lord Carrington, Lord Bridges (D.O.S. Economic, F.O.),
Mr. Norderly (D.O.S. Defence, F.O.) Sir J. Taylor (Ambassador)
& myself. Andy 5/11*

5 December 1979

Dear Michael,

Visit to London by Netherlands Prime Minister,
Mr A A M Van Agt: 6 December 1979

Mr van Agt will be visiting London on 6 December at his own request, primarily to discuss Theatre Nuclear Force Modernisation with the Prime Minister. The following arrangements have been made:

Programme
6 December

17.00 (approx)	Arrive Heathrow by Netherlands' Government F.28 aircraft
18.30-19.30	Tete-a-tete discussion with the Prime Minister
19.30 for 20.00	Working dinner at No 10 Downing Street
22.30	Leave No 10 Downing Street for Heathrow
23.15 (approx)	Leave Heathrow for The Hague by F.28 aircraft

Agenda and Briefing

Mr van Agt has asked for an hour's tete-a-tete with the Prime Minister to discuss Theatre Nuclear Force Modernisation. The discussion over dinner is likely to extend into Community issues, following the Dublin Summit. I accordingly attach the following briefing material:

- (a) A brief on TNF Modernisation
- (b) A brief on Community Issues
- (c) A personality note on Mr van Agt
- (d) The Hague telegram No 401 of 3 December describing the Netherlands political scene.

Participants

Mr van Agt will have with him Mr Merckelbach, his Chief Adviser on Foreign Affairs. At the dinner, in addition to Mr Merckelbach,

/Mr van Agt

M O'D B Alexander Esq
10 Downing Street



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-2-

Mr van Agt will be accompanied by the Netherlands Ambassador and Mr van der Weil, Chief Spokesman (ie his Press Adviser) .

I am sending copies of this letter to Brian Norbury (MOD) and Martin Vile (Cabinet Office).

Yours etc

A handwritten signature in cursive script, appearing to read 'Paul'.

(P Lever)
Private Secretary

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H. R.
C

1

PRIME MINISTER

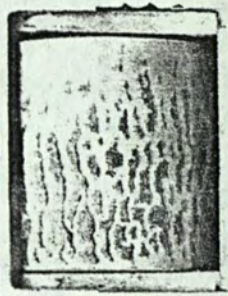
Working Dinner for the Dutch Prime Minister
Thursday, 6 December

I attach a list of guests and also
a draft seating plan for your working dinner
tomorrow evening.

Do you agree please?

Yes
Phunt

5 December 1979



LIST OF GUESTS ATTENDING THE WORKING DINNER TO BE GIVEN BY THE PRIME MINISTER
IN HONOUR OF HIS EXCELLENCY MR. A.A.M. VAN AGT, PRIME MINISTER OF THE NETHERLANDS
ON THURSDAY, 6 DECEMBER 1979 AT 7.30 PM FOR 8.00 PM LOUNGE SUIT

The Prime Minister

His Excellency Mr. A.A.M. van Agt

His Excellency the Netherlands Ambassador

Mr. J.P.M.H. Merckelbach

Adviser to the Prime Minister

Mr. M.G. van der Wiel

Chief of the Government Information
Service

The Rt. Hon. Lord Carrington

Sir John Taylor

H.M. Ambassador, The Hague

The Lord Bridges

Mr. P.H. Moberly

Mr. Michael Alexander

DRAFT SEATING PLAN FOR WORKING DINNER ON THURSDAY, 6 DECEMBER 1979

Mr. P.H. Moberly

The Lord Bridges

Mr. J.P.M.H. Merckelbach

His Excellency the Netherlands
Ambassador

PRIME MINISTER

The Rt. Hon. Lord Carrington

His Excellency
Mr. A.A.M. van Agt

Mr. M.G. van der Wiel

Sir John Taylor

Mr. Michael Alexander

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TO IMMEDIATE FOREIGN AND COMMONWEALTH OFFICE

TELEGRAM NUMBER 297 OF 4 DECEMBER 1979

INFO IMMEDIATE MODUK (FOR DUS(P) AND DS17)

INFO PRIORITY WASHINGTON AND BONN

TNF MODERNISATION

1. SO FAR WE HAVE RESOLUTELY SET OURSELVES AGAINST CONSIDERING ANY CONCESSIONS ON THE SUBSTANCE OF THE RECOMMENDATIONS ON MODERNISATION IN THE INTEGRATED DECISION DOCUMENT (IDD) IN ORDER TO ACCOMMODATE THE DUTCH OR OTHER WAVERERS. THIS IS PARTLY BECAUSE WE BELIEVE THEIR RECOMMENDATIONS REPRESENT THE MINIMUM NEEDED TO MEET THE MILITARY REQUIREMENTS AND PARTLY IN THE HOPE THAT IF WE STAND FIRM THE DUTCH WILL COME UP TO SCRATCH ON THE DAY. WE HAVE ALSO BEEN STRONGLY INFLUENCED BY THE NEED TO SUPPORT THE AMERICANS IN THEIR INSISTENCE ON MAINTAINING THE PROGRAMME INTACT.

2. I STILL HOPE THIS MAY BE POSSIBLE AND THAT WE SHALL BE ABLE TO PRODUCE AN ALLIANCE CONCENSUS ON 12 DECEMBER FOR ACCEPTANCE OF THE IDD AS IT STANDS. BUT THE SITUATION LOOKS LESS PROMISING NOW THAN IT DID BEFORE THE DANISH VOLTE-FACE. THIS IS NOT A REASON FOR WATERING DOWN THE IDD IN ADVANCE OF 12 DECEMBER. THERE COULD BE NO CERTAINTY THAT ANY CHANGES WE MADE WOULD BUY A CONSENSUS AND IN ANY CASE NEITHER THE AMERICANS NOR THE GERMANS WOULD AGREE TO SUCH A COURSE EVEN IF WE WISHED TO PROMOTE IT. BUT WE SHALL NEED TO BE CLEAR IN OUR MINDS ABOUT THE LINE WE SHOULD TAKE ON 12 DECEMBER IF, AS NOW BEGINS TO SEEM POSSIBLE, UNANIMOUS SUPPORT FOR THE IDD IS NOT FORTHCOMING. THREE POSSIBLE COURSES ARE DISCUSSED IN THE FOLLOWING PARAGRAPHS.

THE HARD CORE OPTION

3. WE COULD GO AHEAD WITH MODERNISATION PLANS UNCHANGED WITH SUPPORT FROM AS MANY COUNTRIES AS POSSIBLE. GIVEN THE GERMAN CONDITION, WE MUST ASSUME THE MINIMUM WOULD BE THE UNITED STATES, UNITED KINGDOM, GERMANY AND ITALY. ON THE BEST ASSUMPTION,

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/IF

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IF BELGIUM JOINED WE MIGHT EXPECT THAT PORTUGAL, TURKEY, GREECE AND CANADA WOULD TOO. BUT IF THE NORWEGIANS ALLOWED THEMSELVES TO BE INFLUENCED BY THE DANES, WE MIGHT NOT BE ABLE TO RELY ON THE LAST THREE. THIS WOULD BE THE WORST CASE, WHICH HOWEVER CANNOT BE ENTIRELY RULED OUT. IF IT MATERIALISED, THE HARD CORE OPTION WOULD INVOLVE A MAJOR SPLIT IN THE ALLIANCE AT A TIME WHEN WE SHALL NEED MAXIMUM COHESION AGAINST A MOUNTING SOVIET CAMPAIGN OF PROPAGANDA AND PRESSURE. WE MAY HAVE TO FACE THIS RISK, BUT, IN VIEW OF THE POTENTIALLY SERIOUS CONSEQUENCES, I SUGGEST WE OUGHT TO LOOK AT THE ALTERNATIVES.

MODIFIED IDD.

4. IF THE DUTCH WERE ABLE TO JOIN THE CONSENSUS, PROBABLY ONLY THE DANES WOULD STAY OUT. IT IS NOT IMPOSSIBLE THAT, IF THEY FOUND THEMSELVES TOTALLY ISOLATED, EVEN THE DANES WOULD IN THE END SUMMON UP ENOUGH COURAGE TO COME IN. IN THIS SENSE, THEREFORE, THE DUTCH ARE THE KEY. THERE IS PROBABLY NOTHING MORE WE CAN OR SHOULD TRY TO DO NOW TO SUGAR THE PILL FOR THEM BEFORE THEY TAKE THEIR DECISION (LIKELY TO BE ON 7 DECEMBER). THE QUESTION IS WHETHER WE COULD AFFORD TO MEET ANY OF THE CONDITIONS THEY MAY BRING TO THE MEETING ON 12 DECEMBER. WE COULD NOT ACCEPT THE PROPOSAL TO SEPARATE THE DECISIONS ON PRODUCTION AND DEPLOYMENT. THIS WAS MADE QUITE CLEAR TO THE DUTCH AT THE PERMREPS' MEETING ON 28 NOVEMBER (MY TELEGRAM NO 290), MOST FORCIBLY BY AARON. BUT WE MIGHT CONSIDER WHETHER THERE IS ANY WAY IN WHICH WE COULD HELP THE DUTCH ON NUMBERS. I SUGGEST THREE POSSIBILITIES:-

- (I) IN RETURN FOR DUTCH SUPPORT FOR PRODUCTION AND DEPLOYMENT OF THE FULL PROGRAMME OF 572, WE COULD AGREE TO HOLD IN SUSPENSE THE LOCATION OF THE 48 MISSILES AT PRESENT ALLOCATED TO THE NETHERLANDS ON THE UNDER-STANDING THAT A FINAL DECISION ON THEIR BASING WOULD BE TAKEN LATER.
- (II) IN RETURN FOR DUTCH COMMITMENT TO AN EVENTUAL TOTAL PROGRAMME OF 572, WE MIGHT TAKE A FIRM DECISION NOW ON DEPLOYMENT OF ONLY 400, THE REMAINDER TO BE DECIDED ON IN TWO YEARS' TIME IN THE LIGHT OF PROGRESS ON TNF ARMS CONTROL (CF PARA 2B OF THE HAGUE TELNO 383).
- (III) ALTHOUGH THE MILITARY AUTHORITIES HAVE ACCEPTED 572 AS THE BEST THEY CAN HOPE FOR AND THIS FIGURE HAS BEEN PUBLIC KNOWLEDGE FOR SEVERAL WEEKS AS A RESULT OF A (POSSIBLY DELIBERATE) LEAK IN WASHINGTON, WE WERE CAREFUL TO AVOID COMMITMENT TO A DEFINITE FIGURE IN THE NPG COMMUNIQUE. IF

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THE DUTCH ON 12 DECEMBER SAID THEY COULD GO ALONG WITH A TOTAL PROGRAMME OF NO MORE THAN 400, WE SHOULD NEED TO BE IN A POSITION TO SAY WHETHER THIS WOULD BE A PRICE WORTH PAYING FOR AN ALLIANCE CONSENSUS: PERHAPS COMBINED WITH A REFERENCE TO A POSSIBILITY OF UPWARD AS WELL AS DOWNWARD ADJUSTMENT IN THE LIGHT OF PROGRESS IN ARMS CONTROL NEGOTIATIONS.

IN SUGGESTING THESE POSSIBILITIES I AM CONSCIOUS OF THE IMPORTANCE OF NOT PROVOKING A GENERAL UNRAVELLING. BUT WE SHOULD NEED TO BALANCE THE ADVANTAGE OF HAVING THE DUTCH IN AN ALLIANCE CONSENSUS AGAINST THE POSSIBILITY OF A SPLIT IN THE ALLIANCE IF WE CAN FIND NO WAY OF ACCOMODATING THEM. IF WE WERE ABLE TO MEET THE DUTCH ON NUMBERS, I DO NOT BELIEVE THEIR OTHER POSSIBLE CONDITIONS, EG, AN UNDERTAKING TO CONSIDER REDUCING DUTCH NUCLEAR TASKS, NEED BE INSUPERABLE.

POSTPONEMENT OF DECISIONS.

5. IF WE WANTED TO BE SURE OF THE DANES WE SHOULD HAVE TO BE READY TO MEET THEIR VIEWS ON TIMING. BUT THIS WOULD BE TOO HIGH A PRICE TO PAY. IN ANY CASE THE DANISH PROPOSAL TO ASK FOR A FREEZE ON SOVIET SS-20 DEPLOYMENT IS SO FULL OF PITFALLS AS TO MAKE IT UNWORKABLE. SO IF THE DANES STICK TO THEIR PRESENT LINE, I SEE NO ALTERNATIVE BUT TO GO AHEAD WITHOUT THEM. IF HOWEVER WE CAN KEEP THE DUTCH ON BOARD, THEY SEEM LIKELY TO BE THE ONLY DEFECTORS.

6. THE OTHER DUTCH PROBLEM CONCERNS OPTION III AND THE MBFR PROPOSALS (SEE MY TELEGRAM NO 292). I AM HOPEFUL THAT THIS MAY BE RESOLVED AT MINISTERIAL LEVEL. BUT I BELIEVE WE SHALL HAVE TO UNDERTAKE TO STUDY WITHIN THE ALLIANCE THE POSSIBILITY OF INCLUDING NUCLEAR AS WELL AS OTHER ARMAMENTS IN PHASE II. THE AMERICANS MAY BE RESISTANT, EVEN THOUGH IT WOULD INVOLVE NO COMMITMENT. BUT I HOPE WE CAN PRESS THEM TO AGREE. THE DUTCH WILL ALSO WANT TO TELL THEIR PARLIAMENT THAT THIS STUDY IS BEING MADE. I DOUBT WHETHER THE ALLIANCE, ESPECIALLY THE AMERICANS, COULD AGREE TO THIS, BUT WE NEED NOT PERHAPS BE TOO REPROACHFUL IF, IN THE COURSE OF THE DUTCH PARLIAMENTARY DEBATE ON THE NATO TNF DECISIONS, IT WERE TO BE REVEALED.

ROSE.

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FM THE HAGUE 030943Z DEC 79

TO IMMEDIATE FCO

TELEGRAM NUMBER 401 OF 03 DECEMBER

INFO ROUTINE EEC POSTS, UKDEL NATO AND WASHINGTON

VISIT OF NETHERLANDS PRIME MINISTER, 6 DECEMBER:
NETHERLANDS POLITICAL SCENE

1. MR VAN AGT'S BRIEF VISIT TO LONDON FOR TALKS WITH THE PRIME MINISTER, PROVISIONALLY ARRANGED FOR 6 DECEMBER, COMES AT THE START OF A TESTING MONTH FOR HIM. THERE IS WIDESPREAD SPECULATION THAT HIS CENTRE-RIGHT COALITION COULD FALL OVER THE MODERNISATION OR OVER SOCIO-ECONOMIC POLICIES. THE ODDS HAVE CERTAINLY LENGTHENED AGAINST HIM.

TNF MODERNISATION

2. THE GOVERNMENT FACES A DEBATE IN PARLIAMENT ON 6 DECEMBER. THE CABINET IS EXPECTED TO DECIDE ON 7 DECEMBER WHAT LINE THE MINISTERS OF FOREIGN AFFAIRS AND DEFENCE WILL TAKE AT THE NATO

MINISTERIAL MEETING ON 12 DECEMBER. THEY WILL PROBABLY HAVE TO FACE ANOTHER DEBATE ON 16 DECEMBER. WE HAVE REPORTED IN DETAIL TO THE DEPARTMENT ON THE PROSPECTS.

3. THE GOVERNMENT'S SURVIVAL SEEMS TO DEPEND ON THE VOTES OF A HANDFUL OF MEMBERS ON THE LEFT-WING OF MR VAN AGT'S OWN CHRISTIAN DEMOCRAT PARTY. IT WILL BE DIFFICULT TO CONFINE THE REBELLION - AS SOME IN THE GOVERNMENT APPEAR TO HOPE - BY A STATEMENT AFTER 12 DECEMBER THAT THE GOVERNMENT HAD DONE ITS BEST TO CONVINCING ITS NATO ALLIES TO ACCEPT THE CDA LINE (APPROVING PRODUCTION BUT DELAYING DEPLOYMENT FOR TWO YEARS) BUT HAD BEEN OBLIGED TO GO ALONG WITH THE GREAT MAJORITY OF NATO ALLIES, EVEN IF A SUBSTANTIAL ARMS CONTROL PACKAGE HAD ALSO BEEN AGREED AND ANNOUNCED.

4. MR VAN AGT ALMOST CERTAINLY BELIEVES THAT THE NETHERLANDS NEEDS A CONCESSION ON THE NUMBERS OF NEW WEAPONS TO BE DEPLOYED, BUT HE WILL KNOW THAT HE FACES AN IMPOSSIBLE TASK IN ATTEMPTING TO CONVINCING ALL HIS MAJOR PARTNERS AT A TIME WHEN THE TENDENCY TO BREAK RANKS ON THE ISSUE IS INCREASING AND A NUMBER OF SIGNIFICANT CONCESSIONS ALREADY MADE TO THE DUTCH HAVE MERELY INCREASED THEIR APPETITE FOR MORE.

5. IN THESE CIRCUMSTANCES I DO NOT BELIEVE IT WOULD BE TO THE ALLIANCE'S ADVANTAGE THAT ANY HINT OF FURTHER CONCESSIONS SHOULD BE GIVEN TO THE DUTCH BEFORE 12 DECEMBER. AT THE MEETING ITSELF, IF, AND ONLY IF, THE DUTCH SHOW THEMSELVES READY TO SHOULDER THEIR SHARE OF THE BURDEN AND RESPONSIBILITY, THERE IS A MUCH STRONGER CASE FOR GIVING VAN AGT SOME LIMITED CONCESSION TO BRING HOME, EG A REDUCTION IN THE NETHERLANDS' NUCLEAR TASKS IN WAR-TIME, (ALTHOUGH HE FEELS THAT THESE ARE IN THE BAG ALREADY).

SOCIO-ECONOMIC POLICIES

6. THE GOVERNMENT FACES MORE TROUBLE IN PARLIAMENT DURING THE WEEK BEGINNING 10 DECEMBER (IE BETWEEN THE TWO CRUCIAL TME DEBATES) ON PUBLIC EXPENDITURE ISSUES. IN ORDER TO PERSUADE THE TRADE UNIONS TO LIMIT THEIR DEMANDS FOR 1980 TO A REAL WAGE INCREASE OF BETWEEN 0.5 PERCENT AND 1 PER CENT, THE GOVERNMENT NOW SEEMS LIKELY TO OFFER A PACKAGE OF INCOME TAX CUTS. BUT THIS WILL HAVE TO BE FINANCED, AS MINISTERS HAVE MADE CLEAR, BY INCREASING TAXATION ELSEWHERE OR REDUCING INDEX-LINKED INCREASES IN SOCIAL SECURITY BENEFITS. FOR THE CHRISTIAN DEMOCRATS ANY REDUCTION IN SOCIAL SECURITY STANDARDS AND THE PURCHASING POWER OF THE LOWER PAID ARE ANATHEMA. IF THE GOVERNMENT MEETS THE REQUIREMENT OF THE CHRISTIAN DEMOCRATS THEY RISK LOSING THE SUPPORT OF THE JUNIOR

CHRISTIAN DEMOCRATS THEY RISK LOSING THE SUPPORT OF THE JUNIOR COALITION PARTNER, THE LIBERALS, FOR WHOM REDUCTION IN PUBLIC EXPENDITURE AND INCREASED PRIVATE SECTOR PROFITABILITY ARE EQUALLY ARTICLES OF FAITH.

CONCLUSION

7. ON BOTH THESE ISSUES A BREAK COULD COME EITHER IN CABINET, IF CHRISTIAN DEMOCRAT AND LIBERAL MINISTERS FAIL TO AGREE ON POLICY LINES, OR IN PARLIAMENT, IF ONE OR OTHER COALITION PARTIES FAILS TO SUPPORT THE GOVERNMENT. MR VAN AGT IS NOT WITHOUT FRIENDS: THERE ARE MANY WHO WILL WORK ACTIVELY WITH HIM TO AVOID A SITUATION IN WHICH HIS GOVERNMENT IS BROUGHT DOWN BY HIS OWN PARTY; AND NO ONE BELIEVES THAT THE LIBERALS WANT TO BRING DOWN THE GOVERNMENT ON ECONOMIC POLICY DIFFERENCES, SINCE THEY WOULD ALMOST CERTAINLY THEN EXCLUDE THEMSELVES FROM A SUCCESSOR CABINET. THERE ARE ALSO MANY IN PARLIAMENT WHO WOULD NOT LIKE TO SEE A CRISIS LEADING TO AN ELECTION FOUGHT ON THE NATO AND NUCLEAR ISSUE. DESPITE PESSIMISTIC MOODS MR VAN AGT HAS ALSO SHOWN HIMSELF ABLE TO CONJURE UP COMPROMISES AT AWKWARD MOMENTS. BUT HE HAS CAUSE TO BE WORRIED.

TAYLOR

NNNN

SENT AT 031055Z DL

RECD AT 031155

031055Z VRWS

Netherlands



10 DOWNING STREET

bf 4/12

From the Private Secretary

28 November 1979

Possible Visit by The Netherland's Prime Minister

As I have already told you on the telephone, the Prime Minister has agreed in response to your letter to me of 23 November that an invitation should be issued to Mr. van Agt to come to London for an hour's talks in the late afternoon of Thursday 6 December. The Prime Minister would also be happy to offer him a working dinner that evening.

If the Dutch Prime Minister is able to accept the invitation, I should be grateful to receive briefs for the meeting by close of play on Tuesday 4 December and your suggestions for possible participants in the talks and in the dinner as soon as possible.

I am sending copies of this letter to Brian Norbury (Ministry of Defence) and Martin Vile (Cabinet Office).

M. D. B. ALEXANDER

Paul Lever, Esq.,
Foreign and Commonwealth Office.



? lunch on
7 Dec.

Foreign and Commonwealth Office

London SW1A 2AH

23 November 1979

Dear Michael,

POSSIBLE VISIT BY THE NETHERLANDS PRIME MINISTER

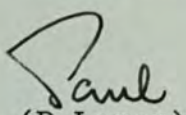
Our Ambassador at The Hague was told on 22 November (The Hague telegram no 388, copy attached) that Mr van Agt would very much like to come to London to discuss TNF modernisation with the Prime Minister before the Netherlands' Government decides its position on about 10 December. We had earlier heard that Mr van Agt intended to raise this subject with the Prime Minister and other Heads of Government concerned during the Dublin Summit. The fact that he has proposed to pay a special visit to London indicates how important and sensitive this subject has become for his government.

Part of the purpose of such a visit would no doubt be to enable Mr van Agt to convince the Dutch Parliament that every effort has been made to persuade the Allies to accept the Dutch arguments in favour of a smaller TNF programme; this effort will be a necessary element in any Dutch decision to drop their reservations about the TNF package as it stands. But a visit would also enable the Prime Minister to make clear that, as far as HMG are concerned, the TNF programme should go ahead in its present form and that, if the Dutch want to continue to influence Alliance nuclear policies, they should go along with it.

Lord Carrington hopes that the Prime Minister will be able to accede to Mr van Agt's request; and would see advantage in her seeing Mr van Agt as early as possible. I understand that it might be feasible for the Prime Minister to receive him on the evening of 28 November or on 29 November, possibly at Northolt en route for Dublin.

I should be grateful if you would let me know whether this proposal is acceptable to the Prime Minister. We will then inform The Hague accordingly.

I am sending copies of this letter to Brian Norbury (MOD) and Martin Vile (Cabinet Office).

Yours etc

 (P Lever)

M O'D B Alexander Esq
 10 Downing Street



(1)

10 DOWNING STREET

Prime Minister.

Not before
Dublin - I must
concentrate
on the budget
on the
way
value
out

You will see from this
telegram that the British Prime
Minister is anxious to see you
before December 10. It looks as
tho' he is trying to be helpful.

Would you be prepared to see him
at Northolt (or Heathrow) for an
hour or so before take off on the
way to Dublin. I have no idea
whether this would be technically
feasible but if he is using his own
aircraft, it might be? Apce that
I should investigate?

Am

Departmental IMMEDIATE

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TO IMMEDIATE FCO

TELEGRAM NUMBER 388 OF 23 NOVEMBER.

INFO IMMEDIATE UKREP BRUSSELS, UKDEL NATO AND MOD (DS17)

INFO PRIORITY BRUSSELS, LUXEMBOURG, DUBLIN, COPENHAGEN, PARIS, ROME, BONN, OTTAWA, OSLO, WASHINGTON, UKMIS NEW YORK, LUSAKA, PRETORIA AND UKDEL VIENNA.

CALL ON NETHERLANDS PRIME MINISTER.

1. I SAW MR VAN AGT ON 22 NOVEMBER IN ORDER TO DISCUSS TNF MODERNISATION, THE EUROPEAN COUNCIL AND RHODESIA TO ENSURE THAT THE POINTS WHICH YOU MADE IN YOUR MEETING WITH THE FOREIGN MINISTER ON 6 NOVEMBER WERE ALSO UNDERSTOOD BY HIM AND THAT HE SHOULD UNDERSTAND FULLY THE IMPORTANCE WE ATTACH TO EACH OF THE ISSUES

ON 6 NOVEMBER WERE ALSO UNDERSTOOD BY HIM AND THAT HE SHOULD UNDERSTAND FULLY THE IMPORTANCE WE ATTACH TO EACH OF THE ISSUES. THE PRINCIPAL POINTS OF INTEREST FROM WHAT THE PRIME MINISTER HAD TO SAY ARE AS FOLLOWS.

TNF MODERNISATION

2. MR VAN AGT CONTINUES TO BE EXTREMELY PREOCCUPIED BY THE INTERNAL POLITICAL IMPLICATIONS OF THIS QUESTION. HE SAID THAT FOR HIS GOVERNMENT TO AGREE TO PRODUCTION AND DEPLOYMENT WOULD BE "SUICIDE". THE ALTERNATIVES THAT HE SAW WERE :

(A) FOR THE DUTCH TO AGREE TO PRODUCTION AND DEPLOYMENT EXCEPT FOR THE NETHERLANDS SHARE OF DEPLOYMENT. BUT HE WAS CLEARLY VERY UNHAPPY ABOUT SUCH A SOLUTION; OR

(B) AGREEMENT TO PRODUCTION AND DEPLOYMENT OF A SMALLER NUMBER OF MISSILES. THERE WAS IN HIS VIEW NOTHING HOLY ABOUT THE NUMBER 572 WHICH WAS RIGHT AT THE TOP END OF THE ORIGINAL BRACKET UNDER CONSIDERATION. HE BELIEVED THAT THE POLITICAL AND MILITARY EFFECT COULD BE ACHIEVED WITH A SMALLER NUMBER, "SOME HUNDREDS". HE RECOGNISED THAT HIS ALLIES HAD ACCEPTED THE NUMBER AND THAT THE PRESIGE OF THE MAJOR ALLIES WAS TIED UP IN THE FIGURE AGREED IN BRUSSELS. NEVERTHELESS THE DUTCH WOULD CONTINUE TO TRY TO PERSUADE THEIR FRIENDS ON THIS ISSUE.

3. THE OTHER ALLEVIATIONS MR VAN AGT SAW FOR HIS POLITICAL POSITION WERE NATO AGREEMENT TO THE SHIFT STUDY, SOME REDUCTION IN DUTCH NUCLEAR TASKS AND SOME FORM OF REFERENCE TO A LINK WITH SALT II. THE LAST HE RECOGNISED WAS RIGHTLY A POINT OF GREAT DELICACY WITH CONGRESS. I PUT TO MR VAN AGT THE SCENARIO THAT THE DUTCH GOVERNMENT HAVING DEMONSTRABLY DONE ITS BEST TO PERSUADE ITS ALLIES SHOULD IN THE LAST RESORT, IN ORDER TO AVOID ISOLATION AND SECOND-CLASS STATUS, GO ALONG WITH THE NATO DECISION AND EXPLAIN THEIR ACTION TO PARLIAMENT WHO MIGHT THEN BE EXPECTED TO ACCEPT THE DECISION IN SORROW AS A NECESSARILY EVIL. MR VAN AGT THOUGHT THIS HIGHLY IMPROBABLE AS A SOLUTION; IN THOSE CIRCUMSTANCES THERE WAS A MUCH GREATER THAN 50 PERCENT CHANCE OF THE GOVERNMENT FALLING, WHICH WOULD THEN LEAD TO A GENERAL ELECTION FOUGHT ON THE NATO AND NUCLEAR ISSUE. HE RECOGNISED THAT IT DID NOT MATTER TO THE ALLIANCE WHETHER HIS GOVERNMENT FELL OR NOT, BUT IT WOULD BE BAD FOR THE ALLIANCE TO HAVE A CAMPAIGN FOUGHT ON THIS PARTICULAR ISSUE. THE GOVERNMENT COULD EXPECT THE SUPPORT OF SOME VERY SMALL RIGHT-WING GROUPS BUT IF MORE THAN SIX OR SEVEN OF HIS OWN PARTY OPPOSED HIM ON THE ISSUE THE OPPOSITION (INCLUDING THE D66 PARTY) WOULD BRING HIM DOWN.

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4. I MADE THE OBVIOUS COMMENTS AND EXPLAINED THE POSITION OF
MGM AS DESCRIBED LAST WEEK BY MR PYM; MR VAN AGT WAS WELL AWARE
OF THIS BUT CLEARLY FELT HE HAD LITTLE POLITICAL ROOM FOR
MANOEUVRE. THIS WAS A DISAPPOINTING REACTION A WEEK AFTER THE
NPG MEETING AND BEARING IN MIND WHAT DR VAN DER KLAUW HAD TOLD
YOU ABOUT THE LIKELY EFFECT ON PARLIAMENTARY ATTITUDES OF RECOGNISING
THAT THE NETHERLANDS WOULD BE ISOLATED IF THEY HELD OUT. I THINK
THAT THERE MAY WELL BE AN ELEMENT IN MR VAN AGT'S STRATEGY OF
DEMONSTRATING FOR INTERNAL CONSUMPTION THE TOTAL EFFORT HE HAS
PUT INTO TRYING TO WIN ACCEPTANCE FOR CDA VIEWS IN ORDER TO
STRENGTHEN HIS POSITION IN THE PARTY.

5. MR VAN AGT TOLD ME INCIDENTALLY THAT TNF HAD NOT BEEN DISCUSSED
DURING THE BENELUX SUMMIT MEETING EARLIER THIS WEEK, BUT IT HAD
COME UP BRIEFLY WHEN M. WERNER AND M. THORN HAD MADE A SHORT
COURTESY VISIT TO THE HAGUE ON 21 NOVEMBER. HE THOUGHT THAT THE
BELGIAN POSITION WOULD BE IMPORTANT FOR THE DUTCH.

6. AT THE OUTSET OF THIS CONVERSATION THE PRIME MINISTER SAID
THAT HE WAS VERY ANXIOUS TO BE RECEIVED BY MRS THATCHER BEFORE
10 DECEMBER IN ORDER TO TALK ABOUT THE TNF PROBLEM. (WE HAVE
REPORTED THIS REQUEST SEPARATELY BY TELEPHONE.) I BELIEVE THAT
IT WOULD BE HELPFUL IN INTERNAL POLITICAL TERMS AND THEREFORE
IN GETTING THE DUTCH GOVERNMENT TO ACCEPT THE ALLIANCE DECISION
IF THE PRIME MINISTER WERE ABLE TO AGREE TO MR VAN AGT'S REQUEST.

RHODESIA

7. I WAS ANXIOUS TO ENSURE THAT MR VAN AGT UNDERSTOOD THE DIFFIC-
ULTIES THAT YOU FACED IN YOUR CURRENT NEGOTIATIONS INSTEAD OF GETTING
SECOND-HAND BRIEFING FROM THE MINISTRY OF FOREIGN AFFAIRS.
I EXPLAINED WHERE THE NEGOTIATIONS HAD GOT TO AND THE DANGER OF
DELAY AND DIVERSION CREATED BY PRESIDENT NYERERE'S PROPOSED
MEETING IN DAR ES SALAAM ON 24 NOVEMBER. I SAID THAT YOU HOPED
THAT THE DUTCH GOVERNMENT WOULD USE THEIR INFLUENCE (WHICH IS
PROBABLY PARTICULARLY STRONG WITH NYERERE) TO PERSUADE ALL
CONCERNED OF THE IMPORTANCE OF EARLY AGREEMENT AND THE DANGERS
OF DELAY. I ALSO TOOK HIM OVER THE SECURITY COUNCIL ISSUE (ON
WHICH I FEAR THAT THE MINISTRY OF FOREIGN AFFAIRS ARE BEING
WET) AND MENTIONED THE PAPER WHICH WE HAD PRODUCED AND YOUR OFFER
TO ARRANGE FOR SIR IAN SINCLAIR TO DISCUSS THIS ISSUE WITH THEM.
MR VAN AGT TOOK ALL THESE POINTS AND MADE COPIOUS NOTES AND UNDER-
TOOK TO SEE WHAT HE COULD DO.

8. ON THIS ISSUE AGAIN I WANTED TO ENSURE THAT MR VAN AGT UNDERSTOOD THE POLITICAL AS WELL AS THE ECONOMIC IMPORTANCE OF THIS ISSUE IN THE UK AND TO DISPEL SOME MISUNDERSTANDINGS OVER THE ORIGINS AND NATURE OF THE PROBLEM, WHICH WE HAD FORESEEN AS A POSSIBILITY DURING OUR ORIGINAL NEGOTIATIONS. SOME OF THESE POINTS WERE EVIDENTLY NEW TO HIM. HE SAID THAT THE BUDGET ISSUE HAD BEEN DISCUSSED AT HIS MEETING IN BRUSSELS WITH THE PRIME MINISTERS OF LUXEMBOURG AND BELGIUM EARLIER THIS WEEK. THE BELGIAN PRIME MINISTER HAD EXPLAINED THAT HE HAD HIS GOVERNMENT'S AUTHORITY TO AGREE TO THE REVISION OF THE FINANCIAL ADJUSTMENT MECHANISM TO PRODUCE TRANSFER OF 520 MEUA, BUT HAD NO AUTHORITY FOR ANYTHING ELSE. MR VAN AGT SAID THAT FORMALLY THIS WAS ALSO HIS POSITION. HE HAD AUTHORITY TO AGREE TO THAT. HE ALSO AGREED THAT IT WAS NECESSARY TO DO SOMETHING TO CURB THE "IDIOTIC" CAP ARRANGEMENTS BUT RECOGNISED THAT THIS COULD ONLY BE A SLOW PROCESS. I POINTED OUT THAT 520 MEUA DEALT WITH ONE-THIRD OF THE PROBLEM ONLY AND WAS THEREFORE UNACCEPTABLE; SOMETHING ADDITIONAL WOULD HAVE TO BE DONE. HE SAID THAT SPEAKING PERSONALLY, AND HAVING ALREADY TOLD ME IN CONFIDENCE WHAT HIS FORMAL POSITION WAS, HE RECOGNISED THAT FOR THE SAKE OF ENABLING THE COMMUNITY TO WORK PROPERLY WITH BRITAIN AS A MEMBER IT MIGHT BE POSSIBLE IN THE LAST RESORT TO DO SOMETHING ADDITIONAL NOW, BUT 1500 MEUA WAS OUT OF THE QUESTION. I REPEATED THE POSITION AS YOU EXPLAINED IT TO DR VAN DER KLAUW. MR VAN AGT COMMENTED THAT THE PRINCIPAL PROBLEM APART FROM THE FINANCIAL AND BUDGETARY DIFFICULTIES FOR OTHER MEMBER STATES WAS THE POSITION OF M. GISCARD D'ESTAING AND WHAT THE FRENCH WOULD BE PREPARED TO ACCEPT.

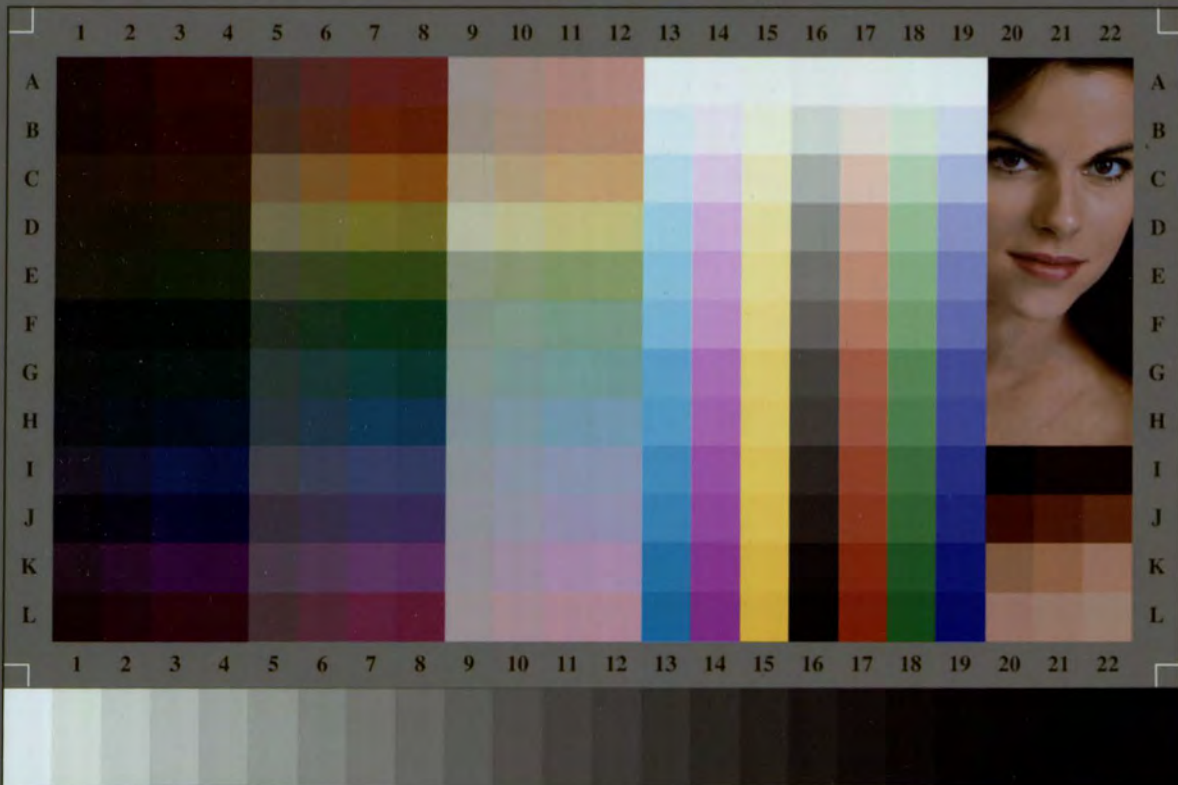
9. I ALSO ASKED ABOUT MR VAN AGT'S REACTIONS TO THE REPORT OF THE WISE MEN. HE SAID THAT HE THOUGHT IT WOULD BE IMPOSSIBLE FOR THE EUROPEAN COUNCIL TO TAKE THIS VERY FAR. HE SAID THAT THERE WAS MUCH OF VALUE IN THE REPORT BUT THERE WERE BITS THAT WOULD HAVE TO BE CONSIDERED IN GREATER DETAIL, AND HE THOUGHT THAT DECISIONS WOULD HAVE TO AWAIT THE NEXT EUROPEAN COUNCIL.

CONCLUSIONS

10. THIS WAS A VERY FRIENDLY AND FRANK INTERVIEW; THE LACK OF ROBUSTNESS, IF DISAPPOINTING WAS NOT UNEXPECTED. IT WAS CLEAR THAT THE PRIME MINISTER IS SERIOUSLY WORRIED ABOUT THE PROSPECTS FOR THE COALITION IN PARLIAMENT. HIS APPARENT WILLINGNESS TO BE HELPFUL ON THE RHODESIAN QUESTION IS MILDLY ENCOURAGING, BUT WE SHALL CHECK WITH THE MINISTRY OF FOREIGN AFFAIRS TO SEE WHAT IS HAPPENING. ON THE EEC ISSUES I HOPE AT LEAST THAT I HAVE BEEN ABLE TO SOFTEN THE GROUND A LITTLE BIT.

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